



# Chairman's Annual Report

It is now a decade since I was approached by Wellington Rugby to discuss their plans to redevelop Athletic Park - little did I realise that ten years on I would be commenting on the first full year of operations of Wellington's outstanding new Stadium. Much has happened over the last year and I would commend you to read the comprehensive overview of operations provided by David Gray, our Chief Executive.

Financially, the Stadium has been an outstanding success. While in the initial planning stages it was recognised that it was desirable for the Stadium to be debt free, the reality was that to build a world class Stadium required us to assume debt of \$33.6 million, equivalent to a quarter of the Stadium cost.

This year the Stadium made a surplus before interest of \$3.36 million and after interest of \$819,000. This highlights the positive financial impact of the Stadium, particularly as external debt is progressively retired over the next decade. More pleasing was that this year's result represented a record operating surplus from events and other activities at the Stadium.

While last year's reported surplus was higher at \$1.7 million, a loss would have been recorded if the Stadium had not benefited from various grants and other income of a non-operating nature. The key driver for the excellent result was an event schedule of 41 event days at the Stadium compared to a budget of 36.

If there was a disappointment it was the lack of concerts due to many major artists not touring Australasia because of the weakness of our respective dollars. Securing the Robbie Williams concert and the NBR Stadium Spectacular will go some way to filling this void in 2001/2.

Much has been said and written about the record crowds at various events at the Stadium. This is quite unique to Wellington, as at other new venues, particularly in Australia, they are struggling to secure both events and crowds leading to poor financial results.

Last year I commented that we intend to ensure that the Stadium operates to world's best practice. We want it to provide enjoyable experiences for everyone who enters, as a participant, patron or staff member. This year, considerable progress has been made, particularly in respect of Stadium enhancements and the quality of catering across the venue. This is a continuing exercise and is subject to regular review by the trustees.

In July 2000 three new trustees were appointed - Dame Margaret Bazley, Mike Egan and John Hunn. On 30 June 2001 Bryan Johnson, one of the founding trustees, retired. Bryan made a major contribution from the outset and his presence will be missed.

We were delighted to be advised that our first chairperson, the Hon Fran Wilde, has accepted the invitation of the Wellington City Council and the Wellington Regional Council to be the patron of the Wellington Regional Stadium Trust. This is a very special and welcome appointment. The dated facilities at Athletic Park and the Basin Reserve were not in themselves enough to ensure a new Stadium was built. The project required a catalyst and a vision. Both came in 1994 in the form of the then Mayor of Wellington, Fran Wilde. Fran's implacable determination to see the Stadium built, no matter what the doubters said, became

## **STADIUM**

a beacon around which others rallied. Her appointment will be confirmed at the Annual Meeting on 8 October 2001.

I would also like to thank the management team ably led by Chief Executive David Gray. The challenges the staff faced during the construction phase have well equipped them to run the Stadium in its operational phase and they have performed well during the year.

While the Stadium will continue to have its challenges, including the progressive retirement of debt, it has come through its first full year of operation well and we are cautiously optimistic that it will continue to fulfill its promise in the future.

Paul Collins  
Chairman

12 September 2001

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# Chief Executive's Annual Report

The first full year of operation exceeded expectations. New attendance records were created and the 1,120,000 sports patrons who have attended since opening were proof of the Stadium's ability to attract crowds and create a unique entertainment atmosphere for the patrons. The WestpacTrust Stadium set new standards for stadiums in New Zealand and now has an international reputation as a very special venue.

What is especially pleasing is the real pride that Wellingtonians have in their Stadium and the positive comments we get from visitors.

The success of the venue and its high attendance records, attracted new events as sports codes and promoters recognised the high earnings potential. Additional events included rugby league and soccer tests, the Bulldogs vs Warriors rugby league match, additional Football Kingz games and the Celebrate Jesus Festival.

In addition we hosted many exhibitions, conferences, private functions and business meetings.

During the year we received the prestigious Royal Australian Institute of Architects Award for the Most Outstanding Work of International Architecture in 2000. We are also finalists in the major US awards run by the American Institute of Architects. Our architects advise us that being a finalist in this competition is a major achievement.

## **FINANCIAL**

The profit for the year was \$818,738, which was an outstanding result given that we were unable to achieve any major concerts during the year due to a worldwide lack of touring artists and the weak Australian dollar.

The profit of \$0.82 million compares with the profit \$1.7 million for the previous financial year and a budget of \$1.6 million. The shortfall is because concerts, included in last years budget as unconfirmed events, did not occur.

Last year's profit included one-off items related to final construction adjustments and resolution of the corporate box underwrite which accounted for the bulk of that profit.

To get a true perspective on this years profit it is appropriate to consider the Stadium's operating surplus before interest and depreciation of \$6.6m, which gives a better indication of the financial success of the business. To achieve this level of surplus without concerts, is a significant achievement and establishes a firm financial base for our business.

While the next year is challenging, the booking of two concerts and level of interest from concert promoters is very encouraging. The potential from the Rugby World Cup the following year and other rugby tours around that time will ensure our continuing financial success.

Gross income for the year was \$13.0 million, which included:

- Event income of \$6.0 million
- Licence fees signage and sponsorship \$3.2 million

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- Amortisation of \$3.1 million
  - Sundry income of \$0.62 million

Total expenses were \$12.2 million, which included

- Event Expenses \$3.2 million
- Overheads of \$3.2 million
- Depreciation of \$3.2 million
- Interest of \$2.5 million.

Over the year the Trust's management have been able to continue to reduce operating costs and improve the operation of the Stadium by automating processes where it was economic to do so. The Trust is now confident that the operating costs have been minimised and processes are efficient.

The Statement of Financial Position shows the \$48.6 million of Trust Funds and Limited-Recourse Loans from the Wellington City and Wellington Regional Councils that fund the Stadium and is 39% of total assets. Also included in the Non-Current Liabilities is \$36.1 million of Revenue in Advance. These funds, totalling \$84.7 million promise a stable and secure funding base for the Trust.

The bank term loan has been reduced from \$33.65 to \$32.85 million during the year. Although a small reduction, it is satisfying to reduce the loan ahead of schedule.

## **CONCERTS**

Major artists are still not currently touring Australia and New Zealand because of the weakness of the Australian dollar. Securing the Robbie Williams concert and selling 34,500 tickets in six hours signalled to concert promoters that Wellington is now a real option for major one-off concerts in New Zealand. Another 12,000 tickets are now on sale and all are expected to sell. In addition the NBR Stadium Spectacular will be held in March as part of the International Festival of the Arts. Discussions are continuing with promoters and we expect other major concerts to come to Wellington.

## **CATERING**

At the time of our Annual Report last year, we had extended the facilities on the concourse and reduced queuing times. We have continued to monitor queuing times at each event and are confident that the queuing times at all events are now at an acceptable level. If there are delays beyond our expected benchmark of 6-8 minutes, it is usually because patrons are slow to move around the facility to the smaller queues. Recent improvements in signage and colour coding of the outlets have helped patrons identify where outlets are located and we expect further improvement in queuing times and service.

There has been improvement in the quality of catering across the venue. Our surveys of all areas show increasing satisfaction amongst users.

We are seeking to increase the number of private functions, cocktail parties and conferences held at the Stadium and our surveys of users in this area reveals a very high level of satisfaction. There is a demand from people who wish to have their business or social functions where they have a view of the ground and a sporting atmosphere.

## **STADIUM ENHANCEMENTS**

The Trust undertook further enhancements to the Stadium during the year. These included:

- Construction of an internal staircase alongside the escalators to facilitate the movement of people between the floors. This improvement to the facility will increase our function and private hire usage and the improved flow of patrons on event days will assist the food and beverage spend.
- Construction of a Corporate Club to accommodate 96 members.
- Acquisition of a “Super Soper” for use at the Stadium and Basin Reserve so that our service to cricket is maintained to international standard.
- Improvement of the décor and service delivery to the Deloitte Clubroom reducing queuing times to an acceptable level of service.
- Construction of staff changing facilities for Hostwise staff.
- Construction of staff dining facilities.
- Installation of turnstiles at the members and corporate box entrances. This improves access arrangements and substantially reduces our cost of servicing members and box holders.

Plans for next year include:

- Building a service office in the members and corporate entrance to meet the needs of function attendees.
- Building a foyer in the members and corporate box entrance to provide protection from the weather.
- Fitout of the public bar on concourse if sufficient sponsorship can be arranged.

## **EVENTS & ATTENDANCE**

The Trust has been able to present an event schedule of 41 event days at the Stadium compared to a budget of 36.

Of major significance is the strong public interest in soccer and rugby league and the opportunity that creates for the Trust and the codes to establish a mini season in Wellington and provide Wellington sports fans the opportunity to see world class events.

Rugby remains the major sport, creating record crowds at Sevens, Super 12 and NPC levels. The International Rugby Sevens continues to be a unique Wellington event, second only to the Hong Kong Sevens. The Hurricanes had the biggest crowds of the Super 12 competition with the Stadium events averaging 33,000 ensuring that the home franchise was again the most popular and the most profitable in the competition.

The financial year included two rugby tests.

The Bledisloe Cup was an outstanding event albeit with a disappointing result. The additional temporary seating enabled 36,000 to enjoy a classic Australian vs New Zealand clash. The last minute loss caused a disappointing reaction by some patrons to the referee. The positive outcome was the support of the Wellington public in identifying the culprits and the real desire of Wellingtonians to eliminate this type of behaviour at the Stadium. Crowd

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behaviour has been of a high standard since this incident which reflects the intention of the Wellington public to enjoy their Stadium.

At the end of the year the France vs New Zealand test was a replay of the Rugby World Cup semi-final clash. Again additional seats were successfully added and the first Saturday night test match at the Stadium was an excellent event.

The use of temporary seating within the Stadium, was a useful lead up to the Rugby World Cup. We will be seeking to have 5,000 additional seats available for these events. This exercise was closely monitored by the Wellington City Council, residents, and ourselves and there were no problems.

NPC crowds averaged 30,000. Unfortunately Wellington could not play as well at home as they did away but the winning of the competition was well deserved and a huge boost to all Wellingtonians who had waited 14 years for this success.

The record crowd of 60,000 at the Sevens over two days was outstanding but more important was the party atmosphere that developed in the Stadium and has become synonymous with the Sevens in Wellington. Wellington has embraced the Sevens which has become a huge event for the city. It is important that the New Zealand Rugby Union recognises the public support for this event and commits its best players to the Wellington Sevens.

The Football Kingz played two games with attendances of 11,000-12,000, more than double the best crowds they were achieving in Auckland showing a strong soccer support in the Capital. Unfortunately the Football Kingz will not be back this year as the competition has been reduced in size and they will play their games in Auckland. They have promised to come back in 2003.

The All Whites vs Australia test was attended by 19,500 people. While New Zealand Soccer has expressed disappointment in this attendance we believe that this was an exceptional crowd for a Wednesday night game with less than a week's notice to patrons. On the Saturday night, only three days before, the All Blacks could only attract 20,000 for a rugby test against Argentina in Christchurch. We believe that the soccer test was not well marketed and we suffered as a result.

Especially satisfying was the huge support for the Canterbury Bulldogs vs New Zealand Warriors game, which was a direct result of the outstanding marketing effort by the Bulldogs. The crowd of 28,200 was the biggest crowd for the NRL of that time. The Bulldogs will play a further two years in Wellington with an option on a fourth.

We held five exhibitions resulting in 14 days hire which were generally well supported.

Celebrate Jesus was a highly successful community event promoted by the Wellington Council of Churches and attended by 28,000 people who enjoyed an excellent day of singing and prayer.

### **CORPORATE BOXES**

We had 19 unsold boxes when the Stadium opened on 4 January 2000 and through a process of sale and leasing there are only eight left. This is an ideal number for us to maximise revenues from hireage of boxes on event days. We will continue to market these boxes for

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sale or lease with a focus on the opportunities for corporates to secure high quality entertainment for the Rugby World Cup.

### **CORPORATE CLUB**

During the year the Trust refitted four boxes at the northern end of the Stadium and created a Corporate Club for 96 members. These memberships sold out within two months. We have created a lounge with its own bar and food servery, outside seating for 96, two large TV screens and six other TV's within the lounge to make sure the members can view the game at all times. This Club is also a valuable addition to our hospitality offering for private functions.

The Trust is considering further conversions of boxes into member's lounges, particularly with the expected demand for hospitality from within New Zealand and from overseas for the Rugby World Cup.

### **TENANCIES**

The Cricket Academy was completed in the last year and it is pleasing to see the large numbers using this excellent facility.

The University of Otago's sports medicine facility including the New Zealand Academy of Sport were completed and opened on 10 July 2001. This facility brings a very special resource to Wellington in the form of teaching facilities for sports medicine students and resources to support athletes through the New Zealand Academy of Sport. Increased use of the Stadium on a day-to-day basis is important and we will look towards attracting other tenants to the Stadium.

### **TURF**

Maintaining the turf has been a challenging year for the ground staff who also manage the Basin Reserve. The Stadium has a level of activity and a variety of events that no other New Zealand ground has, giving us a constant change of logos, ground markings, grass length and the preparation of wickets for one day cricket internationals. The turf came through the first 12 months in very good shape and we have been able to use the Waikane Turf Farm to replace any worn or weak sections of the ground.

### **RUGBY WORLD CUP**

The Rugby World Cup will be held from September to November 2003. The Stadium has been working with New Zealand Rugby Union and Wellington Rugby Union in preparing a detailed presentation on the WestpacTrust Stadium as a Rugby World Cup venue. We await the release of the Rugby Cup match schedule and we are keen to play our part in hosting this event.

Other international rugby tours will take place in New Zealand as part of the build-up to the World Cup and hopefully Wellington will receive an allocation of these games. This gives us the potential for an exceptional year for the Stadium in Wellington. We are expecting a very high demand for tickets and hospitality for these events from within New Zealand and from overseas.

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## WEB SITE

We launched our web site during the year, which provides comprehensive information about all aspects of the Stadium including events, ticketing, hospitality, access, design and much more. You can find the site at: [www.westpactruststadium.co.nz](http://www.westpactruststadium.co.nz). The use of the site is growing daily and is very helpful if you wish to:

- Look up the events schedule
- Buy a ticket
- Find out how to get to the Stadium
- Find out about hospitality at an event
- Book a Stadium tour
- Complete a school project

## COMMUNITY LIAISON GROUP

The Community Liaison Group was set up as a condition of our Resource Consent. The Group is made up of representatives of Thorndon residents, Highland Park residents, Thorndon businesses, Tranz Rail, CentrePort, Wellington City Council and the Stadium Trust. The independent Chairperson, appointed by the Trust is John Gilberthorpe.

The Liaison Group meets as necessary and has met twice during the year. The function of the group is to review aspects of the performance of the Stadium as they relate to local residents and businesses including the effects of noise, lighting and traffic operations and the implementation of the Thorndon Parking Management Plan. There have been no significant operational issues that have needed to be addressed during the year.

## SPONSORS

WestpacTrust continue their support for the Stadium and we would like to thank them for their continued commitment and assistance over the past 12 months. They have provided practical support by providing additional cash facilities and staffing to support the two cash machines on the concourse at major events.

We were especially pleased with the support given by WestpacTrust to Alan Smythe and his NBR Stadium Spectacular, which will be held next year as part of the International Festival of the Arts. WestpacTrust have provided sponsorship to this event seeking to back its Stadium commitment by helping to bring high-class events to the Stadium.

Deloitte Touche Tohmatsu continue to provide positive support and assistance to our Deloitte Club members including additional sponsorship to what is now a special Stadium event, the Members Dinner and the viewing of the Bledisloe Cup match in Australia.

## THANKS

The Trust would like to extend its thanks to the contractors, promoters, hirers, consultants, sponsors and supporters who have helped and continue to help make the Stadium the success it has been. Without people, it is just another building.

David Gray  
Chief Executive  
10 September 2001



## Comparison with Objectives from 2000/2001 Business Plan

Objectives from 2000/1 Business Plan	Outcomes
1. Profit before tax \$1.6m	1. Profit \$0.82m achieved without concerts in the current year.
2. Completion of additional food & beverage outlets	2. Two new outlets completed creating an additional 8 points of sale
3. Reduce queuing time on concourse	3. Queuing time now averaging less than 6 minutes per event
4. Additional scoreboard to be purchased	4. Completed
5. Tax status to be resolved	5. Process continues with High Court hearing to resolve LATE – status prior to resolving tax status.
6. Build number of sporting events and secure concerts.	6. Additional soccer and rugby league secured; Robbie Williams and NBR Stadium Spectacular booked for 2001/2002.

**Wellington Regional Stadium Trust  
(Incorporated)**

**Annual Financial Statements**

**For the year ended 30 June 2001**

**WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)**

**TRUST PARTICULARS**

**AT 30 JUNE 2001**

SETTLORS: Wellington City Council  
Wellington Regional Council

TRUSTEES P D Collins (Chair)  
Sir Ronald S Scott (Deputy Chair)  
R A Armstrong  
Dame Margaret C Bazley  
I M Buchanan  
M J Egan  
J M Hunn  
B E Johnson (retired 30 June 2001)  
R H N Love

DATE OF SETTLEMENT: 1 January 1998

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

SOLICITORS: KPMG Legal

BANKERS: WestpacTrust  
ANZ Banking Group (NZ) Limited

**WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)**

**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30 JUNE**

	Notes	2001 \$	2000 \$
<b>Operating revenue</b>			
Event Revenues		5,997,919	3,692,474
License Fees and Sponsorship Revenues		3,187,616	1,436,333
Amortisation of Membership, Corporate Box and Sponsorship Funding		3,117,434	3,226,227
Sundry income		<u>621,120</u>	<u>206,518</u>
		<u>12,924,089</u>	<u>8,561,552</u>
<b>Investment revenues</b>	3	<u>124,447</u>	<u>138,406</u>
<b>Other revenues</b>			
Grants received		<u>-</u>	<u>1,000,000</u>
		<u>-</u>	<u>1,000,000</u>
<b>TOTAL REVENUE</b>		<b>13,048,536</b>	<b>9,699,958</b>
Less Operating Expenses	4	<u>6,440,055</u>	<u>4,231,164</u>
<b>OPERATING SURPLUS BEFORE DEPRECIATION &amp; INTEREST</b>		<b>6,608,481</b>	<b>5,468,794</b>
<i>Less:</i>			
Depreciation		3,242,802	1,617,382
Interest		<u>2,546,941</u>	<u>2,148,767</u>
<b>NET OPERATING SURPLUS</b>		<u><b>818,738</b></u>	<u><b>1,702,645</b></u>

**WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)**  
**STATEMENT OF MOVEMENTS IN TRUST FUNDS**  
**FOR THE YEAR ENDED 30 JUNE**

	Notes	2001	2000
		\$	\$
<b>FUNDS AT BEGINNING OF THE PERIOD</b>		7,798,995	5,956,852
Operating surplus		<u>818,738</u>	<u>1,702,645</u>
Total recognised revenue and expenses		<u>818,738</u>	<u>1,702,645</u>
Contribution by owner:			
Basin Reserve Trust funds transferred		-	139,498
<b>FUNDS AT END OF THE PERIOD</b>		<u>8,617,733</u>	<u>7,798,995</u>

**WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE**

	Notes	2001 \$	2000 \$
<b>TRUST FUNDS</b>			
Accumulated surplus		8,617,733	7,798,995
<b>NON-CURRENT LIABILITIES</b>			
<b>Limited-Recourse Loans</b>			
Wellington Regional Council	6	25,000,000	25,000,000
Wellington City Council	6	<u>15,000,000</u>	<u>15,000,000</u>
		<u>40,000,000</u>	<u>40,000,000</u>
<b>Total Trust Funds &amp; Limited-Recourse Loans</b>		<u>48,617,733</u>	<u>47,798,995</u>
<b>Other Non-Current Liabilities</b>			
Membership, Corporate Box & Sponsorship Funding		36,116,280	38,506,053
Borrowings	7	<u>32,422,506</u>	<u>28,835,129</u>
<b>Total other non-current liabilities</b>		<u>68,538,786</u>	<u>67,341,182</u>
<b>CURRENT LIABILITIES</b>			
Revenue in Advance		5,365,806	5,232,376
Payables and Accruals	9	1,263,353	2,742,706
Borrowings	7	<u>810,263</u>	<u>3,779,827</u>
<b>Total current liabilities</b>		<u>7,439,422</u>	<u>11,754,909</u>
<b>TOTAL FUNDING</b>		<u>124,595,941</u>	<u>126,895,086</u>
<i>Represented by:</i>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	10	<u>122,322,423</u>	<u>124,128,434</u>
<b>Total non-current assets</b>		<u>122,322,423</u>	<u>124,128,434</u>
<b>CURRENT ASSETS</b>			
Cash and money market investments		971,754	1,596,075
Receivables and prepayments		1,230,839	1,167,116
Other current assets		<u>70,925</u>	<u>3,461</u>
<b>Total current assets</b>		<u>2,273,518</u>	<u>2,766,652</u>
<b>TOTAL ASSETS</b>		<u>124,595,941</u>	<u>126,895,086</u>

On behalf of the trustees:

\_\_\_\_\_  
Trustee

Date:

\_\_\_\_\_  
Trustee

**WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 30 JUNE**

	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>		
<i>Cash was provided from:</i>		
Event and operating income	5,774,127	3,403,128
Corporate box fees & sponsorships	4,000,956	3,257,625
Net GST received	90,663	1,293,765
Interest received	96,525	104,963
Grants received		1,000,000
Basin Reserve grant	70,000	180,000
Donations and other sundry income	<u>496,214</u>	<u>264,298</u>
	<u>10,528,485</u>	<u>9,503,779</u>
<i>Cash was applied to:</i>		
Payments to suppliers and employees	(6,387,548)	(4,157,781)
Interest paid	<u>(2,436,709)</u>	<u>(1,665,624)</u>
	<u>(8,824,257)</u>	<u>(5,823,405)</u>
<b>Net cash inflow from operating activities</b>	14 1,704,228	3,680,374
<b>CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</b>		
<i>Cash was applied to:</i>		
Fixed asset additions	<u>(1,711,582)</u>	<u>(31,806,290)</u>
<b>Net cash outflow from investing activities</b>	<u>(1,711,582)</u>	<u>(31,806,290)</u>
<b>CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES</b>		
<i>Cash was provided from:</i>		
Membership, Corporate Box Fees & Sponsorships	119,423	25,483,705
Loans	<u>5,017,640</u>	<u>8,768,758</u>
	<u>5,137,063</u>	<u>34,252,463</u>
<i>Cash was applied to:</i>		
Repayment of loans	<u>(5,754,030)</u>	<u>(5,432,500)</u>
<b>Net cash (outflow)/ inflow from financing activities</b>	(616,967)	28,819,963
<b>NET (DECREASE)/INCREASE IN CASH HELD</b>	(624,321)	694,047
Cash at beginning of the period	<u>1,596,075</u>	<u>902,028</u>
<b>CASH AT END OF THE YEAR</b>	<u>971,754</u>	<u>1,596,075</u>
<i>Composition of cash:</i>		
Cash at bank	235,390	15,643
Money market investments	<u>736,364</u>	<u>1,580,432</u>
	<u>971,754</u>	<u>1,596,075</u>

**WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2001**

**1. STATEMENT OF ACCOUNTING POLICIES**

**Reporting Entity**

These financial statements are for the Wellington Regional Stadium Trust ('the Trust'), a charitable trust established by the Wellington City Council ('WCC') and Wellington Regional Council ('WRC') and registered under the Charitable Trust Acts 1957.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. The financial statements have also 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.

**Membership, Corporate Box and Sponsorship Funding**

The development of the Stadium was partially funded by the sale of stadium club memberships, corporate boxes and signage and sponsorship properties. The term of the memberships and corporate box licenses is 15 years. The term of the signage and sponsorship agreements range from one year to ten years. Payment for these items has been received and recorded as revenue in advance. This funding is amortised as revenue on a straight-line basis over the term of the agreement. Amortisation of revenue from memberships and corporate boxes commenced from 1 January 2000. Where signage and sponsorship agreements were entered into prior to the opening of the Stadium, amortisation of revenue commenced from 1 January 2000.

**Donations and Grants**

Donations and Grants are recognised as revenue on receipt.

**Income tax**

The income tax expense charged against the net surplus for the year is the estimated liability in respect of that surplus and is calculated after allowance for permanent differences. The Trust uses the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to tax losses or timing difference are only recognised when there is virtual certainty of realisation.

Because of the uncertainty over the tax status of the Trust (refer to Note 2), any deferred tax liability has not been recognised in the financial statements.

**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.



**WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2001**

**Fixed Assets**

Fixed assets are stated at cost. Cost includes the purchase consideration, or fair value in the case of a donated asset, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

**Finance Leases**

Leases where the Trust assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated initially at an amount equal to the present value of the future minimum lease payments, and are depreciated as described below.

**Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

**Depreciation**

Depreciation is calculated on a straight line basis to allocate the cost or revalued amount of an asset, less any residual value, over its useful life. The estimated useful lives of fixed assets are as follows:

Pitch	Indefinite – 15 years
Stadium Buildings	50 years
Replay screen & production equipment	15 years
Fitout	5-50 years
Fittings	5-10 years
Plant & machinery & equipment	3-50 years

**Receivables**

Receivables are valued at net 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.

**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, loans and interest rate swaps. The Trust has interest rate swap instruments with off-balance sheet risk for the primary purpose of reducing its exposure to interest rates. For interest rate swap agreements the differential to be paid or received is effectively accrued as interest rates change and is recognised as a component of interest expense over the life of the agreement. Apart from interest rate swaps, 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. Except for interest rate swaps, all financial instruments are stated at fair values.

**Changes in accounting policies**

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

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**2. STATUS OF TRUST**

During 1999, the New Zealand Government passed amendments to the Local Government Act and the Income Tax Act, which had the effect of bringing some trusts controlled by local bodies within the Local Authority Trading Enterprise ("LATE") definition. The Inland Revenue Department subsequently deemed that the Wellington Regional Stadium Trust was a LATE for tax purposes and withdrew the Trust's tax-exempt status with effect from 1 April 1999.

The Wellington Regional Council and Wellington City Council in conjunction with the Trust are seeking to obtain a declaratory judgment from the High Court to establish whether the Trust is a LATE. A hearing date has not yet been set.

The obligations of the WRC and WCC to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loans is accrued and added to the loans. It is not repayable until after all other debts are extinguished. If the Trust is a LATE it will be a taxpayer and will be required to pay interest on its limited-recourse loans at a market rate. Because of the uncertainty over the LATE status of the Trust, this interest has not been charged by the WRC and WCC, and accordingly has not been accrued in the financial statements of the Trust.

If the Trust is deemed not to be a LATE, the Trust will then seek reinstatement of the previous tax-exempt status.

**3. INVESTMENT REVENUE**

	<b>2001</b>	<b>2000</b>
	\$	\$
Interest received	85,811	115,793
Tenancy rentals	<u>38,636</u>	<u>22,613</u>
	<u>124,447</u>	<u>138,406</u>

**4. OPERATING EXPENSES**

	<b>2001</b>	<b>2000</b>
	\$	\$
Event operating expenses	3,169,180	1,535,169
Maintenance and facility operation	1,534,706	1,042,286
Personnel	1,037,953	895,733
Trustee Fees	112,000	48,000
Audit fees	12,509	11,950
Loss on disposal of assets	67,274	-
Bad debts	9,402	-
Rental expense on operating leases	12,214	13,224
Other operating expenses	<u>484,817</u>	<u>684,802</u>
Total operating expenses	<u>6,440,055</u>	<u>4,231,164</u>

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<b>5. TAXATION</b>	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>
Accounting net surplus before tax	<u>818,738</u>	<u>1,702,645</u>
Tax at 33%	270,184	561,873
Tax effect of permanent differences	(81,037)	(330,000)
Tax loss benefit not recognised	1,146,681	436,430
Timing differences not recognised	<u>(1,335,828)</u>	<u>(668,303)</u>
Tax payable	<u>0</u>	<u>0</u>
Total tax losses carried forward	4,797,309	1,322,517

**6. LIMITED-RECOURSE LOANS**

The development of the stadium was partially funded by the Wellington City Council and the Wellington Regional Council. The funding was by way of unsecured limited-recourse loans. No interest has been charged on these loans.

The Trust is required to pay surplus funds to the Wellington City Council and Wellington Regional Council in reduction of their loans after meeting costs, liabilities, and debt reductions and after allowing for the appropriate capital expenditure and transfers to reserves. No surplus funds are available for repayment in the current year.

<b>7. BORROWINGS</b>	<b>Note</b>	<b>2001</b>	<b>2000</b>
		<b>\$</b>	<b>\$</b>
<b>Non Current Borrowings</b>			
ANZ Banking Group (NZ) Ltd		32,150,000	28,000,000
Wellington Rugby Football Union Incorporated		-	650,000
Wellington Rugby Football Union Incorporated - Deferred Membership reimbursement		160,000	-
New Zealand Cricket Incorporated		60,000	82,360
Lease & hire purchase obligations	8	<u>52,506</u>	<u>102,769</u>
		<u>32,422,506</u>	<u>28,835,129</u>
<b>Borrowings due within 12 months</b>			
ANZ Banking Group (NZ) Ltd		700,000	-
Replay screen loan		-	3,704,030
New Zealand Cricket Incorporated		60,000	30,000
Lease & hire purchase obligations	8	<u>50,263</u>	<u>45,797</u>
		<u>810,263</u>	<u>3,779,827</u>

**ANZ Banking Group (NZ) Ltd Facilities**

The ANZ has a first mortgage security over the stadium land and buildings and a floating first debenture charge over the assets of the Trust. As a result of interest rate

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swaps entered into, \$15 million of the facility is effectively fixed at an interest rate of 7.15% for a three-year term, expiring July 2002. Similarly \$7.5 million of the facility is effectively fixed at an interest rate of 7.22% for a three-year term, expiring January 2004. Floating interest rates on the remaining balances are between 6.5% and 6.72%.

Repayments on the Cash Advance facility are as follows:

30 June 2002	\$1.5 million
30 June 2003	\$2 million
30 June 2004	\$3 million
30 June 2005	\$4 million
30 June 2006	\$5 million
30 June 2007	\$6 million and renegotiation of the terms relating to the balance

At 30 June 2001, \$0.8 million of the repayment due on 30 June 2002 had been repaid early.

**Wellington Rugby Football Union Incorporated**

The deferred membership reimbursement is repayable at the end of the NPC seasons in the years 2005-2007. The current interest rate is 8.09%.

**New Zealand Cricket Incorporated**

New Zealand Cricket Incorporated advanced the Basin Reserve Trust \$150,000 for the construction of a new toilet block at the Basin Reserve. This debt was assumed by the Wellington Regional Stadium Trust when it took over the operations of the Basin Reserve Trust on 1 July 1999. The debt is repayable by the Trust at \$30,000 per annum over a period of five year. The payment due in the year ending 30 June 2001 has been deferred until October 2001. The loan is interest free and is deemed to be a prepayment of the Gate share which will become payable by New Zealand Cricket for fixtures held at the Stadium or Basin Reserve.

<b>8. FINANCE LEASE LIABILITIES</b>	<b>2001</b>	<b>2000</b>
	\$	\$
<b>Total minimum lease payment due:</b>		
Not later than one year	57,832	57,832
Later than one year but not later than two years	57,264	57,832
Later than two years but not later than five years	-	57,264
Later than five years	-	-
	<u>115,096</u>	<u>172,928</u>
<b>Future lease finance charges:</b>		
Current	7,568	12,035
Non Current	<u>4,758</u>	<u>12,326</u>
	<u>12,326</u>	<u>24,361</u>
<b>Net Finance lease liability</b>		
Current	50,263	45,797
Non Current	<u>52,506</u>	<u>102,769</u>
	<u>102,769</u>	<u>148,566</u>

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Financing charges related to finance leases included in  
Interest expense 12,035 9,581

**9. PAYABLES AND ACCRUALS**

	<b>2001</b>	<b>2000</b>
	\$	\$
Trade creditors	306,577	2,287,268
Employee entitlements	63,252	17,840
Accrued expenses	<u>893,524</u>	<u>437,598</u>
	<u>1,263,353</u>	<u>2,742,706</u>

**10. FIXED ASSETS**

	<b>2001</b>	<b>2000</b>
	\$	\$
<b>Freehold Land</b>	<u>4,225,000</u>	<u>4,225,000</u>
<b>Pitch</b>		
At cost	1,290,986	1,290,986
Accumulated depreciation	<u>(44,359)</u>	<u>(35,153)</u>
	<u>1,246,627</u>	<u>1,255,833</u>
<b>Stadium Buildings</b>		
At cost	82,948,884	83,045,162
Accumulated depreciation	<u>(2,485,042)</u>	<u>(825,637)</u>
	<u>80,463,842</u>	<u>82,219,525</u>
<b>Fitout</b>		
At cost	13,589,736	12,990,324
Accumulated depreciation	<u>(792,581)</u>	<u>(260,328)</u>
	<u>12,797,155</u>	<u>12,729,996</u>
<b>Replay Screen &amp; Production Equipment</b>		
At cost	5,232,583	5,159,357
Accumulated depreciation	<u>(520,964)</u>	<u>(171,979)</u>
	<u>4,711,619</u>	<u>4,987,378</u>
<b>Fittings</b>		
At cost	1,221,138	1,199,255
Accumulated depreciation	<u>(202,899)</u>	<u>(89,551)</u>
	<u>1,018,239</u>	<u>1,109,704</u>
<b>Owned Plant and Machinery and Equipment</b>		
At cost	18,461,373	17,693,531
Accumulated depreciation	<u>(886,796)</u>	<u>(377,037)</u>
	<u>17,574,577</u>	<u>17,316,494</u>
<b>Leased Plant and Machinery and Equipment</b>		
At cost	174,454	174,454
Accumulated depreciation	<u>(84,518)</u>	<u>(35,565)</u>
	<u>89,936</u>	<u>138,889</u>
<b>Leasehold improvements</b>		
At cost	154,396	145,615
Accumulated depreciation	<u>(5,147)</u>	<u>—</u>
	<u>149,249</u>	<u>145,615</u>

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Construction work in progress	<u>46,179</u>	<u>                    </u>
<b>Total net carrying amount</b>	<u><b>122,322,423</b></u>	<u><b>124,128,434</b></u>

## **11. FINANCIAL INSTRUMENTS**

### **Credit risk**

Financial instruments which potentially expose the Trust to credit risk consist of bank deposits, short term investments, accounts receivable and interest rate swaps. 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**

Except for interest rate swaps, the fair value of financial instruments is equivalent to the carrying amount disclosed in the statement of financial position. The estimated fair values of the interest rate swaps at balance date are (\$95,747) and the carrying amount is \$29,880.

### **Interest rate risk**

Interest rate risk is the risk that interest rates will fluctuate due to changes in the market interest rates. The interest rates on the Trust's borrowings are disclosed in Note 7. The Trust does not consider that there is any significant interest exposure on either its investments or borrowings.

### **Currency Risk**

The Trust has no exposure to currency risk.

## **12. RELATED PARTY TRANSACTIONS**

<b>Wellington City Council</b>	<b>2001</b>	<b>2000</b>
	\$	\$
Services provided to Council	116,979	244,847
Receivable balance outstanding	14,780	1,229
Services provided by Council	74,958	164,963
Payable balance outstanding	-	9,737

These transactions took place on normal commercial terms.

Details of the Advance from the Wellington City Council are given in Note 6. The Wellington City Council has also provided an underwrite of unsold Stadium Memberships. The balance of this underwrite at 30 June 2001 was \$1,485,008 (2000 \$2,018,758). The remaining unsold memberships were sold under a deferred payment arrangement with the final payment due on 30 June 2003.

**Wellington Regional Council**

Details of the Advance from the Wellington Regional Council are given in Note 6.  
 There were no other related party transactions with the Wellington Regional Council.

**13. COMMITMENTS**

The following amounts have been committed to by the Trust, but not recognised in the financial statements.

	2001	2000
	\$	\$
<b>Operating leases</b>		
Non-cancellable operating lease commitments:		
Within one year	12,660	12,121
One to two years	4,432	11,484
Two to five years	-	3,893
Beyond five years	-	-
	<u>17,092</u>	<u>27,498</u>

**Non-operating Lease**

At balance date, a 36-month lease had been entered into, but payments did not commence until July 2001.

	2001	2000
	\$	\$
<b>Total minimum lease payment due:</b>		
Not later than one year	36,004	-
Later than one year but not later than two years	36,004	-
Later than two years but not later than five years	36,004	-
Later than five years	-	-
	<u>108,012</u>	<u>-</u>

**Future lease finance charges:**

Current	8,148	-
Non Current	<u>7,089</u>	<u>-</u>
	<u>15,237</u>	<u>-</u>

**Net Finance lease liability**

Current	27,855	-
Non Current	<u>64,920</u>	<u>-</u>
	<u>92,775</u>	<u>-</u>

**Capital Expenditure**

Amounts committed to capital expenditure	16,830	416,200
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**14. CONTINGENCIES**

The Trust has no contingent liabilities at 30 June 2001 (2000: Nil)

<b>15. RECONCILIATION OF NET OPERATING SURPLUS TO NET CASHFLOWS FROM OPERATING ACTIVITIES</b>	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>
<b>Net surplus for the year</b>	818,738	1,702,645
<b>Impact of changes in working capital items</b>		
(Increase)/decrease in receivables	(237,505)	220,212
Increase in GST receivable	256,003	1,178,775
(Increase)/decrease in other current assets	(67,465)	1,802
Increase in revenue in advance	133,430	5,232,376
Decrease in payables	<u>(1,561,574)</u>	<u>(2,088,558)</u>
	(1,477,111)	4,544,607
<b>Non Operating items in above movements:</b>		
Receivables	45,911	(1,027,120)
GST - net	(133,705)	154,500
Other assets	67,500	-
Revenue in advance	(28,203)	(3,094,673)
Payables	1,565,645	2,735,841
Increase in Non Current Revenue in Advance	577,567	190,000
<b>Non Cash Items in Operating Surplus</b>		
Depreciation	3,242,802	1,617,382
Amortisation	(3,117,434)	(3,226,227)
Other	<u>142,518</u>	<u>83,419</u>
<b>Net cash inflow from operating activities</b>	<u><u>1,704,228</u></u>	<u><u>3,680,374</u></u>