

**CRICKET WELLINGTON INCORPORATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

CONTENTS

	Page
Directory	1
Statement of Comprehensive Revenue and Expenses	2
Statement of Changes in Net Assets/Equity	2
Statement of Financial Position	3
Cash Flow Statement	4
Notes to and forming part of the Financial Statements	5 - 13
Independent Auditor's Report	14-15

Cricket Wellington Incorporated

Directory

Board of Directors

David Howman (Chair, appointed October 2019)
Grant Elliot (appointed October 2019)
Sally McKechnie
Elizabeth Scurr
Gretchen Young
Prabha Ravi
Jason Wells (appointed October 2019)
Sally Morrison (end of maximum term October 2019)
Paul Chandler (resigned October 2019)

Registered office

Basin Reserve
Rugby Street
Wellington

Nature of Business

Promotion and administration of cricket in the
Wellington region

Registration Number

974180

The Financial Statements should be read in conjunction with the Notes to the Financial Statements

Cricket Wellington Incorporated
Statement of Comprehensive Revenue and Expenses
for the Year Ended 31 July 2020

	Note	2020 \$	2019 \$
Revenue	3	4,757,048	4,383,256
Total Revenue		<u>4,757,048</u>	<u>4,383,256</u>
Expenses	4		
Remuneration and related costs		1,711,389	1,428,979
Administration		406,224	423,702
Commercial and marketing		250,228	162,719
Player payments		1,032,468	979,579
Match and team costs		1,012,573	886,024
Grants - community		221,333	252,815
Depreciation and amortisation		106,313	131,737
Loss on disposal of assets		5,567	65,109
Total Expenses		<u>4,746,095</u>	<u>4,330,664</u>
Surplus for the year		<u>10,953</u>	<u>52,592</u>
Other comprehensive revenue and expense for the year		-	-
Total comprehensive revenue and expense for the year		<u><u>10,953</u></u>	<u><u>52,592</u></u>

Statement of Changes in Net Assets/Equity
for the Year Ended 31 July 2020

	Accumulated revenue and expense (Total equity)
	\$
Opening balance 1 August 2018	596,451
Total comprehensive revenue and expense for the year	52,592
Closing Equity 31 July 2019	<u><u>649,043</u></u>
Opening balance 1 August 2019	649,043
Total comprehensive revenue and expense for the year	10,953
Closing Equity 31 July 2020	<u><u>659,996</u></u>

The Financial Statements should be read in conjunction with the Notes to the Financial Statements

Cricket Wellington Incorporated
Statement of Financial Position
as at 31 July 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	5	274,375	308,815
Investments	6	150,000	100,000
Receivables - exchange transactions	7	17,591	1,251
Prepayments		6,972	24,167
Inventories	8	<u>27,586</u>	<u>31,635</u>
		476,524	465,868
CURRENT LIABILITIES			
Payables - exchange transactions	9	57,286	68,673
Deferred revenue	10	25,030	45,818
Employee entitlements	11	-	6,183
GST payable		<u>28,327</u>	<u>17,809</u>
		110,643	138,483
Net working capital		365,881	327,385
NON-CURRENT ASSETS			
Property, plant and equipment	12	294,115	321,658
NET ASSETS		<u>659,996</u>	<u>649,043</u>
EQUITY		<u>659,996</u>	<u>649,043</u>

For and on behalf of the Board of Cricket Wellington Incorporated which approved and authorised the issue of the financial statements on 21 September 2020.

David Howman (Chair)

Elizabeth Scurr (Board Member)

The Financial Statements should be read in conjunction with the Notes to the Financial Statements

Cricket Wellington Incorporated
Cash Flow Statement
For the Year Ended 31 July 2020

	Note	2020 \$	2019 \$
<u>Cash flows from operating activities</u>			
Cash was provided from:			
Receipts from sponsorship, grants and other activities		3,683,149	3,357,774
Interest received		4,191	2,472
		<u>3,687,340</u>	<u>3,360,246</u>
Cash was applied to:			
Payments to suppliers, employees and associations		<u>(3,587,443)</u>	<u>(3,188,589)</u>
Net cash inflow from operating activities	20	<u>99,897</u>	<u>171,657</u>
<u>Cash flows from investing activities</u>			
Cash was applied to:			
Purchase of Investments		(50,000)	(100,000)
Purchase of property, plant and equipment		<u>(84,337)</u>	<u>(121,268)</u>
Net cash (outflow) from investing activities		<u>(134,337)</u>	<u>(221,268)</u>
Net increase/(decrease) in cash held		(34,440)	(49,611)
Cash and cash equivalents at the beginning of the year	5	<u>308,815</u>	<u>358,426</u>
Cash and cash equivalents at the end of the year	5	274,375	308,815

The Financial Statements should be read in conjunction with the Notes to the Financial Statements

Cricket Wellington Incorporated
Notes to and forming part of the Financial Statements
for the Year Ended 31 July 2020

1. Statement of Accounting Policies

1.1 Reporting entity

Cricket Wellington Incorporated ("Cricket Wellington") is incorporated under the Incorporated Societies Act 1908.

Cricket Wellington is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013.

1.2 Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") that have been authorised for use by the External Reporting Board for Not-for-Profit entities.

Cricket Wellington is a public benefit not for profit and is eligible to apply Tier 2 PBE standards on the basis that it does not have public accountability and is not defined as large.

1.3 Measurement basis

Unless otherwise stated, the measurement basis is that of historical cost. The financial statements have been prepared on a going concern basis in accordance with NZ GAAP.

1.4 Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the entity's functional currency, rounded to the nearest dollar.

There has been no change in the functional currency.

1.5 Use of judgements and estimates

The preparation of the financial statements requires the Board and management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the financial statements is revenue recognition – non-exchange revenue (conditions vs. restrictions).

(b) Changes in accounting estimates

The accounting policies detailed in the following notes have been applied consistently by Cricket Wellington to all periods in these financial statements.

2. Specific accounting policies

The following specific accounting policies have been used in preparing these financial statements.

Cricket Wellington Incorporated
Notes to and forming part of the Financial Statements
for the Year Ended 31 July 2020

2.1 Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to Cricket Wellington, and is measured at the fair value of the consideration received or receivable.

The following specific recognition criteria in relation to Cricket Wellington's revenue streams must also be met before revenue is recognised.

Revenue from non-exchange transactions

Non-exchange transactions are those where Cricket Wellington receives an inflow of resources but provides no (or nominal) direct consideration in return.

The following specific recognition criteria in relation to Cricket Wellington's non-exchange transaction revenue streams must also be met before revenue is recognised.

Grants from New Zealand Cricket - General Funding and other non-exchange revenue

New Zealand Cricket (NZC) - General Funding and other non-exchange revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attached to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Stipulations that are 'conditions' specifically require Cricket Wellington to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a *non-exchange liability* that is subsequently recognised as *non-exchange revenue* as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' that do not specifically require Cricket Wellington to return the inflow of resources received if they are not utilised in the way stipulated, do not result in the recognition of a *non-exchange liability*, resulting in the immediate recognition of *non-exchange revenue*.

Revenue from exchange transactions

Commercial activities

Rights - hosting and hospitality income is recorded as revenue when the function or event takes place and is measured at the fair value of the consideration received or receivable.

Season membership fees - revenue is recognised over the period of the membership (usually the cricket season). Amounts received in advance for memberships or subscriptions relating to future periods are recognised as a liability until such time that period covering the membership occurs.

Coaching & facilities

Revenue is recognised immediately where members, groups or individuals purchase specific services relating to coaching and development courses. At year end any revenues for which the conditions of receipt have not been met are then transferred to deferred revenue. Once the conditions have been met, the revenue is recognised in that financial year.

Sponsorship in kind

Cricket Wellington receives non-cash sponsorship in the form of goods and services. The fair value of the goods and services received is recognised as Sponsorship revenue in the Statement of Comprehensive Revenue and Expenses.

Grant revenue from NZ Cricket, funding organisation and other grants

Grant revenue, with the exception of NZC General Funding as discussed above, is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Cricket Wellington Incorporated
Notes to and forming part of the Financial Statements
for the Year Ended 31 July 2020

2.2 Employee benefits

Liabilities for wages and salaries, annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

2.3 Financial instruments

Financial assets

Cricket Wellington's financial assets are classified as loans and receivables. The financial assets include: cash and cash equivalents, held-to-maturity investments and receivables from exchange transactions.

All financial assets are subject to review for impairment at least at each reporting date. Different criteria to determine impairment are applied for each category of financial assets, of which, Cricket Wellington has only loans and receivables and is described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. Cricket Wellington's cash and cash equivalents and receivables from exchange transactions fall into this category of financial instruments.

Financial liabilities

Cricket Wellington's financial liabilities include payables – exchange transactions (excluding GST and PAYE), employee entitlements and loans and borrowings.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method.

2.4 Property, plant and equipment

Items of property plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Items of property, plant and equipment are measured under the Cost Model which shows initial cost including any expenditure directly attributable to the acquisition, delivery or installation (or fair value for items acquired through non-exchange transactions) less accumulated depreciation and impairment. Cricket Wellington's items are subsequently measured in accordance with the Cost Model.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Assets under construction are not subject to depreciation.

The estimated useful lives/straight line depreciation rates are:

• Land and Buildings	SL 5 - 36% (2019: 5 - 36%)
• Grounds Plant and Equipment	SL 5 - 36% (2019: 5 - 36%)
• Furniture and Fittings	SL 8.4 - 40% (2019: 8.4 - 40%)
• Computer Equipment	SL 40% (2019: 40%)
• Office Equipment	SL 8.4 - 30% (2019: 8.4 - 30%)

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

Cricket Wellington Incorporated
Notes to and forming part of the Financial Statements
for the Year Ended 31 July 2020

2.5 Impairment of non-financial assets

The carrying amounts of Cricket Wellington's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

2.6 Leases

Leases in terms of which Cricket Wellington assumes substantially all the risks and rewards of ownership are classified as finance leases.

Operating leases

Leases that are not finance leases are classified as operating leases. Operating leases are not recognised in Cricket Wellington's statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2.7 Income Tax

Cricket Wellington is exempt from Income Tax under section CW46 of the Income Tax Act 2007.

2.8 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

2.9 Equity

Equity is the community's interest in Cricket Wellington, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Accumulated comprehensive revenue and expense

Accumulated comprehensive revenue and expense is Cricket Wellington's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

2.10 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cricket Wellington Incorporated
Notes to and forming part of the Financial Statements
for the Year Ended 31 July 2020

3. Revenue

	2020	2019
	\$	\$
<i>Revenue from non-exchange transactions:</i>		
NZ Cricket - General funding	1,163,002	1,123,000
Government grants - wage subsidy	105,444	-
	1,268,446	1,123,000
 <i>Revenue from exchange transactions:</i>		
Grants from NZ Cricket	1,737,680	1,714,196
Funding organisations	629,373	570,047
Other grants	120,000	5,000
Gate receipts	41,448	33,287
Sponsorships	291,401	268,318
Levies	315,751	315,734
Commercial activities	153,251	168,222
Coaching and facilities	78,371	98,849
Interest on loans and receivables	4,191	2,472
Other operating revenue	117,136	84,131
	3,488,602	3,260,256
Total Revenue	4,757,048	4,383,256

4. Expenses

	2020	2019
	\$	\$
<i>The following amounts are included in expenses for the year:</i>		
Fees paid to auditors for the audit of the financial statements	12,000	11,750
Fees paid to auditors for the audit of the NZCT grants received	1,500	1,500
Operating lease rentals	98,675	81,239

5. Cash and cash equivalents

	2020	2019
	\$	\$
<i>Current assets</i>		
Cash on hand	200	200
Bank - operating	60,685	24,277
Bank - call deposits	213,490	284,338
Cash and cash equivalents in the statement of cash flows	274,375	308,815

Per annum annual interest rate ranges applicable to components of cash and cash equivalents:

Bank - call deposits	0.05%	0.20%
----------------------	-------	-------

There are no restrictions over any of the cash and cash equivalent balances held by Cricket Wellington.

Cricket Wellington has a \$100,000 unsecured overdraft facility, which remains undrawn (2019: \$100,000).

Cricket Wellington Incorporated
Notes to and forming part of the Financial Statements
for the Year Ended 31 July 2020

6. Investments	2020	2019
	\$	\$
<i>Current assets:</i>		
Short term deposits	150,000	100,000
Total investments in the statement of cash flows	150,000	100,000

Per annum annual interest rate ranges applicable to investments:

Short term deposits	2.15%	3.20%
---------------------	-------	-------

7. Receivables - exchange transactions	2020	2019
	\$	\$
Trade receivables from exchange transactions	17,591	1,251
	17,591	1,251

There were no overdue accounts or impairment at year end relating to receivables (2019: nil).

8. Inventories	2020	2019
	\$	\$
<i>Finished Goods</i>		
Cricket Balls	27,586	31,530
Clothing and Merchandise	-	105
	27,586	31,635

There were no reversals of previously written down inventory items (2019: nil).

There are no items of inventory pledged as security against any of Cricket Wellington's liabilities (2019: nil).

9. Payables – exchange transactions	2020	2019
	\$	\$
Trade payables from exchange transactions	29,303	48,036
Sundry accruals	27,983	20,637
	57,286	68,673

10. Deferred revenue	2020	2019
	\$	\$
Exchange revenue received in advance - coaching and training programmes	25,030	15,926
Grants from exchange transactions in advance	-	29,892
	25,030	45,818

(i) Deferred revenue represents income which relates to expenditure which will be incurred in the following year.

11. Employee entitlements	2020	2019
	\$	\$
<i>Current</i>		
Short-term entitlements	-	6,183
Total employee entitlements	-	6,183

Employee entitlements include payments due for PAYE, Kiwisaver and Student Loan deductions and wage accruals.

Cricket Wellington Incorporated
Notes to and forming part of the Financial Statements
for the Year Ended 31 July 2020

12. Property, plant and equipment

	Leasehold improvements	Grounds Plant and equipment	Furniture and fittings	Computer equipment	Office furniture	Total
<u>Cost or valuation</u>	\$	\$	\$	\$	\$	\$
Balance as at 1 Aug 2019	1,454,235	233,063	63,648	45,313	10,099	1,806,358
Additions (exchange)	77,438	5,334	1,565	-	-	84,337
Disposals	(100,000)	(990)	(7,052)	(1,912)	(1,443)	(111,397)
Balance as at 31 Jul 2020	1,431,673	237,407	58,161	43,401	8,656	1,779,298
 <u>Accumulated depreciation and impairment</u>						
Balance as at 1 Aug 2019	1,242,012	153,790	59,396	21,531	7,971	1,484,700
Depreciation	72,136	18,596	2,037	12,825	719	106,313
Disposals	(96,153)	(990)	(7,053)	(191)	(1,443)	(105,830)
Balance as at 31 Jul 2020	1,217,995	171,396	54,380	34,165	7,247	1,485,183
 Net book value						
As at 31 Jul 2019	212,223	79,273	4,252	23,782	2,128	321,658
As at 31 Jul 2020	213,678	66,011	3,781	9,236	1,409	294,115

(i) Impairment and impairment reversals (cash-generating assets)

There has been no impairment or impairment reversal of property, plant and equipment during the year (2019: nil).

(ii) Security held over items of property plant and equipment

There are no items of property, plant and equipment that are pledged as security (2019: nil).

13. Financial Instruments

	2020	2019
	\$	\$
<i>Financial assets - Loans and receivables</i>		
Cash and cash equivalent (assets)	274,375	308,815
Investments	150,000	100,000
Receivables	17,591	1,251
 <i>Financial liabilities - Amortised cost</i>		
Payables - exchange transactions	(29,303)	(48,036)
Accruals	(27,983)	(20,637)
Employee Entitlements	-	(6,183)
	384,680	335,210

Cricket Wellington Incorporated
Notes to and forming part of the Financial Statements
for the Year Ended 31 July 2020

14. Operating leases	2020	2019
	\$	\$
The future non-cancellable minimum lease payments of operating leases as lessee at reporting date are detailed in the table below:		
Not later than 1 year	124,669	162,115
1 – 2 years	124,669	84,781
2 – 5 years	317,695	253,927
Later than 5 years	752,246	752,245
	<u>1,319,279</u>	<u>1,253,068</u>

Terms of the Leases for the various Cricket Academies

Westpac Stadium Indoor Facility

15 year lease expires June 2035.

Mana Indoor Facility

15 year lease expires February 2023, with an option to renew for a further 15 years.

15. Related Parties

Jeremy Dean attended the Board meetings during the year as an aspiring board member. Jeremy is Director and Owner of Riders & Elephants Ltd which provided services to the value of \$7,983 in the form of workshops with coaches and leaders (2019: Jeremy Dean, \$14,000).

Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board of Directors, Chief Executive Officer, Finance and Administration Manager, Pathway Manager, General Manager and Head Coach. No remuneration is paid to members of the Board of Directors. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2020	2019
<i>Key management personnel</i>		
Total Remuneration (\$)	551,731	551,754
Number of People (full time equivalents)	5	5
<i>Board of Directors</i>		
Total Remuneration (\$)	-	-
Number of People	7	7

16. Capital commitments

There are no capital commitments as at the reporting date (2019: replacement nets Sky Stadium).

17. Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date (2019: nil).

Cricket Wellington Incorporated
Notes to and forming part of the Financial Statements
for the Year Ended 31 July 2020

18. Events after the reporting date

The Board of Directors and management are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements, that have significantly or may significantly affect the operations of Cricket Wellington (2019: nil).

19. Covid-19 Pandemic

On 11 March the World Health Organisation declared a global pandemic as a result of the outbreak and spread of Covid-19. The NZ Government placed New Zealand in full Lockdown on 26 March 2020. This meant that non-essential businesses and organisations were not allowed to operate, and individuals (other than essential workers or those undertaking essential business) were required to stay at home.

The quarantine measures and travel restrictions imposed, came right at the end of the cricket season by which time, apart from some grant funding, most other revenues had been confirmed. There were savings on some expenditure as a result of the cancellation of the last rounds of Plunket Shield.

Cricket Wellington received a wage subsidy of \$105,444 offered by the Government. This has been disclosed in note 3 of the accounts and has meant there was no impact on staffing levels or the ability to continue paying staff. Overall, COVID-19 had little impact on the 2019/20 financial year.

The biggest risk will be in the new financial year when the impact of Covid-19 on businesses and the economy in general may reduce Cricket Wellington's sponsors and funders ability to fund the business as they have previously. In addition the quantity of International cricket able to be played is still unknown and that in turn will impact on hospitality and other revenues.

At this stage New Zealand Cricket has confirmed that it will fund the association at levels similar to last year.

Management and the Board have been reviewing a range of scenarios as regards the new financial year and these indicate that Cricket Wellington has adequate cash reserves and facilities to continue trading for at least 12 months from the date of signing these financial statements.

20. Reconciliation of net operating surplus with net cash inflow from operating activities	2020	2019
	\$	\$
Net Surplus for the year	10,953	52,592
<i>Add non-cash items:</i>		
Depreciation	106,313	131,737
Loss on Sale of Fixed Assets	5,567	65,109
<i>Movements in Working Capital:</i>		
(Increase)/Decrease in Receivables and Recoverables	(15,827)	(428)
(Increase)/Decrease in Prepayments	17,195	(24,167)
Decrease in Inventories	4,049	12,868
Increase/(Decrease) in Payables - Exchange Transactions	(869)	1,889
(Decrease)/Increase in Deferred Revenue	(20,788)	(42,683)
(Decrease) in Employee Entitlements	(6,696)	(25,260)
	<u>99,897</u>	<u>171,657</u>