

# ANNUAL REPORT

22

23



**On the fourth of April, 2022, the Home of Cycling passed a significant milestone as the National Cycling Centre of Excellence, being 10 years since breaking ground on construction. Now known as the Grassroots Trust Velodrome, in 2024 we will look forward to the 10 year anniversary of our official public opening.**

The 10 years to date have firmly established the Velodrome as an iconic and celebrated local, regional and national sporting hub. The 2023 financial year illustrated that success, but also highlighted the challenges faced by all such community entities in long-term sustainability.

We increased both our track and gym membership – to some extent substituting track visits for gym visits, maintaining a total of around 18,000 community sports visits. We doubled our room hire revenue, showing an increase in our conferencing and hosting potential. And we proudly served as the home base for the New Zealand track cycling and para cycling team who topped the medal table at the Birmingham Commonwealth Games, securing 8 gold, 4 silver and 1 bronze medal.

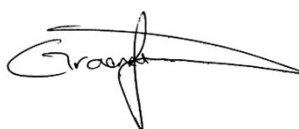
At the same time, our financial accounts showed an operating loss (before interest and depreciation) of around \$350,000. While this was largely attributed to a timing discrepancy in relation to grants and other income (an issue to be rectified in FY2024), it underscored the tightrope that community organisations navigate to manage increasing operating costs through non-operating revenue (grants and sponsorship). The principle of "not-for-profit" can indeed present its share of challenges.

As in FY2022, our consistent source of rental income remained prominent, leading us to genuinely explore the feasibility of a building extension to increase tenancy. This "Phase 2" concept has existed since the Velodrome's inception, and a business case was created to mirror the current northside office complex on to the south side of the building.

Among potential tenants was a successful expression of interest to host the NZ Sports Hall of Fame and potentially the Māori Sports Hall of Fame. Moving forward to FY2024, the Trust Board will maintain this project as a key strategic focus.

Finally we thanked and farewelled Trustees Alex Cutler, John Mason and Ian Sutcliffe and in their place welcomed Fiona Carrick and Ross Pacey. Together Fiona and Ross bring a wealth of governance and directorial experience from diverse business backgrounds, and significant respect within regional networks.

Sincere thanks to all my fellow Trustees, our passionate team of staff, our engaged partners and stakeholders, and above all our amazing local, regional and national communities.



Graeme Maw  
Board Chair



# GENERAL MANAGER REPORT

**It has been an interesting journey for me over the past months since I assumed the role of General Manager at the velodrome.**

The voyage began last September when I stepped into the Operations role, and it has culminated with my appointment as GM this June. This transition followed the departure of Scott Gemmell, who led the velodrome steadfastly through challenging times during his five-year tenure. I have appreciated our short time together and thankful for his dedication and efforts in steering the velodrome to success.

During this period, we also witnessed significant changes in our team. Some individuals embraced new adventures, leading to transitions that enriched both personal and professional growth. Notably, one of our coaches accepted a role of becoming the Head Endurance Coach for Team USA, an exciting role which will see him lead the team up to the 2028 LA Olympics. We shared in his excitement, proud to see one of our own contributing to our sport on the international stage.

Looking forward, our calendar is filled with great events. The anticipation builds as we approach our inaugural UCI C2 event, the APL New Zealand Grand Prix, scheduled for December of this year.

*"In my new role, I have formed new alliances with sponsors and stakeholders. These partnerships are instrumental in fuelling our progress and fostering a vibrant cycling community."*

The enthusiasm is palpable, and we are committed to delivering an exceptional experience for participants, spectators, and all stakeholders involved.

Reflecting on our recent achievements, the Corporate Challenge stands out as a true success story. The event surpassed expectations, and now we are diligently dissecting its components to reimagine and enhance it further. Our aim is to unveil an even bigger spectacle next year, inspiring participants and viewers alike.

This focus on how we run our events underscores our dedication to innovation and improvement.

In my new role, I have formed new alliances with sponsors and stakeholders. These partnerships are instrumental in fuelling our progress and fostering a vibrant cycling community. Furthermore, an exciting chapter awaits as we embark on a new collaboration with the UCI. This partnership holds promise for mutual growth and advancement of the velodrome, aligning with our vision for a dynamic future.

Central to our achievements is the unwavering commitment of our remarkable team and the enduring support we receive. We are profoundly grateful for the collective effort that propels us forward. With each passing day, we build upon the foundations laid before us, setting the stage for an even more remarkable year ahead.

In closing, I express my gratitude to all those who contribute to our journey. Together, we stand ready to embrace the opportunities and challenges that lie ahead. Onward and upward.

Dion Merson  
General Manager

# BY THE NUMBERS

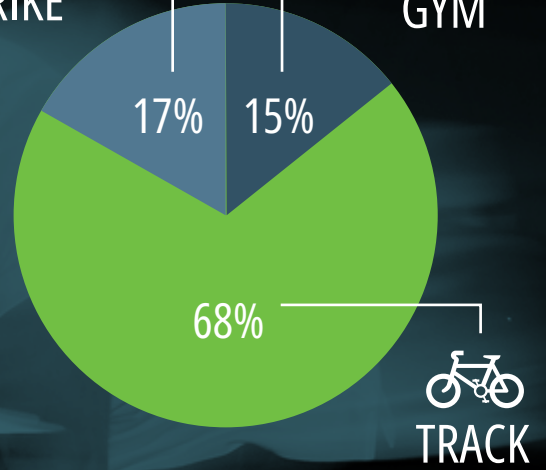
**450**  
NEW MEMBERS

**16%**  
INCREASE  
from 21/22

## MEMBERS BY ACTIVITY

  
TRIKE

  
GYM



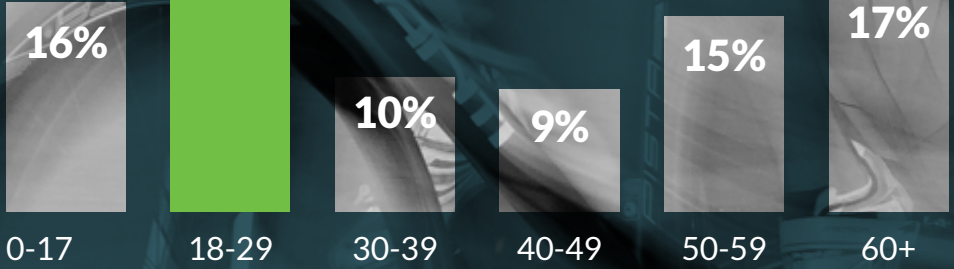
Gym Members increased

**36%**

Under 18 Members increased

**44%**

## MEMBERS BY AGE



# SPONSORS & SUPPORTERS

Thank you to our funders for their continued support; we could not achieve so much without their generosity.



# Annual Report

The Home of Cycling Charitable Trust  
For the year ended 31 March 2023

Prepared by Baker Tilly Staples Rodway Waikato LP

## Contents

|    |   |
|----|---|
| 3  | Statement of Service Performance                |
| 5  | Statement of Comprehensive Revenue and Expenses |
| 6  | Statement of Financial Position                 |
| 7  | Statement of Changes in Equity                  |
| 8  | Statement of Cash Flows                         |
| 9  | Notes to the Financial Statements               |
| 21 | Audit Report                                    |

## Statement of Service Performance

### The Home of Cycling Charitable Trust For the year ended 31 March 2023

#### 'What did we do?', 'When did we do it?'

The home of Cycling Charitable Trust operates under these four pillars:

1. **Purpose** - To connect our community through a shared passion for activity, recreation and wellness with cycling as our common thread.
2. **Vision** - To have a thriving hub where the intersection of high-performance sport and community inspires participation.
3. **Mission** - To be relentless in our focus on the guest experience.
4. **Value** - Obsession for the experiences we provide, think and do big, enabling excellence and inclusion.

#### **What we do: Ignite passion through our events and activities.**

We design, build and deliver a suite of events, lectures, fitness classes and activities that are uniquely HoC, to grow our knowledge and expertise, reputation, engagement and community reach.

We attract events, activities and functions that are aligned with our vision and values, to show our adaptability, distinctiveness, connecting with businesses across the region and generate raving fans.

We support and promote events and activities that while not our core business, link to our extended community and our value around participation, to build a network that connects with our wider community.

#### **Where we do it: Operate a standard-defining sustainable sports and recreation hub.**

Operational excellence, with robust systems and processes, driving customer-centric values, with the right people, capabilities, and governance.

We are committed to driving sustainability through our actions, identifying champions, and adjusting practices to support a sustainable approach and working with partners to reduce energy use.

Our decisions are driven by financial analysis, with robust financial analysis and clear deliverables, supporting a funding and sponsorship plan.

The "Home of Cycling" is operating with a clear view of future investments needed to retain our position as a place of national significance.

#### **How we do it: Foster a culture of performance, excellence and inspiration.**

We take positive steps to be an employer of choice, to build a culture of reward and recognition, supporting staff development and with a focus on communication.

Position our relationships to foster mutual growth, building a well networked group of partners with shared values.

Our organisation actively promotes diversity and inclusion through our programmes, events and activities, to develop initiatives to attract a broader group of users, as well as creating opportunities in high performance.

Our environment is the gold standard for training, racing and recreation, with priorities for continuous improvement and benchmark against regional and global achievements.

Our tenants are engaged and active participants in the HoC culture, aligning with our values and vision, where opportunities to add value are identified and regular connections are made.

|                              | 2023  | 2022  |
|------------------------------|-------|-------|
| <b>Key services provided</b> |       |       |
| Velodrome track members      | 2,278 | 2,096 |



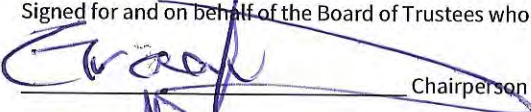
|                        | 2023   | 2022   |
|------------------------|--------|--------|
| Velodrome track visits | 12,797 | 14,401 |
| Trike members          | 427    | 428    |
| Trike visits           | 2,362  | 2,760  |
| Gym members            | 494    | 358    |
| Gym visits             | 5,162  | 3,861  |


# Statement of Comprehensive Revenue and Expenses

## The Home of Cycling Charitable Trust For the year ended 31 March 2023

|   | NOTES | 2023               | 2022               |
|---|-------|--------------------|--------------------|
| <b>Revenue</b>                                      |       |                    |                    |
| <b>Revenue from Exchange Transactions</b>           |       |                    |                    |
| Sponsorship   |       | 180,000            | 228,186            |
| Rent  |       | 588,778            | 586,878            |
| Track Hire  |       | 332,863            | 344,154            |
| Room Hire   |       | 78,727             | 38,623             |
| Gym Membership Fees                                 |       | 92,536             | 68,017             |
| Other Income  | 4     | 45,108             | 145,338            |
| Interest  |       | 3,567              | 430                |
| <b>Total Revenue from Exchange Transactions</b>     |       | <b>1,321,579</b>   | <b>1,411,626</b>   |
| <b>Revenue from Non-Exchange Transactions</b>       |       |                    |                    |
| Grants  | 2     | 206,849            | 302,514            |
| Donations   | 2     | 46,476             | 73,686             |
| <b>Total Revenue from Non-Exchange Transactions</b> |       | <b>253,325</b>     | <b>376,201</b>     |
| <b>Total Revenue</b>                                |       | <b>1,574,904</b>   | <b>1,787,827</b>   |
| <b>Expenses</b>                                     |       |                    |                    |
| Employee Related Costs                              |       | 886,683            | 696,291            |
| Interest on Borrowings                              |       | 100,272            | 93,949             |
| Depreciation  |       | 1,240,475          | 1,250,971          |
| Marketing & Communications                          |       | 21,403             | 36,938             |
| Property Expenses                                   |       | 622,635            | 485,002            |
| Event Expenses                                      |       | 11,199             | 3,689              |
| Other expenses                                      | 5     | 388,121            | 354,052            |
| <b>Total Expenses</b>                               |       | <b>3,270,789</b>   | <b>2,920,894</b>   |
| <b>Surplus / (Deficit)</b>                          |       | <b>(1,695,885)</b> | <b>(1,133,067)</b> |
| <b>Total Comprehensive Revenue and Expense</b>      |       | <b>(1,695,885)</b> | <b>(1,133,067)</b> |

Signed for and on behalf of the Board of Trustees who authorised these financial statements for issue on 18th August 2023.

  
Chairperson

  
Trustee

The statement of accounting policies and the accompanying notes form an integral part of these audited financial statements.

## Statement of Financial Position

### The Home of Cycling Charitable Trust As at 31 March 2023

|   | NOTES | 31 MAR 2023       | 31 MAR 2022       |
|---|-------|-------------------|-------------------|
| <b>Assets</b>                                 |       |                   |                   |
| <b>Current Assets</b>                         |       |                   |                   |
| Cash and Cash Equivalents                     | 6     | 553,967           | 707,351           |
| Receivables                                   | 7     | 71,545            | 57,775            |
| Prepayments                                   |       | 59,014            | 51,983            |
| <b>Total Current Assets</b>                   |       | <b>684,525</b>    | <b>817,109</b>    |
| <b>Non-Current Assets</b>                     |       |                   |                   |
| Property, Plant and Equipment                 | 9     | 22,478,045        | 23,702,623        |
| <b>Total Non-Current Assets</b>               |       | <b>22,478,045</b> | <b>23,702,623</b> |
| <b>Total Assets</b>                           |       | <b>23,162,570</b> | <b>24,519,731</b> |
| <b>Liabilities</b>                            |       |                   |                   |
| <b>Current Liabilities</b>                    |       |                   |                   |
| Accounts Payable                              | 8     | 111,795           | 71,399            |
| Deferred Revenue                              | 10    | 447,767           | 110,688           |
| Borrowings                                    | 11    | 1,863,250         | 1,863,607         |
| Employee Benefits                             |       | 73,992            | 60,417            |
| <b>Total Current Liabilities</b>              |       | <b>2,496,803</b>  | <b>2,106,111</b>  |
| <b>Non-Current Liabilities</b>                |       |                   |                   |
| Deferred Revenue                              | 10    | 321,659           | 372,878           |
| Borrowings                                    | 11    | -                 | 750               |
| <b>Total Non-Current Liabilities</b>          |       | <b>321,659</b>    | <b>373,628</b>    |
| <b>Total Liabilities</b>                      |       | <b>2,818,462</b>  | <b>2,479,739</b>  |
| <b>Net Assets</b>                             |       | <b>20,344,108</b> | <b>22,039,993</b> |
| <b>Trust Funds</b>                            |       |                   |                   |
| Accumulated Comprehensive Revenue and Expense | 12    | 20,344,108        | 22,039,993        |
| <b>Total Trust Funds</b>                      |       | <b>20,344,108</b> | <b>22,039,993</b> |

The statement of accounting policies and the accompanying notes form an integral part of these audited financial statements.

## Statement of Changes in Equity

### The Home of Cycling Charitable Trust

For the year ended 31 March 2023

|   | 2023              | 2022              |
|---|-------------------|-------------------|
| <b>Changes in Net Assets</b>                        |                   |                   |
| Balance at 1 April                                  | 22,039,993        | 23,173,060        |
| Total Comprehensive revenue & expenses for the year | (1,695,885)       | (1,133,067)       |
| <b>Balance at 31 March</b>                          | <b>20,344,108</b> | <b>22,039,993</b> |

The statement of accounting policies and the accompanying notes form an integral part of these audited financial statements.

## Statement of Cash Flows

### The Home of Cycling Charitable Trust For the year ended 31 March 2023

|  | 2023             | 2022            |
|--|------------------|-----------------|
| <b>Statement of Cash Flows</b>                                 |                  |                 |
| <b>Cash Flows from Operating Activities</b>                    |                  |                 |
| Cash receipts from sponsorship and other exchange transactions | 1,254,819        | 1,300,014       |
| Cash receipts from grants and other non-exchange transactions  | 590,404          | 186,804         |
| Interest & other investment receipts received/paid             | 3,567            | 430             |
| GST  | 2,733            | (7,391)         |
| Payments to suppliers and employees                            | (1,887,630)      | (1,561,844)     |
| <b>Net Cash Outflow from Operating Activities</b>              | <b>(36,107)</b>  | <b>(81,987)</b> |
| <b>Cash Flows from Investing Activities</b>                    |                  |                 |
| Payment for property, plant and equipment                      | (15,898)         | (27,856)        |
| <b>Net Cash Outflow from Investing Activities</b>              | <b>(15,898)</b>  | <b>(27,856)</b> |
| <b>Cash Flows from Financing Activities</b>                    |                  |                 |
| Proceeds of loans  | 1,862,500        | 680             |
| Interest paid  | (100,272)        | (43,949)        |
| Repayment of borrowings  | (1,863,607)      | -               |
| <b>Net Cash Outflow from Financing Activities</b>              | <b>(101,379)</b> | <b>(43,269)</b> |
| Net Increase (Decrease) in Cash Held                           | (153,384)        | (153,112)       |
| <b>Cash at the Beginning of the Year</b>                       |                  |                 |
| Cash at the Beginning of the Year                              | 707,351          | 860,462         |
| Cash at the End of the Year                                    | 553,967          | 707,350         |

# Notes to the Financial Statements

## The Home of Cycling Charitable Trust For the year ended 31 March 2023

### 1. Statement of Accounting Policies for the year ended 31 March 2023

The Home of Cycling Charitable Trust (the Trust) is a charitable trust incorporated under the Charitable Trusts Act 1957, registered as a charitable entity under the Charities Act 2005 and incorporated and domiciled in New Zealand.

The registered office for The Home of Cycling Charitable Trust is 360 Tristram Street, Hamilton Central, Hamilton 3204.

The Trust has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The Home of Cycling Charitable Trust is the legal entity and the financial statements are for the operations of the Trust. The financial statements are for the year ended 31 March 2023.

The Trustees authorised the issue of these financial statements on 18 August 2023.

The trustees do not have the power to amend the financial statements once issued.

### Basis of preparation

The financial statements have been prepared on historical cost & going concern basis. The accounting policies have been applied consistently throughout the year.

### Statement of compliance

The financial statements of the Trust have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) and authoritative notices that are applicable to not-for-profit public benefit entities.

The Trust is eligible and has elected to report in accordance with Tier 2 PBE Standards Reduced Disclosure Regime (PBE Standards RDR) on the basis that the Trust has no public accountability and is not large as defined in XRB A1.

In adopting PBE Standards RDR the Trust has taken advantage of a number of disclosure concessions.

### Use of Judgements and estimates

The preparation of the financial statements requires 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 estimates.

#### (a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amount recognised in the financial statements include the following:

- (i) Revenue Recognition - non exchange

#### (b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2023 included the following:

- (i) Useful life of assets, recoverable amount, depreciation method and rate.
- (ii) Leases have been classified as operating leases for the purpose of financial statements.

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These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

### **Presentation currency and rounding**

The financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

### **Revenue**

Revenue is measured at fair value of the consideration received or receivable. The Trust recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Trust's activities, as described below.

### **Revenue from exchange transactions**

#### **Sponsorship**

Sponsorship revenue is recognised over the period of the contract as the benefits are supplied by the Trust under the contracts. Sponsorship received as "value in kind" has been recognised based on the fair value of services received by the Trust.

Unearned sponsorship revenue receipted by the Trust during the period is recognised as a liability, deferred revenue, in the statement of financial position. When consideration has been received in respect of sponsorship to be delivered in subsequent years, it is treated as revenue in advance to recognise the liability of the Trust to provide the sponsor with the benefits stated in the contracts in future periods.

#### **Rent**

Rent is recognised in surplus or deficit when earned on a straight line basis as per the lease agreements with each tenant.

#### **Track hire**

Track fees from hireage of the track are recorded as revenue when the hireage takes place.

#### **Room hire**

Room hire from hireage of the velodrome rooms is recorded as revenue when the hireage takes place.

#### **Gym membership fees**

Fees and subscriptions received in exchange for monthly access to members' facilities are recorded as revenue upon receipt.

#### **Interest income**

Interest revenue is recognised as it accrues, using the effective interest method.

### **Revenue from non-exchange transactions**

Non-exchange transactions are those where the Trust receive value from another entity (e.g. cash or other assets) without giving approximate equal value in exchange.

#### **Grants**

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant has 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.

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### Donations

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific programme or services or donations in-kind. Donations in-kind are measured at their fair value as at the date of acquisition, ascertained by reference to the expected cost that would be otherwise incurred by the Trust.

### Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

The Trust derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Trust has transferred substantially all the risks and rewards of the asset; or
- the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### Financial assets

Financial assets are initially recognised 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.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Trust commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purposes of measurement:

- fair value through surplus or deficit
- financial assets measured at amortised cost (loans and receivables); and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired. The Trust has classified all of its financial assets as loans and receivables.

### 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. The Trust's cash and cash equivalents, short-term investments and receivables from exchange transactions fall into this category of financial instruments.



### Impairment of financial assets

The Trust assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Trust first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Trust determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

### Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through surplus or deficit, payables or loans and borrowings as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables and borrowings, net of directly attributable transaction costs.

The Trust's financial liabilities include trade and other creditors, borrowings, and deferred revenue.

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost is the category of financial liabilities that is most relevant to the Trust. After initial recognition, trade and other creditors, borrowings, and deferred revenue are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the effective interest rate amortisation process. The effective interest rate amortisation is included as interest expense in the surplus or deficit of the statement of comprehensive revenue and expense.

Trade and other creditors are unsecured and are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in surplus or deficit.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

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These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

## Receivables

Receivables are recorded at their face value, less any provision for impairment.

## Property, plant and equipment

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the Trust, and if the item's cost or fair value can be measured reliably.

Subsequent costs that meet the recognition criteria above are recognised in the carrying value of the item of property, plant and equipment. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Trust recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

Subsequent to initial recognition, property, plant and equipment are measured at cost, net of accumulated depreciation and impairment losses, if any.

Depreciation is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

**Land Improvements - 10 to 50 years**

**Velodrome and Buildings - 10 to 40 years**

**Fixture and Fittings - 10 - 12 years**

**Plant & Equipment - 1 to 40 years**

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in surplus or deficit. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to accumulated comprehensive revenue and expense.

## Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in surplus or deficit component of the statements of comprehensive revenue and expenses in the period in which they are incurred.

## Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non current liabilities.

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These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

### Goods and services tax

These financial statements have been prepared exclusive of Goods and Services Tax (GST) except for receivables and payables which have been recorded inclusive of GST. 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 net 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.

### Deferred revenue

#### *(a) Deferred track use liability*

Under a land use agreement with St Peter's School, the Trust provides St Peter's School with free use of the velodrome up to 400 hours per calendar year. A Deferred Track Use Liability has been recognised in the Statement of Financial Position.

On initial recognition this represented the net present value of the expected track use by St Peter's School. This was also the deemed cost for the land recognised in Property, Plant, and Equipment. The Trust is amortising the liability to the Statement of Comprehensive Revenue and Expense over 40 years being the useful life of the velodrome asset.

#### *(b) Sponsorship*

Unearned sponsorship revenue received by the Trust during the period is recognised as a liability, deferred revenue. Refer further to the Trust's accounting policy for sponsorship revenue from exchange transactions.

#### *(c) Grants*

Unearned grant revenue received by the Trust during the period is recognised as a liability, deferred revenue. Refer further to the Trust's accounting policy for grant revenue from non-exchange transactions.

### Employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Annual leave expected to be settled within 12 months of balance date, is classified as an accrued expense within payables, a current liability. All other employee entitlements are classified as a non-current liability.

### Superannuation schemes

Employer contributions to Kiwisaver, the Government Superannuation Fund, and other defined contribution superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the surplus or deficit when incurred.

### Income Tax

The Home of Cycling Charitable Trust is a registered charitable trust and therefore exempt from taxation pursuant to the Income Tax Act 2007.

|   | 2023           | 2022           |
|---|----------------|----------------|
| <b>2. Revenue from non-exchange transactions</b>    |                |                |
| <b>Grants</b>                                       |                |                |
| Grassroots Trust                                    | 176,849        | 302,514        |
| New Zealand Sports Hall of Fame                     | 20,000         | -              |
| Trust Waikato                                       | 10,000         | -              |
| <b>Total Grants</b>                                 | <b>206,849</b> | <b>302,514</b> |
| <b>Donations</b>                                    |                |                |
| Brian Perry Charitable Trust                        | 10,000         | -              |
| G & J Gallagher Foundation                          | 35,500         | 72,750         |
| Other Various                                       | 976            | 937            |
| <b>Total Donations</b>                              | <b>46,476</b>  | <b>73,687</b>  |
| <b>Total Revenue from non-exchange transactions</b> | <b>253,325</b> | <b>376,201</b> |
|   | 2023           | 2022           |
| <b>3. Non-Cash Revenue</b>                          |                |                |
| Sponsorship - Value In Kind                         | -              | 50,000         |
| <b>Total Non-Cash Revenue</b>                       | <b>-</b>       | <b>50,000</b>  |
|   | 2023           | 2022           |
| <b>4. Other Income</b>                              |                |                |
| Venue Tours   | 5,539          | 3,322          |
| Other Revenue                                       | 1,800          | -              |
| Covid Wage Subsidy                                  | -              | 91,700         |
| Resurgence Support                                  | 27,130         | 49,696         |
| Hall of Fame Project                                | -              | 621            |
| Training Camps                                      | 10,639         | -              |
| <b>Total Other Income</b>                           | <b>45,108</b>  | <b>145,338</b> |
|   | 2023           | 2022           |
| <b>5. Other Expenses</b>                            |                |                |
| <b>Admin Expenses</b>                               |                |                |
| General Expenses                                    | 40             | -              |
| Kitchen Supplies                                    | 12             | 1,487          |
| Printing, Postage & Stationery                      | 13,512         | 11,563         |
| <b>Total Admin Expenses</b>                         | <b>13,564</b>  | <b>13,050</b>  |
| <b>Motor Vehicle Expense</b>                        |                |                |
| Motor Vehicle Expenses                              | 6,492          | 7,724          |
| Motor Vehicle Lease                                 | 13,200         | 14,300         |
| <b>Total Motor Vehicle Expense</b>                  | <b>19,692</b>  | <b>22,024</b>  |

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

|  | 2023           | 2022           |
|--|----------------|----------------|
| <b>Professional Services</b>                     |                |                |
| Insurance  | 90,047         | 87,588         |
| Broker Fees                                      | 7,700          | 13,725         |
| Audit Fees                                       | 22,595         | 20,154         |
| Contract Management - Baker Tilly Staples Rodway | 60,500         | 60,060         |
| Legal expenses                                   | 19,244         | 9,891          |
| <b>Total Professional Services</b>               | <b>200,086</b> | <b>191,418</b> |
| <b>Various Other expense</b>                     |                |                |
| Bank Fees & Booking Fees                         | 5,200          | 4,122          |
| Contractor - LFZ                                 | 10,026         | 16,898         |
| Contract Staff - Other                           | 6,744          | 8,152          |
| Contract Staff - Gym                             | -              | 1,023          |
| Education & Training                             | 366            | -              |
| Freight & Courier                                | 10             | -              |
| Meals, Entertainment & Gifts                     | 12,524         | 12,609         |
| Phone Expenses                                   | 15,170         | 11,623         |
| Rebranding - HoC                                 | 5,083          | 57,353         |
| Security   | -              | 1,296          |
| Sky TV   | 2,132          | 2,150          |
| Subscriptions & Memberships                      | 20,333         | 12,335         |
| Travel - National                                | 15             | -              |
| Trustees Travel & Expenses                       | 1,316          | -              |
| Hall of Fame Project                             | 27,054         | -              |
| Stage 2 Feasibility Costs                        | 48,805         | -              |
| <b>Total Various Other expense</b>               | <b>154,778</b> | <b>127,560</b> |
| <b>Total Other Expenses</b>                      | <b>388,121</b> | <b>354,052</b> |
|  | 2023           | 2022           |
| <b>6. Cash &amp; Cash Equivalents</b>            |                |                |
| BNZ - Trading Account                            | 209,372        | 18,353         |
| BNZ - Call Account                               | 336,265        | 681,849        |
| BNZ - Gym Account                                | 8,329          | 7,148          |
| <b>Total Cash &amp; Cash Equivalents</b>         | <b>553,967</b> | <b>707,351</b> |

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

|  | 2023          | 2022          |
|--|---------------|---------------|
| <b>7. Total Receivables</b>            |               |               |
| <b>Exchange</b>                        |               |               |
| Commercial receivables - current       | 71,545        | 57,775        |
| Revenue earned but not invoiced        | -             | -             |
| <b>Total Exchange Receivables</b>      | <b>71,545</b> | <b>57,775</b> |
| <b>Non Exchange</b>                    |               |               |
| Commercial Receivables - current       | -             | -             |
| <b>Total Non- Exchange Receivables</b> | <b>-</b>      | <b>-</b>      |
| <b>Total Receivables</b>               | <b>71,545</b> | <b>57,775</b> |

Commercial receivables are non-interest bearing and are generally settled on 30-day terms. Therefore the carrying value of the receivables approximates to their fair value.

There are no provisions for impairment on commercial receivables.

|   | 2023           | 2022          |
|---|----------------|---------------|
| <b>8. Payables (exchange transactions)</b>    |                |               |
| Trade Creditors                               | 85,359         | 50,552        |
| Accrued Expenses                              | 20,600         | 15,000        |
| GST   | 5,836          | 5,847         |
| <b>Total Payables (exchange transactions)</b> | <b>111,795</b> | <b>71,399</b> |

Payables are non-interest bearing and are generally settled on 30-day terms. Therefore the carrying value of the payables approximates to their fair value.

The Trust holds a BNZ Business Visa card with a limit of \$20,000.

## 9. Property Plant & Equipment

| Asset Type            | Cost              | Opening Value     | Purchases     | Depreciation     | Closing Accum Dep | Closing Value     |
|-----------------------|-------------------|-------------------|---------------|------------------|-------------------|-------------------|
| Land & Improvements   | 1,261,945         | 1,070,036         | -             | 25,839           | 217,748           | 1,044,198         |
| Office Furniture      | 149,840           | 35,424            | 3,919         | 14,568           | 125,066           | 24,774            |
| Plant & Equipment     | 1,973,024         | 498,662           | 11,978        | 180,536          | 1,642,920         | 330,103           |
| Velodrome Development | 30,319,389        | 22,098,501        | -             | 1,019,532        | 9,240,419         | 21,078,969        |
| <b>Total</b>          | <b>33,704,198</b> | <b>23,702,623</b> | <b>15,897</b> | <b>1,240,475</b> | <b>11,226,153</b> | <b>22,478,045</b> |

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

|                                    | 2023           | 2022           |
|------------------------------------|----------------|----------------|
| <b>10. Deferred Revenue</b>        |                |                |
| <b>Current Portion</b>             |                |                |
| Deferred Track Use                 | 6,127          | 6,127          |
| Unspent Grant                      | 396,640        | 59,561         |
| Sponsorship                        | 45,000         | 45,000         |
| <b>Total Current Portion</b>       | <b>447,767</b> | <b>110,688</b> |
| <b>Non - Current Portion</b>       |                |                |
| Sponsorship                        | 135,000        | 180,000        |
| Deferred Track Use                 | 186,659        | 192,878        |
| <b>Total Non - Current Portion</b> | <b>321,659</b> | <b>372,878</b> |
| <b>Total Deferred Revenue</b>      | <b>769,426</b> | <b>483,566</b> |
|                                    | 2023           | 2022           |

**11. Borrowings**

|                                  |                  |                  |
|----------------------------------|------------------|------------------|
| <b>Current portion</b>           |                  |                  |
| BNZ Loan                         | 1,862,500        | 1,862,500        |
| Hire Purchase                    | 750              | 1,107            |
| <b>Total Current portion</b>     | <b>1,863,250</b> | <b>1,863,607</b> |
| <b>Non current portion</b>       |                  |                  |
| Hire Purchase                    | -                | 750              |
| <b>Total Non current portion</b> | <b>-</b>         | <b>750</b>       |
| <b>Total Borrowings</b>          | <b>1,863,250</b> | <b>1,864,357</b> |

**BNZ loan**

The Trust has a bank funding facility with BNZ of \$1,975,000 to fund working capital and the development of the Avantidrome. The bank facility expired in February 2023. As at 31 March 2023 the facility was under negotiation and a new arrangement was entered into in April 2023. Security for the BNZ facility is via a negative pledge provided by the Trust.

At balance date, the Trust had an outstanding loan of \$1,862,500 (2022: \$1,862,500). Interest rate at 31 March 2023 7.15% pa (2022: 2.05% pa).

|                            | 2023                | 2022                |
|----------------------------|---------------------|---------------------|
| <b>12. Net Assets</b>      |                     |                     |
| <b>General Funds</b>       |                     |                     |
| Opening Balance 1 April    | 22,039,993          | 23,173,060          |
| Current Year Earnings      | (1,695,885)         | (1,133,067)         |
| <b>Balance at 31 March</b> | <b>20,344,108</b>   | <b>22,039,993</b>   |
| <b>Total Net Assets</b>    | <b>(20,344,108)</b> | <b>(22,039,993)</b> |

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.

### 13. Commitments and Contingent Liabilities

As at 31 March 2023, the Trust has no capital committed (2022: nil).

The Trust entered into a 60 month agreement with Ricoh New Zealand Limited in September 2018 for IT Services with the first monthly payment of \$2,995.88 made in November 2018. At balance date the remaining commitment amounts to \$20,971 (2022: \$56,921).

The Trust entered into an electricity supply and services agreement with Manawa Energy Limited on 21 June 2023 with a commencement date of 1 September 2023 and a 36 months initial term.

The Trust entered into an internet service agreement with Lightwire on 07/12/2022 with 24 months initial term. \$477 per month.

In February 2023 the Trust accepted a quote from Van Dyk Furnishers Ltd for the replacement of floor tiles of \$44,433 (excl GST). As at 31 March 2023 this work had not yet been carried out.

As at 31 March 2023, the Trust has no contingent liabilities (2022: At balance date the Trust have engaged Harkness Henry to provide legal advice in response to an allegation of inappropriate staff conduct. The outcome of the investigation is not yet known. All cost associated with the advice provided to date have been recorded.)

### 14. Related Party Disclosure

#### Related party transactions required to be disclosed

|                                       |  |
|---------------------------------------|--|
| The Brian Perry Charitable Trust      | <ul style="list-style-type: none"> <li>The Brian Perry Charitable Trust is a related party to the Trust due to Jennifer Palmer being General Manager of the Brian Perry Charitable Trust and a Trustee of the Trust.</li> <li>Brian Perry Charitable Trust provides sponsorship under a 10 year sponsorship agreement effective 31 March 2017.</li> <li>Sponsorship received during 2023 year from Brian Perry Charitable was \$50,000 (2022 : \$62,329). At balance date \$0 (2022 : \$0) remains owing.</li> <li>Donations received during the 2023 year from Brian Perry Charitable Trust was \$10,000 (2022: \$0).</li> </ul>  |
| St Peter's School                     | <ul style="list-style-type: none"> <li>The Trust made payments to St Peter's School for operating expenses during 2023 of \$10,325 (2022: \$11,907). At balance date \$1,646 (2022: \$1,979) remains owing.</li> <li>The Avantidrome is built on land formerly owned by St Peter's School.</li> <li>The Trust settled acquisition of the velodrome land in 2015 for \$1. The Trust has recognised a total acquisition cost of \$248,757 for the land, recognising that there is a land use agreement with St Peter's School to provide up to 400 hours of track use per year.</li> <li>\$186,660 is recorded as a liability in the statement of financial position, being the net present value of the opportunity cost of the Trust providing these track hours. As at balance date, Graeme Maw, trustee, sits on the St Peter's School Board.</li> </ul> |
| Baker Tilly Staples Rodway Waikato LP | <ul style="list-style-type: none"> <li>The Trust has a professional contract with Baker Tilly Staples Rodway Waikato LP (prior to 1 April 2019 called Staples Rodway Waikato LP) from October 2018, for the provision of professional services. David Heald, trustee (resigned 2 Sept 2022), is a Director of Baker Tilly Staples Rodway Waikato LP.</li> <li>The trust incurred \$60,500 (2022: \$60,060) for these services in 2023. At balance date \$6,401 (2022: \$5,821) remains owing.</li> </ul>   |
| G & J Gallagher Foundation            | <ul style="list-style-type: none"> <li>David Heald, trustee (resigned 2 Sept 2022), is also a trustee on the G &amp; J Gallagher Foundation.</li> <li>The G &amp; J Gallagher Foundation provided donations during the year of \$35,500 (2022: \$72,750).</li> </ul>   |

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



|                                   | 2023    | 2022    |
|-----------------------------------|---------|---------|
| <b>Key personnel compensation</b> |         |         |
| Full-time Equivalent Members      | 4       | 3       |
| Remuneration                      | 437,652 | 293,176 |

### 15. Operating Lease Commitments - As a Lessor

The Trust leases commercial office space within the Avantidrome as well as a café. The leases have remaining terms of between 1 and 10 years.

All leases include a clause to enable rental reviews on a three year basis according to prevailing market conditions.

Future minimum rentals receivable under operating leases at 31 March 2023 and 2022 are as follows:

|   | 2023             | 2022             |
|---|------------------|------------------|
| <b>Lease Commitments</b>                    |                  |                  |
| Within one year                             | 643,236          | 527,213          |
| After one year but not more than five years | 2,194,284        | 1,799,186        |
| More than five years                        | 1,974,243        | 2,015,914        |
| <b>Total</b>                                | <b>4,811,763</b> | <b>4,342,313</b> |

### 16. Going Concern

The Trust has a bank funding facility with BNZ of \$1,975,000 to fund working capital and development of the Velodrome which expired 28 February 2023. As at balance date the Trust was in discussions the BNZ regarding the renewal of this facility funding. Subsequent to balance date an agreement was reached to refinance the facility at \$1,862,500 for 12 months with a maturity date of 19 April 2024.

As a consequence of the BNZ facility being classified a current liability, at balance date the Trust has negative working capital of \$1,812,278 and would be unable to repay the loan balance should the bank demand repayment. The events and conditions provide for material uncertainty that may cause some doubt around the Trust's ability to continue operating if the BNZ facility is not renewed or otherwise refinanced.

### 17. Subsequent Events

Subsequent to balance date an agreement was reached on 12 April 2023 to refinance the BNZ facility of \$1,862,500 for 12 months with a maturity date of 19 April 2024.

## Audit Report

### **The Home of Cycling Charitable Trust For the year ended 31 March 2023**

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