

Financial Review



New Zealand Cricket (Inc.) Statement of Financial Performance for the year ended 31 May 2003			
	Notes	2003	2002
		\$	\$
Total Operating Revenue	2	41,234,531	22,777,215
Less Operating Expenses:			
International Teams		6,594,862	6,409,758
Administration and Marketing		5,083,793	4,462,762
Commissions and Levies		6,011,381	2,257,890
Coaching and Development		2,201,391	2,104,760
Domestic Tournaments		57,050	247,222
Underage Tournaments		310,399	306,950
		20,258,876	15,789,342
Net Operating Surplus	3	20,975,655	6,987,873
Less Grants and Distributions to Associations		6,460,720	5,190,608
Net Operating Surplus (Deficit) after Contributions		14,514,935	1,797,265
Less Special Grants to Major Associations		300,000	450,000
Net Surplus (Deficit) for the year		\$14,214,935	\$1,347,265

New Zealand Cricket (Inc.) Statement of Movements in Equity for the year ended 31 May 2003			
	Notes	2003	2002
		\$	\$
Equity at 1 June 2002		3,496,443	2,149,178
Net Operating Surplus (Deficit) after Contributions		14,214,935	1,347,265
Equity at 31 May 2003	7	\$17,711,378	\$3,496,443

The accompanying notes form part of these financial statements.

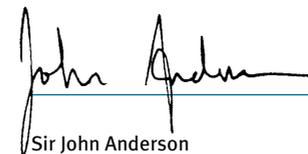


New Zealand Cricket (Inc.) Statement of Financial Position as at 31 May 2003

	Notes	2003	2002
		\$	\$
Current Assets:			
Bank Accounts and Deposits		13,337,196	1,065,463
Trade Receivables		2,874,122	1,942,880
Sundry Loans		164,999	514,999
Prepayments		3,125,073	400,713
Tour Work in Progress		6,244	192,959
Inventory	4	223,650	154,042
		19,731,284	4,271,056
Non Current Assets:			
Sundry Loans		350,000	-
Property, Plant and Equipment	5	2,453,858	2,515,066
		2,803,858	2,515,066
		\$22,535,142	\$6,786,122
Less Current Liabilities and Accruals:			
Trade Creditors and Accruals	6	1,150,972	860,024
Employee Entitlements	8	176,958	142,059
Prepaid Income		3,495,834	2,287,596
		4,823,764	3,289,679
Net Assets		\$17,711,378	\$3,496,443
Equity	7	\$17,711,378	\$3,496,443

The accompanying notes form part of these financial statements.

For and on behalf of the Board of
New Zealand Cricket (Inc.) which
authorised the issue of the financial
report on 28 July 2003.



Sir John Anderson
Chairman



M C Snedden
Chief Executive

New Zealand Cricket (Inc.) Cash Flow Statement for the year ended 31 May 2003			
	Notes	2003	2002
		\$	\$
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from Sponsorship, Grants and Other Activities		37,541,232	21,326,695
Interest Received		171,357	75,128
		37,712,589	21,401,823
Cash was applied to:			
Payments to Suppliers and Employees		(18,433,340)	(15,732,686)
Grants to Associations		(6,760,720)	(5,640,608)
Interest Paid		(26,711)	(45,861)
		(25,220,771)	(21,419,155)
Net Cash Inflow (Outflow) from Operating Activities	10	\$12,491,818	\$(17,332)
Cash Flows from Investing Activities			
Cash was provided from:			
Sale of Property, Plant and Equipment		5,628	2,756
Cash was applied to:			
Purchase of Property, Plant and Equipment		(222,695)	(416,222)
Net Cash Inflow (Outflow) from Investing Activities		\$(217,067)	\$(413,466)
Net Increase (Decrease) in Cash Held		\$12,274,751	\$(430,798)
Add cash at 1 June 2002		1,065,463	1,497,109
Effect of exchange rate change on foreign currency balance		(3,018)	(848)
Cash Balance at end of year 31 May 2003		\$13,337,196	\$1,065,463

The accompanying notes form part of these financial statements.



Financial Review

New Zealand Cricket (Inc.) Notes to and forming part of the Financial Statements for the year ended 31 May 2003

1. Statement of Accounting Policies

Reporting Entity

New Zealand Cricket (Inc.) is an incorporated society under the Incorporated Societies Act 1908. The financial statements of New Zealand Cricket (Inc.) have been prepared in accordance with generally accepted accounting practices.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical costs basis are followed by New Zealand Cricket (Inc.)

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

a. Accounts Receivable

Accounts receivable are stated at their estimated realisable value.

b. Inventories

Inventories are stated at cost, determined on a first-in first-out basis. These include resources, clothing and promotional product for the development initiatives not utilised at balance date.

c. Foreign Currencies

Overseas transactions are converted at the New Zealand rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these are included in the Statement of Financial Performance.

The exchange differences on hedging transactions undertaken to establish the price of particular revenues or expenses, together with any costs associated with the hedged transactions, are deferred and included in the measurement of the revenue or expense transaction.

d. Trade Creditors and Accruals

Trade Creditors and accruals are stated at the estimated amounts payable.

e. Leases

New Zealand Cricket (Inc.) leases certain office equipment and buildings.

Operating Lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the net surplus in equal instalments over the lease term.



f. Financial Instruments

Financial instruments recognised in the Statement of Financial Position include cash balances, receivables, payables, deposits and loans to others. In addition New Zealand Cricket (Inc.) is party to financial instruments with off balance sheet risk, some to reduce exposure to fluctuations in foreign currency exchange rates. These financial instruments are guarantees of other's term loan facilities and foreign currency forward exchange contracts.

New Zealand Cricket (Inc.) enters into foreign currency forward exchange contracts to hedge trading transactions, including anticipated transactions, denominated in foreign currencies. Gains and losses on contracts which hedge specific short-term foreign currency denominated transactions are recognised as a component of the related transaction in the period in which the transaction was completed.

Where the hedge of an anticipated transaction is terminated early, but the anticipated transaction is still expected to occur, the gain or loss that arose prior to termination of the hedge continues to be deferred and is recognised as a component of the transaction when it is completed. If the trading transaction is no longer expected to occur, the gain or loss on the terminated hedge is recognised in the Statement of Financial Performance immediately.

g. Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less aggregate depreciation. Depreciation is provided for on a straight line basis on all tangible property, plant and equipment, at depreciation rates calculated to allocate the assets' costs over their estimated useful lives.

Depreciation has been calculated on the basis of the following depreciation periods:

Motor Vehicles	5 years
Office Furniture/Equipment	2 – 10 years
Computer Equipment	2 – 4 years
Cricket Equipment	4 – 12 years
Furniture & Fittings	5 – 20 years
Grounds	20 years
Grounds Plant & Equipment	5 – 20 years
Buildings	5 – 20 years

Trade Marks are amortised over a 10 year period.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

2. Operating Revenue	2003	2002
	\$	\$
Revenue	41,063,174	22,702,087
Interest Revenue	171,357	75,128
	<u>\$41,234,531</u>	<u>\$22,777,215</u>



Financial Review

New Zealand Cricket (Inc.) Notes to and forming part of the Financial Statements for the year ended 31 May 2003 (Continued)

3. Operating Surplus

	2003	2002
	\$	\$
After Charging:		
Depreciation:		
- Motor Vehicles	15,271	16,283
- Furniture & Fittings	36,670	38,724
- Office Furniture	14,347	13,170
- Computer Equipment	19,952	18,915
- Cricket Equipment	18,503	17,162
- Grounds	31,240	20,202
- Grounds Equipment	65,405	49,260
- Buildings	73,601	74,186
- Trade Marks	1,023	1,491
Doubtful Debts written off	(5,664)	15,051
Interest Expense & Bank Fees	26,711	45,861
Foreign Exchange Losses	12,922	3,740
Rental and Operating Lease costs	262,813	273,265
Auditing Fees	13,000	12,750
Other Fees paid to Auditors	4,100	5,128

4. Inventories

	2003	2002
	\$	\$
Cricket Balls	32,907	25,716
Clothing, Gear Bags and Suitcases	89,218	51,547
Development Resources	101,525	76,779
	<u>\$223,650</u>	<u>\$154,042</u>

5. Property, Plant and Equipment

2003	At Cost	Accum Deprn	Net Book Value
	\$	\$	\$
Motor Vehicles	119,302	65,247	54,055
Office Furniture & Equipment	163,518	110,874	52,644
Computer Equipment	197,290	155,672	41,618
Cricket Equipment	135,312	97,388	37,924
Furniture & Fittings	258,129	161,083	97,046
Buildings	1,719,448	397,254	1,322,194
Grounds	468,372	77,033	391,339
Grounds Plant & Equipment	704,920	260,245	444,675
Trade Marks	19,391	7,028	12,363
	<u>\$3,785,682</u>	<u>\$1,331,824</u>	<u>\$2,453,858</u>
2002	At Cost	Accum Deprn	Net Book Value
	\$	\$	\$
Motor Vehicles	114,412	54,615	59,797
Office Furniture & Equipment	153,890	100,890	53,000
Computer Equipment	162,193	135,720	26,473
Cricket Equipment	108,396	78,885	29,511
Furniture & Fittings	252,015	124,414	127,601
Buildings	1,703,311	323,653	1,379,658
Grounds	468,372	45,793	422,579
Grounds Plant & Equipment	596,901	194,840	402,061
Trade Marks	19,391	5,005	14,386
	<u>\$3,578,881</u>	<u>\$1,063,815</u>	<u>\$2,515,066</u>



6. Trade Creditors and Accruals

	2003	2002
	\$	\$
Trade Creditors	505,820	388,956
Other Accruals	630,402	366,868
Grants to Associations	14,750	104,200
	<u>\$1,150,972</u>	<u>\$860,024</u>

7. Equity

	2003	2002
	\$	\$
Opening Accumulated Operating Funds	2,446,443	1,099,178
Net Surplus (Deficit) for the year	14,214,935	1,347,265
Closing Accumulated Operating Funds	\$16,661,378	\$2,446,443
Capital Reserve	1,050,000	1,050,000
Total Equity 31 May 2003	<u>\$17,711,378</u>	<u>\$3,496,443</u>

The Capital Reserve was created to recognise funds received for the development of the High Performance Centre and Hadlee Watt Pavilions.

8. Employee Entitlements

	2003	2002
	\$	\$
Balance at beginning of the year	142,059	137,323
Additional provision	140,839	131,677
Amount utilised	(105,940)	(126,941)
Balance at end of the year	<u>\$176,958</u>	<u>\$142,059</u>

9. Lease Commitments

Future Lease Commitments for New Zealand Cricket (Inc.) are:

	2003	2002
	\$	\$
Not later than 1 year	241,095	231,917
Between 1-2 years	235,957	204,291
Between 2-5 years	510,983	560,153
Over 5 years	440,429	555,675



Financial Review

New Zealand Cricket (Inc.) Notes to and forming part of the Financial Statements for the year ended 31 May 2003 (Continued)

10. Reconciliation of Net Operating Surplus (Deficit) with Net Cash Inflow (Outflow) from Operations

	2003	2002
	\$	\$
Net Operating Surplus (Deficit)	14,214,935	1,347,265
Add non-cash items :		
Depreciation	277,012	249,393
Loss on Disposal Fixed Assets	1,263	1,911
	278,275	251,304
Movements in Working Capital		
(Increase) Decrease in Accounts Receivable	(931,242)	(984,869)
(Increase) Decrease in Sundry Loans	o	(245,000)
(Increase) Decrease in Prepayments	(2,724,359)	119,823
Increase (Decrease) in Accounts Payable	1,534,084	(235,651)
(Increase) Decrease in Stock	(69,607)	(81,859)
(Increase) Decrease in Tour WIP	186,714	(189,193)
	2,004,410	(1,616,749)
Effect of exchange rate change on foreign balance.	3,018	848
Net Cash Inflow (Outflow) from Operating Activities	\$12,491,818	\$(17,332)

11. Financial Instruments

Credit Risk

Financial instruments which potentially subject New Zealand Cricket (Inc.) to credit risk principally consist of bank balances, accounts receivable, sundry loans, guarantees of other's term loan facilities, and foreign currency forward exchange contracts.

Maximum exposures to the credit risk as at balance date are:

	2003	2002
	\$	\$
Bank Balances	13,337,196	1,065,463
Receivables	2,874,122	1,942,880
Sundry Loans	514,999	514,999
Forward Exchange Contracts	7,852,302	29,032,740
Financial Guarantees	200,000	300,000

New Zealand Cricket (Inc.) has given a guarantee to ASB Bank Ltd in respect of a Term Loan of \$500,000 drawn by the Eden Park Trust Board for improvements at Eden Park. The guarantee reduced at 31 March 2003 to \$200,000 and thereafter reduces annually by \$100,000 until New Zealand Cricket's obligations are extinguished by 31 March 2005.

Sundry Loans include loans to Major Associations of \$425,000. These loans are subject to interest based on the 90-day Bill rate, and are secured by future grants payable to those Associations.

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above amounts.

Concentrations of Credit Risk

All money on deposit is with The National Bank of New Zealand Ltd.

Currency Risk

New Zealand Cricket (Inc.) has exposure to foreign exchange risk as a result of transactions denominated in foreign currency, arising from normal trading activities. The NZD equivalent of unhedged currency risk at balance date is Nil (2002, Nil).

During the current year, where exposures were certain, New Zealand Cricket hedged most of its new season offshore exposure. New Zealand Cricket used forward foreign exchange contracts to manage these exposures. The notional contract amounts of forward foreign exchange instruments outstanding at balance date were \$7,852,302 (2002, \$29,032,740), covering the period 31 July 2003 to 29 November 2004.

Interest Rate Risk

Interest earned on bank balances and deposits are based on the current interest rate. At balance date this was 5.5%.

Credit Facilities

New Zealand Cricket (Inc.) has a bank overdraft facility of \$1,000,000 with The National Bank of New Zealand Ltd. Apart from this facility which was not being utilised at balance date there were no other credit facilities.

Fair Values

The following methods and assumptions were used to estimate the fair value of each class of financial instrument.

Bank Accounts and Deposits, Receivables and Trade Creditors

The carrying amount is the fair value for each of these classes of financial instruments noted above. Bank Deposits are recorded at market value, and are subject to market forces. Market value is subject to changes in interest rates.

Forward Foreign Exchange Contracts

The estimated fair value of off balance sheet forward foreign exchange contracts at balance date was \$6,997,914 (2002, \$27,486,182). The estimated fair value of forward foreign exchange contracts is based on market rates at balance date.

Financial Guarantees

It is not practicable to estimate the fair value of financial guarantees within an acceptable level of reliability.

12. Segment Information

New Zealand Cricket (Inc.) operates in one industry and geographical location, this being the promotion and administration of cricket in New Zealand. Domestic cricket and development programmes are co-ordinated through Major Associations who in addition assist with hosting arrangements of International Teams. New Zealand Cricket (Inc.) is responsible for operating the High Performance Centre at Lincoln University and for managing New Zealand teams touring offshore.



Financial Review

New Zealand Cricket (Inc.) Notes to and forming part of the Financial Statements for the year ended 31 May 2003 (Continued)

13. Transactions with Related Parties

Major/District Associations

During the year New Zealand Cricket made payments of \$6,122,220 (2002, \$4,901,708) and special grants of \$300,000 (2002, \$450,000) to Major Associations, and \$338,500 (2002, \$288,900) to District Associations.

Major and District Associations are the members of New Zealand Cricket as provided for in the Constitution of New Zealand Cricket (Inc.)

The balances outstanding on Receivables at the end of the year were \$64,811 (2002, \$66,955), while the balances outstanding on Payables at the end of the year were \$11,400 (2002, \$43,316). No amounts were written off or forgiven during the year.

14. World Cup Proceeds

Following problems associated with the ICC Cricket World Cup in South Africa, and in anticipation of an expected claim from the commercial rights holder, Global Cricket Corporation, the International Cricket Council decided to withhold funds from each full member country until such claims were determined and satisfied.

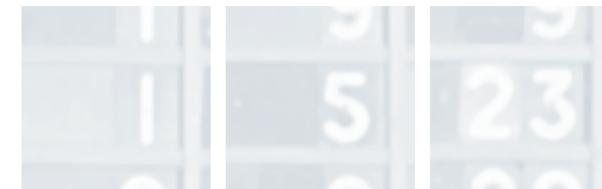
While New Zealand Cricket believes that it will recover some of the amounts withheld, the only amounts recognised to date are those amounts actually confirmed as being receivable at the time of completion of these financial statements. Any further amounts subsequently recovered by NZC will be recognised in the financial year in which those monies are received.

15. Contingent Liabilities

	2003	2002
Guarantee of Term Loan Facilities of Eden Park Trust Board to a limit of	\$200,000	\$300,000
At balance date the amount of the Term Loan facility so guaranteed was	\$200,000	\$300,000

16. Capital Commitments

There were no capital commitments at 31 May 2003 (2002, Nil).



Auditor's Report



■ Chartered Accountants

To the Members of New Zealand Cricket Inc

We have audited the financial statements on pages 31 to 40. The financial statements provide information about the past financial performance of New Zealand Cricket Inc and its financial position as at 31 May 2003. This information is stated in accordance with the accounting policies set out on pages 34 to 35.

Board's Responsibilities

The Board of Directors are responsible for the preparation of financial statements which comply with generally accepted accounting practice in New Zealand and fairly present the financial position of New Zealand Cricket Inc as at 31 May 2003 and its financial performance and cash flows for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Board of Directors and report our opinion to you.

Basis of Opinion

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

- the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to New Zealand Cricket Inc's circumstances, consistently applied and adequately disclosed.

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

Ernst & Young provides computer support services and tax advice to New Zealand Cricket Inc.

Unqualified Opinion

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

In our opinion the financial statements on pages 31 to 40:

- comply with generally accepted accounting practice in New Zealand; and
- fairly present the financial position of New Zealand Cricket Inc as at 31 May 2003 and its financial performance and cash flows for the year ended on that date.

Our audit was completed on 28 July 2003 and our unqualified opinion is expressed as at that date.

Christchurch



Annual Report
2002/03

The National Bank 2002/03 New Zealand Cricket Awards



The National Bank 2002/03 New Zealand Cricket Awards was held at the Crowne Plaza Hotel in Auckland on 3 April. The event was broadcast live on SKY Television and live crosses with the awards winners were conducted by Radio Sport.

Award Nominees and Winners

The National Bank Player of the Year

Presented to the player whose performances have been the most outstanding over the last 12 months.

Nominees: Stephen Fleming, Shane Bond, Scott Styris

Winner: Shane Bond

In 17 ODI matches this season Bond claimed 28 wickets at an average of 22.07. At the ICC Cricket World Cup he produced New Zealand's

best ever one day figures of 6-23, this achievement was even more remarkable as it was against the much vaunted Australian batting line up.

Winsor Cup

Awarded to the bowler whose performances in men's first class cricket have been the most meritorious.

Nominees: Shane Bond, Daryl Tuffey, Matthew Walker

Winner: Shane Bond

Redpath Cup

Awarded to the batsman whose performances in men's first class cricket have been the most meritorious.

Nominees: Stephen Fleming, Tim McIntosh, Mark Richardson

Winner: Mark Richardson

Walter Hadlee Trophy for batting in an ODI

For the most meritorious batting by a New Zealand player in ODIs.

Nominees: Nathan Astle, Stephen Fleming, Scott Styris

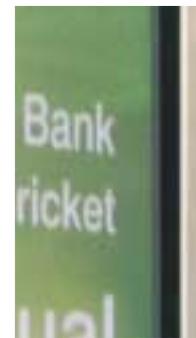
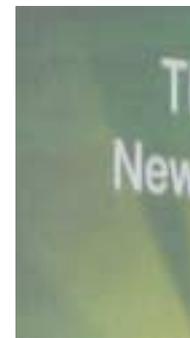
Winner: Stephen Fleming

Walter Hadlee Trophy for bowling in an ODI

For the most meritorious bowling by a New Zealand player in ODIs.

Nominees: Shane Bond, Jacob Oram, Scott Styris

Winner: Shane Bond



Ruth Martin Cup

Awarded to the batsman whose performances in women’s cricket have been the most meritorious.

Nominees: Emily Drumm, Nicola Payne, Maia Lewis

Winner: Maia Lewis

Phyl Blackler Cup

Awarded to the bowler whose performances in women’s cricket have been the most meritorious.

Nominees: Frances King, Emily Drumm, Rebecca Steele

Winner: Rebecca Steele

State Insurance Medal

Awarded to the most outstanding player in men’s domestic cricket, as voted by opposition coaches during the domestic season.

Winner: Matthew Walker

State Insurance Plate

Awarded to the most outstanding player in women’s domestic cricket, as voted by opposition coaches during the domestic season.

Winner: Aimee Mason

Sutcliffe Medal

For outstanding services to cricket.

Winner: Frank Cameron

The breadth of Frank Cameron’s contribution to New Zealand cricket, not only in terms of tenure but also in the numerous roles he undertook in service, is impressive.

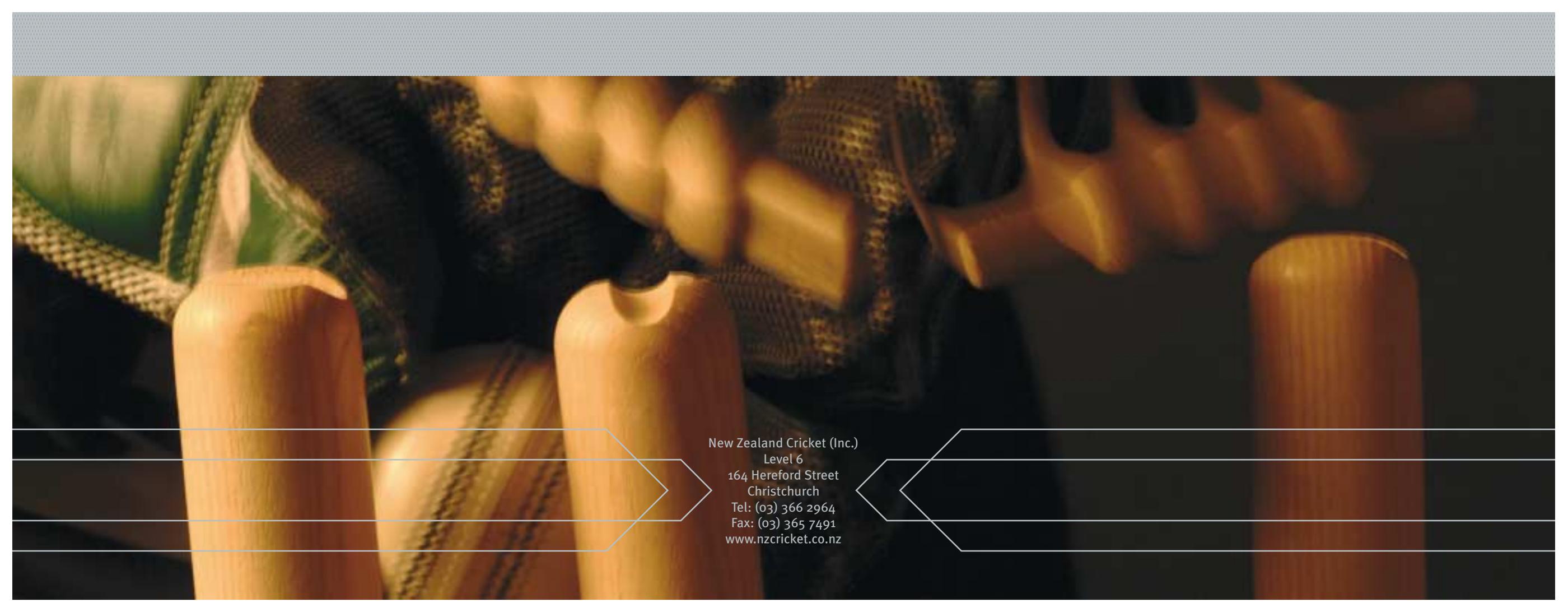
A stalwart of Otago Cricket, Mr Cameron’s first class career spanned 15 years. Frank also had a distinguished Test career for New Zealand playing 19 test matches and taking 62 wickets at 29.82.

At the conclusion of his playing career Mr Cameron took on a number of administrative and managerial roles for NZC including Convenor of Selectors and Manager of the national team.

Mr Cameron’s in-depth knowledge and understanding of cricket was recognised and utilised by the ICC when he was appointed as an international match referee for the first time in 1992.

He would go on to adjudicate at three Tests and five ODIs.



A close-up photograph of cricket equipment, including the wooden handles of several bats and a leather cricket ball, set against a dark background with warm lighting. The bats are arranged vertically, and the ball is partially visible in the center. The image has a halftone dot pattern at the top.

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