



PERCY THOMSON TRUST

- Percy Thomson Gallery
- Percy Thomson Arboretum
- Percy Thomson Herbarium

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019**

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PERCY THOMSON TRUST BOARD

Chairman: Bruce Ellis

Trustees: Gloria Webby
Christine Craig
Vivienne Milner
Jim Clarkson
Keryn Walsh

PERCY THOMSON TRUST STAFF

As at 30 June 2019

Gallery Director – Rhonda Bunyan

Part-time Gallery Assistants

- Pam Binnie
- Michelle Rowland
- Bill Davies
- Sue Morton
- Gayleen Schrider
- Debra Cooper
- Amy Taunt
- Isaac Ander
- Kylie Hancock
- Carina McQueen

CHAIRMAN'S REPORT

On behalf of the Percy Thomson Trust it is my pleasure to present the report for the twelve months ended 30 June 2019. The period has been notable for the continued success of the exhibitions and visitor numbers and for the continuing challenges to bring the building up to scratch.

Financials

There was a cash deficit of \$3,000 from operating activities compared with the budgeted break-even position. The main features of this have been:

- Higher commission income due to the continuing success of Percy's Place, and the high calibre of exhibitions in the gallery.
- Higher expenditure on exhibitions, however this was covered by higher external funding to cover the extra costs.

The overall cash surplus was \$21,000 as the Trust received a \$24,000 gain following the restructuring of the share of the proportionate ownership scheme in Henderson, Auckland. These funds were then used to purchase shares in the restructured ownership scheme.

Gallery Director's Report of Operations

Looking back on the Percy Thomson Gallery's 2018/19 period it is encouraging to see that we have surpassed targets, with visitors reaching an outstanding 26,656..

Commission sales from exhibitions (where people took the option of a reduced hire with 30% commission) from the Taranaki Arts Trail, where we took commission only, and from internally curated exhibitions such as I AM WOMAN, amounted to \$8473.00, whilst we still reached our hire target of \$10,000.00.

A generous grant from the TSB Community Trust allowed us to promote major exhibitions; I AM WOMAN and The Songless Land by Sue Cooke, and in the case of The Songless Land, run workshops and classes for a number of local school children.

Targeted social media advertising and a vibrant user-friendly website has reduced our reliance on print advertising and reduced costs in that area.

Branding of gallery has been maintained to a high standard with a strong social media presence, our website, regular editorial in community newspapers, and professional print material such as signage and posters. We have developed a large email database which has saved on snail mail post outs.

My assistant, Amy plays an integral role in the smooth day-to-day administration of the gallery, now undertaking numerous tasks like shop banking, sending reconciliations to Percy's Place artists, filing, label manufacture and helping with installation. Amy also maintains the sitting roster for the shop. She excels at customer service.

We have two casual helpers, Carina and Bill, who assist with installation when needed. They have been eager to learn the ropes and do a fantastic job. Debbie, Gayleen and Carina are available to help out on weekends when needed.

The bay and storage areas have been refitted and hopefully this will alleviate relative humidity problems. Te Papa requires climate readings before we sign the contract for the Rodin exhibition so I am keeping my fingers crossed.

Percy's Place has maintained its sales momentum and pays its way and more, a popular boutique art shop showcasing the talents of our local artists.

We continue to provide an interesting and popular programme of exhibitions, from grassroots Stratford Arts Society twice a year to exhibitions of national significance like The Crescent Moon, The Asian Face of Islam in New Zealand.

My favourite quote from visitors we hear on a regular basis: 'This gallery punches above its weight!'

Building Works

It has taken time to fully unearth the problems affecting the roof which flowed onto problems with the air conditioning. The repairs have come at a cost, but all indications are that the work currently being undertaken will successfully fix the problems. There are some indication of design/construction issues however advice received is that there is no comeback on the parties involved.

Lower Investment Returns

As I reported last year, we continue to be affected by the low level of interest rates that is seeing a gradual decline in returns as investments we have had for some time mature and are replaced at lower investment yields. Whilst this potentially puts a constraint on the Trust's activities the support from the TET and the TSB Community Trust and the opening of Percy's Place have enabled the Trust to operate without any significant additional constraint.

Premises

The Council's lease of the part of the premises occupied by the Information Centre expired on 1 June 2019. Council has advised that they do not wish to renew the lease, but have advised that they will give 3 months' notice of intention to vacate. At that stage we will seek a replacement suitable to the overall Prospero Place precinct. Continuation (or an increase) in the rental income is a key objective.

Summary

I particularly acknowledge the work of the trustees, Rhonda Bunyan, our Gallery Director, Christine Craig and her team at the Council for administrative support, and the volunteers without whom the operation of the gallery would become most difficult.

The Trust continues to make an important contribution to the life and culture of the district. Our stewardship of Percy Thomson's legacy is our key role and we acknowledge the support of the Council and the TET and TSB Community Trust in making this happen.



Bruce Ellis
CHAIRMAN

Independent Auditor's Report

To the readers of Percy Thomson Trust's financial statements and performance information for the year ended 30 June 2019

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

Opinion

We have audited:

- the financial statements of the Trust on pages 11 to 22, that comprise the statement of financial position as at 30 June 2019, the statement of financial performance and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 8 to 9.

In our opinion:

- the financial statements of the Trust on pages 11 to 22:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2019; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard; and
- the performance information of the Trust on pages 8 to 9 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2019.

Our audit was completed on 30 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board is also responsible for preparing the performance information for the Trust.

The Board is responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Board's responsibilities arise from the Local Government Act 2002 and its Trust Deed.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 3 and 7, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.



Chris Webby
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand

PERCY THOMSON TRUST

STATEMENT OF SERVICE PERFORMANCE

NATURE AND SCOPE OF ACTIVITIES

The Percy Thomson Trust covers three activities, the Art Gallery, the Arboretum, and the Herbarium.

The Thomson Gallery is located in Prospero Place, the arboretum on Cloten Road near the intersection with Ariel Street, and the herbarium at the website www.taranakiplants.net.nz.

The Thomson Gallery is Stratford's public art gallery and was opened in June 2002. The gallery contains both exhibition areas and work areas for use by local artists and community art groups. The gallery provides an active programme of exhibitions and events that is both internally generated and toured from other art collections.

The gallery's main display area totals 178 m² which can be comfortably partitioned into two areas of 116 m² and 62 m² respectively.

OBJECTS OF THE TRUST

The objects for which the Trust is established are, to the extent that they are a Charitable Purpose within New Zealand, as follows:

- to receive the Thomson Arboretum, the Thomson Herbarium and the Thomson Gallery and to be responsible for the on-going establishment and maintenance of an arboretum, herbarium and art gallery in Stratford;
- to manage the Trust Facilities and to create, acquire, promote, exhibit and manage the collections for the benefit of the inhabitants of the Stratford District and the public generally;
- to endeavour to achieve the objectives the Council sets for the delivery of services in respect of the Trust Facilities as negotiated and set out in the Charter, the Business Plan, and the Strategic Plan;
- to implement the Council's policy as revised from time to time for the development and enhancement of the Trust Facilities with an emphasis on Stratford and in accordance with the Charter, Business Plan and Strategic Plan;
- to provide advice to the Council on the Council's long term policy for the development of gallery services in Stratford;
- to establish exhibition programmes and education policies for the Trust Facilities;
- to develop acquisition, de-accession and collection development policies for the Trust;
- to provide all financial, administration, marketing, technology and services required for the Trust Facilities;
- to determine charges for viewing or using any of the Trust Facilities and the Collections with a view to generating appropriate revenue and encouraging public enjoyment and utilisation of the Trust Facilities and Collections;

PERCY THOMSON TRUST

- to house and care for any art collections, antiquities or other articles acquired by, loaned, created or otherwise made available to the Trust and particularly to preserve and maintain the Collections (subject to any de-accession policies developed by the Trustees);
- to lease land or other assets where the Trustees determine that such land or other assets can be used in conjunction with the Trust Facilities or to promote the objectives of the Trust;
- to solicit and raise funds and carry out such activities as are necessary or conducive for the carrying out and giving effect to the objects of the Trust;
- to encourage and foster liaison and co-operative activities with related facilities, particularly those in the Stratford district; and
- generally to do all acts, matters and things that the Trustees consider may advance the objects of the Trust.

For the avoidance of doubt, the objects of the Trust expressed above are set out in no particular order or priority and do not include an intention or purpose that the Trust operates a trading undertaking with the intention or purpose of making a profit, but rather that the Trustees fairly and efficiently manage the Trust Fund, the Trust Facilities and the Collections for the benefit of the people of Stratford District.

The Trust's objects shall only be carried out in, or to benefit people in the Stratford District. The Trustees may carry out activities outside the Stratford District to promote the Trust or the Trust's activities but only if they believe that such activities will be for the ultimate benefit of people in the Stratford District.

Level of Service	Performance Measures	Actual 2018/2019	Target 2018/2019
Delivery of art exhibitions	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	<p><i>Achieved:</i> <i>Art exhibitions were delivered throughout the year, which included the following:</i></p> <p><i>National –</i></p> <ol style="list-style-type: none"> <i>1. A Songless Land</i> <i>2. Purely Pastel</i> <i>3. Adam Portraiture Awards</i> <p><i>Regional –</i></p> <ol style="list-style-type: none"> <i>1. Taranaki Quilt Festival</i> <i>2. Taranaki Arts Trail</i> <i>3. Taranaki Creative Fibre</i> <p><i>Local –</i></p> <ol style="list-style-type: none"> <i>1. Stratford Art Society</i> <i>2. I am Woman</i> <i>3. Stratford Village Quilters</i> <i>4. Mysterious Mischief – Ellis in Wonderland</i> <p><i>(2017/18) – Achieved</i></p>	<p><i>Deliver proposed art exhibitions which will include local, regional and at least 1 National.</i></p>

Level of Service	Performance Measures	Actual 2018/2019	Target 2018/2019
	Number of visitors to the Gallery to be not less than 20,000 per year.	<i>There were 26,656 visitors for the year.</i> (2017/18) - Achieved) 24,084	>20,000
	To operate to a “break-even” balance	<i>Achieved: The trust deficit was slightly less than the budget for the year. “Break even” is defined by the Trust as a cash surplus only, excluding depreciation, and receiving external funding to make up any shortfall in cash and the gain on sale of investments.</i> (2017/18) - Achieved)	<i>Operate within “break-even” budget</i>
Development and maintenance of arboretum	Develop and maintain the arboretum to the standards in the facilities management contract	<i>Achieved: The arboretum has been maintained by Stratford District Council on behalf of the Trust, and meets the standards as set out in the Facilities Management Contract. The planting programme was also maintained, and continued on in conjunction with the plantings/replacement of native trees.</i> (2017/18) - Achieved)	<i>Develop and maintain the arboretum to the standards in the Facilities Management Contract</i>
Delivery of Herbarium	Deliver the herbarium via the internet	<i>Not Achieved: The trust are currently looking at an alternative arrangement to deliver the herbarium via a third party, it is expected that the herbarium will be delivered online in the 2019/20 year.</i> (2017/18) - Not achieved) <i>The Trust are currently looking at alternative options to deliver the herbarium.</i>	<i>Deliver the herbarium via the internet.</i>



PERCY THOMSON TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2019

	Note	Actual 2018/19 \$000	Budget 2018/19 \$000	Actual 2017/18 \$000
Revenue				
Council Funding - Grant		50	50	50
Sale of Goods and Services		72	60	65
Interest, Dividends and Other Investment Revenue		53	54	55
Other Grants and Donations Received	1	39	36	45
Total Revenue		214	200	215
Expenses				
Employee-related Costs	2	101	92	96
Depreciation of Property, Plant and Equipment	3	72	71	71
Other Expenditure	4	116	107	114
Total Expenses		289	270	281
Surplus/(Deficit) from operations		(75)	(70)	(66)
Gain on sale of investments		24	-	-
Net Surplus/(Deficit) for the year		(51)	(70)	(66)

Explanations of significant variances against budget are detailed in note 14.

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Actual 2018/19 \$000	Budget 2018/19 \$000	Actual 2017/18 \$000
Assets				
Current Assets				
Bank Accounts and Cash	5	195	170	134
Investments		250	250	250
Other Financial Assets	6	-	-	180
Debtors and Prepayments	7	9	10	6
Total Current Assets		454	430	571
Non-Current Assets				
Property, Plant and Equipment	3	1,810	1,782	1,828
Other Financial Assets	6	655	710	530
Total Non-Current Assets		2,465	2,492	2,358
Total Assets		2,919	2,922	2,929
Liabilities				
Current Liabilities				
Creditors and Accrued Expenses	8	53	5	12
Employee Costs Payable	9	7	2	6
Total Current Liabilities		60	7	19
Total Liabilities		60	7	19
Trust Equity				
Accumulated Surpluses	10	1,842	1,899	1,893
Contributed Capital	10	0.1	0.1	0.1
Revaluation Reserve	10	1,017	1,017	1,017
Total Equity		2,859	2,915	2,910
Total Liabilities & Equity		2,919	2,922	2,929

The accompanying notes form part of these financial statements.

B Ellis
CHAIRMAN
30 September 2019

C Craig
TRUSTEE
30 September 2019

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STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Actual 2018/19 \$000	Actual 2017/18 \$000
Cash Flows from Operating Activities			
Receipts of Council Funding		50	50
Receipts from Sale of Goods and Services		69	65
Interest, Dividends and Other Investment Revenue		54	56
Receipts of Other Grants and Donations		39	45
Payments to Suppliers and Employees		(220)	(227)
Goods and Services Tax (net)		5	1
Net Cash flow from Operating Activities		(3)	(11)
Cash Flows from Investing and Financing Activities			
Receipts from Sale of Investments		704	612
Payments to Acquire Property Plant and Equipment		(15)	(10)
Payments to Acquire Investments		(625)	(550)
Net Cash flow from Investing and Financing Activities		64	52
Net (Decrease)/Increase in Cash for the year		61	41
Add opening bank accounts and cash		134	93
Closing bank accounts and cash	5	195	134

PERCY THOMSON TRUST

PERCY THOMSON TRUST ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 2019

Legal name

Percy Thomson Trust (the Trust).

Type of entity and legal basis

The Trust is incorporated in New Zealand under the Charitable Trusts Act 1957. The Trust is controlled by Stratford District Council and is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

The Trust's purpose or mission

The primary objectives of the Trust are to provide the Percy Thomson Gallery, Percy Thomson Arboretum and Percy Thomson Herbarium in accordance with the bequest left by the late Percy Thomson, and to be responsible for the ongoing maintenance of these assets.

Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of six Trustees who oversee the governance of the Trust, including a Chairman who is responsible for the day-to-day operations of the Trust and reporting to the Trustees, and five other voluntary members who support the Chairman in delivering against the Trust's objectives. At least 50% of the Trustees are appointed by the Stratford District Council.

Main sources of the Trust's cash and resources

An operating grant received from the Stratford District Council, investment income, and other forms of grant revenue are the primary sources of funding to the Trust.

Outputs

The Trust owns and maintains the building in which the gallery is situated and all expenses relating to this are incurred by the Trust. The Trust also promotes and exhibits various forms of art works in the gallery, and exhibition costs are also a major output for the Trust.

PERCY THOMSON TRUST

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019

ACCOUNTING POLICIES APPLIED

Basis of Preparation

The Board has elected to apply PBE SFR-A (PS) *Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)* on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

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

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

Goods and Services Tax

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Grants

Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met (“use or return condition”). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Sale of goods

Revenue from the sale of goods is recognised when the goods are sold to the customer.

Sale of services

Revenue from the sale of services is recognised by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

Interest revenue

Interest revenue is recorded as it is earned during the year.

Employee related costs

Wages, salaries, and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries, and leave entitlements.

Performance payments are recorded when the employee is notified that the payment has been granted.

Superannuation contributions are recorded as an expense as staff provide services.

Advertising, marketing, administration, and other costs

These are expensed when the related service has been received.

PERCY THOMSON TRUST

Bank accounts and cash

Bank accounts and cash comprise a cheque account and deposits held at call with banks.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Investments

Investments comprise investments in terms deposits with banks, listed bonds, and listed shares. Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Listed bonds and shares are initially recorded at the amount paid. If the market price of the investment falls below cost, the carrying value of the investment is reduced to the current market price. If the market price of the investment subsequently increases, the carrying amount of the investment is increased but limited to the original cost of the investment.

Property, plant, and equipment

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses.

Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Furniture and fittings	10 to 20 years (5% to 10%)
Office Equipment	4 to 10 years (10% to 25%)
Buildings	10 to 80 years (1.25% to 10%).

Revaluation

The Trust has adopted tier 2 standards regarding the revaluation of its land and buildings in accordance with PBE IPSAS 17.

Unless stated, valuations are carried out or reviewed by independent qualified valuers and are carried out at least on three yearly cycles. Valuations will be undertaken more regularly if necessary to ensure no individual item of property, land or equipment within a class has a carrying value that is materially different from its fair value.

Land and buildings were valued as at 1 July 2016 by Telfer Young (NZ) Ltd, independent valuers. Revaluation increases and decreases will be transferred to equity.

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

PERCY THOMSON TRUST

Employee costs payable

A liability for employee costs payable is recognised when an employee has earned the entitlement. These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

Income tax

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax.

Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

Budget figures

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

Tier 2 PBE Accounting Standards applied

The Trust has applied Tier 2 Accounting Standards for asset revaluations only, in preparing its financial statements. This was to bring consistency in property revaluations between the Trust and its parent, the Stratford District Council.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to the accounting policies during the year.

PERCY THOMSON TRUST

NOTES TO THE FINANCIAL STATEMENTS

1. Other Grants Received

	Actual 2018/19 \$000	Actual 2017/18 \$000
Grant - Taranaki Electricity Trust	15	20
Grant - TSB Community Trust	24	25
Total Other Grants Received	39	45

There are no unfulfilled conditions and other contingences attached to government grants recognised.

2. Employee Related Costs

	Actual 2018/19 \$000	Actual 2017/18 \$000
Salaries and Wages	97	93
Kiwisaver Contributions	3	2
Increase/(Decrease) in Employee Entitlements	1	1
Total Employee-related Costs	101	96

3. Property, Plant and Equipment

2019	Buildings \$000	Land \$000	Furniture and Fittings \$000	Office Equipment \$000	Arboretum \$000	Work in Progress - buildings \$000	Total \$000
Carrying amount 1 July 2018	1,515	193	74	3	43	-	1,828
Additions	2	-	2	-	-	50	54
Depreciation expense	(65)	-	(5)	(1)	(1)	-	(72)
Carrying amount at 30 June 2019	1,452	193	71	2	42	50	1,810

2018	Buildings \$000	Land \$000	Furniture and Fittings \$000	Office Equipment \$000	Arboretum \$000	Work in Progress - \$000	Total \$000
Carrying amount 1 July 2017	1,581	193	71	-	44	-	1,889
Additions	-	-	8	3	-	-	11
Depreciation expense	(66)	-	(5)	-	(1)	-	(72)
Carrying amount at 30 June 2018	1,515	193	74	3	43	-	1,828

PERCY THOMSON TRUST

4. Other Expenses

	Actual 2018/19 \$000	Actual 2017/18 \$000
Fees to Principal Auditor:		
<i>Audit Fees for Financial Statement Audit</i>	7	7
Operating Expenses		
<i>Property expenses</i>	21	19
<i>Art Gallery expenses</i>	65	63
<i>Other operating expenses</i>	23	23
Total Other Expenses	116	113

5. Bank Accounts and Cash

Current Assets

	Actual 2018/19 \$000	Actual 2017/18 \$000
Cheque Account	195	134
Net Bank Accounts and Cash for the purposes of the Statement of Cash Flows	195	134

6. Other Financial Assets

	Actual 2018/19 \$000	Actual 2017/18 \$000
Current Portion		
Financial Assets Available for Sale		
ANZ National Bank Ltd - 6.08% - matures 20/09/2018	-	50
Bank of New Zealand Bonds - 6.10% - matures 20/12/2018	-	50
Bank of New Zealand Fixed Rate - 5.57% - matures 25/06/2019	-	30
ASB Bank Ltd - 5.06% - matures 18/07/2018	-	50
Total Current Portion	-	180
Non-current Portion		
Financial Assets Available for Sale		
<u>Bonds</u>		
Fonterra Co-op Group - 4.33% - mature 20/10/2021	50	50
ASB Bank Ltd - 4.25% - matures 26/05/2021	50	50
ASB Bank Ltd - 4.20% - matures 24/02/2022	50	50
Meridian Energy Ltd - 4.88% - matures 20/03/2024	30	30
Auckland International Airport - 4.23% - matures 09/11/2022	25	25
Bank of New Zealand Fixed Rate - 5.31% - matures 17/12/2025	75	75
<u>Other Investments</u>		
Proportionate Ownership - Albany, Auckland	50	50
Proportionate Ownership - Manukau, Auckland	50	50
Proportionate Ownership - Porirua, Wellington	50	50
Proportionate Ownership - Albany, Auckland	75	-
Proportionate Ownership - Tauranga	50	50
Proportionate Ownership - Henderson, Auckland	100	50
Total Non-current Portion	655	530
Total Other Financial Assets	655	710

PERCY THOMSON TRUST

7. Debtors and Prepayments

	Actual 2018/19 \$000	Actual 2017/18 \$000
GST Refundable	5	1
Debtors	4	6
Total Debtors and Prepayments	9	6

8. Creditors and Accrued Expenses

	Actual 2018/19 \$000	Actual 2017/18 \$000
Creditors	46	2
Accrued Expenses	7	10
Total Creditors and Accrued Expenses	53	12

9. Employee Costs Payable

	Actual 2018/19 \$000	Actual 2017/18 \$000
Annual Leave	7	6
Total Employee Costs Payable	7	6

10. Equity

	Actual 2018/19 \$000	Actual 2017/18 \$000
Opening Equity		
Contributed Capital	0.1	0.1
Revaluation Reserve	1,017	1,017
Accumulated Surpluses	1,893	1,959
Total Opening Balance	2,910.1	2,976.1
Movements during the year		
Surplus (Deficit)	(51)	(66)
Revaluation during the year	-	-
Total	(51)	(66)
Closing Equity		
Contributed Capital	0.1	0.1
Revaluation Reserve	1,017	1,017
Accumulated Surpluses	1,842	1,893
Total Closing Equity	2,859.1	2,910.1

PERCY THOMSON TRUST

11. Commitments and Leases

	Actual 2018/19 \$000	Actual 2017/18 \$000
Financial Commitments		
* Percy Thomson Trust will provide building space in the Complex for the Information Centre to operate, for the period to 1 June 2019, with one further right of renewal for three years.	-	16
* Percy Thomson Trust will provide building space in the Complex for Sgt Peppers to operate, for the period to 1 June 2022, having just exercised its one further right of renewal for three years.	41	13
* Percy Thomson Trust has a capital commitment for improvements to the Percy Thomson Complex, which is expected to be purchased and paid for by August 2019.	38	-
* Percy Thomson Trust will provide land outside the Complex for NZ Post to use as a box lobby, for the period to 31 May 2020, with one further right of renewal of two years.	1	2
Total	80	31
Operating Leases as a Lessor		
Not later than one year	15	30
Later than one year and not later than five years	27	1
Later than five years	-	-
Total operating leases as a lessor	42	31
Capital commitments		
Not later than one year	38	-
Total capital commitments	38	-

12. Related Party Transactions

The Trust is a subsidiary of Stratford District Council and receives an operating grant from the Council to deliver its objectives as specified in the Trust Deed. The Stratford District Council is the ultimate controlling party.

Chairman Bruce Ellis is a Director of Maat Consulting Ltd, who the Trust have purchased proportionate ownership investments through.

Trustees that have a relationship with Stratford District Council:

- Gloria Webby, Deputy Chairman, is a Councillor
- Christine Craig, Trustee, is an employee of Stratford District Council
- Keryn Walsh, Trustee, is a Councillor

The following transactions were carried out with related parties at normal commercial terms:

	Actual 2018/19 \$000	Actual 2017/18 \$000
Stratford District Council		
Grant received from the Council	50	50
Rent received from Council for the Information Centre	18	18
Fees paid to Council for administration services	21	21

13. **Events after the Balance Date**

There were no significant events after balance date.

14. **Explanation of Major Variances against Budget**

Explanations for major variances from the Trust's budgeted figures in the 30 June 2019 Statement of Intent are as follows:

Statement of Financial Performance

- Income from commissions is higher than budgeted due to the continuing success of Percy's Place, and the high calibre of exhibitions in the gallery.
- Expenditure on exhibitions is higher than budget as external funding was received to cover the extra costs.
- The Trust received a gain on their share of the proportionate ownership scheme in Henderson, Auckland, following a restructure of the investment. These funds were then used to purchase shares in the restructured ownership scheme.