



PERCY THOMSON TRUST

• Percy Thomson Gallery • Percy Thomson Herbarium • Percy Thomson Arboretum

**SIX MONTHLY REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2023**

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PERCY THOMSON TRUST BOARD

Chairman: Bruce Ellis

Trustees: Douglas Robinson
Ellen Hall
Christine Craig
Jim Clarkson
Deborah Clough
Helen Cloke

PERCY THOMSON TRUST STAFF

As at 31 December 2023

Gallery Director – Laura Campbell
Gallery Assistant – Amy Taunt

Part-time Gallery Assistants

- Gayleen Schrider
- Carina McQueen
- Donna Hitchcock
- Jacqueline McCluggage
- Justin Morgan
- Kayla-Leigh Love
- Michelle Rowland

PERCY THOMSON TRUST

Chairman's Report of Percy Thomson Trust
For the six months ended 31 December 2023

On behalf of the Trust, it is my pleasure to present the report for the six months ended 31 December 2023.

We have continued to show improvement in visitor numbers to the gallery, following the trend since the covid closures – the expectation being that we will surpass the KPI of 20,000 visitors in the current financial year. Visitors to 14 February total 15,021.

Laura is now in her third year as Gallery Director. For the most part the programme has been picking up that put in place by Rhonda, but now we are seeing the results of her own creativity and this looks fgor the time ahead.

Planning work has continued to refresh the Arboretum with a focus on planting, signage, and an enhanced visitor experience.

Financials

The financials show a cash deficit for the period of \$10,000 against the budget of a deficit of \$3,000. The situation will be tight going into the second half of the year with some reduction in investment income whilst expenditure from wages and other cost elements, such as audit fees and repairs and maintenance, strike home.

The moves to review the future relationship between the Trust and the Council is an important part of future proofing the Trust.

Investment Funds

The Investment portfolio of the Trust is summarised as follows:

Category	Book Value as at 31 December 2023 (\$)	Book Value as at 30 June 2023 (\$)
Bank Balances	137,000	77,000
Trading Bank Term Deposits	250,000	350,000
Bonds	30,000	30,000
Commercial Property through Proportionate Ownership Schemes and Property Investment Funds	397,000	397,000
Total	\$814,000	\$854,000

There has been no change in the property investments in the past six months. With the current interest settings now has not been a good time to liquidate these investments. There are some transactions being processed by the respective fund manager's, however the cash redemption values are relatively significant below the asset values. It is therefore felt appropriate to keep a watching brief on the situation as, amongst other things, the Reserve Bank and the Government continue to work to bring inflation and interest rates down.

Building Works

Whilst the condition of the gallery roof continues to cause concern, steps have been taken to improve the maintenance scheduling and scope to extend the status quo.

Other Responsibilities

- **The Arboretum.** The landscaping project previously reported has now been completed and has added to the ambience of the arboretum. The review of the Trust, has given the opportunity to put forward proposals for its enhancement.
- **The Herbarium.** We now consider this part of the Thomson Bequest as complete. Membership of the New Zealand Plant Network is proceeding as part of the Arboretum.

Summary

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 in making this happen.

However, it is time to assess the future of the Trust and we look forward to continuing discussions with the Council on this.



Bruce Ellis
CHAIRMAN

PERCY THOMSON TRUST

PERCY THOMSON TRUST ENTITY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2023

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 seven 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 six other voluntary members who support the Chairman in delivering against the Trust's objectives. At least 50% of the Trustees shall not be current elected members of the Stratford District Council.

Main sources of the Trust's cash and resources

An operating grant received from the Stratford District Council, rental income from that part of the building not occupied by the gallery, 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.

STATEMENT OF ACCOUNTING POLICIES FOR THE PERIOD TO 31 DECEMBER 2022

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.

The financial statements are presented in NZ dollars and all values are rounded to the nearest thousand dollars, as per paragraph A22 and A17c of PBE tier 3 presentation and disclosure, unless stated otherwise.

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.

Commission on Sales

Commission on exhibition sales and Percy Place sales is retained by the Trust, with the remaining proceeds passed on to the seller of the artworks. Revenue includes only amounts received and receivable by the Trust on its own account, not the amounts collected for the principal. Revenue is recognised when receivable.

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.

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 are comprised of term deposits with banks, listed bonds, listed shares, short term promissory notes issued by companies and Local Authorities, real estate, and professionally managed portfolios of investments.

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. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined from market based evidence using the cost approach, reflecting the cost to construct assets of comparable utility and age, adjusted for obsolescence.

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 30 June 2023 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.

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 any 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, Stratford District Council.

CHANGES IN ACCOUNTING POLICIES

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

PERCY THOMSON TRUST

PERCY THOMSON TRUST

COST OF SERVICE STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2023

	<u>Actual</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>2023/24</u> \$	<u>Projected</u> <u>Year end</u> \$	<u>Actual</u> <u>to 31 Dec 22</u> \$
PROPERTY	-	-	-	-	-
Revenue	-	-	-	-	-
Café Lease	7,050	7,050	14,100	14,100	7,050
Post Box Lobby Rental	660	660	1,320	1,320	660
Rental income	9,000	9,000	18,000	18,000	9,000
Total Property Revenue	16,710	16,710	33,420	33,420	16,710
Expenditure					
Depreciation	49,975	42,025	84,050	100,000	39,922
Insurance	12,753	9,500	9,500	12,753	9,006
Rates (Services Only)	1,396	1,650	1,650	1,396	1,525
Repairs and Maintenance Building	12,364	8,650	17,300	25,000	6,385
Repairs and Maintenance Arboretum	-	-	5,000	5,000	-
Repairs and Maintenance Herbarium	-	-	1,000	1,000	-
Total Property Expenditure	76,488	61,825	118,500	145,149	56,838
Profit (Loss) from Property	(59,778)	(45,115)	(85,080)	(111,729)	(40,128)

PERCY THOMSON TRUST

	<u>Actual</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>2023/24</u> \$	<u>Projected</u> <u>Year end</u> \$	<u>Actual</u> <u>to 31 Dec 22</u> \$
ART GALLERY	-				
Revenue					
Membership and "Friends" Donations	928	800	1,600	1,600	635
Rental/Hireage	9,706	5,000	10,000	14,000	5,965
Donation Box	1,173	1,500	3,000	2,500	1,201
Commission - Percy's Place	6,845	6,000	12,000	12,000	5,232
Commission - Gallery	2,775	3,000	6,000	6,000	2,150
Total Art Gallery Revenue	21,427	16,300	32,600	36,100	15,183
Expenditure					
ACC Levy	298	350	350	298	336
Energy Costs	7,883	7,500	15,000	15,000	5,025
Insurance	691	1,200	1,200	691	673
Miscellaneous	375	400	800	800	401
Printing & Stationery	2,839	-	-	3,000	2,084
Programme	16,733	10,000	20,000	25,000	12,335
Major Exhibition	-	5,000	10,000	5,000	6,567
Publications & Subscriptions	50	100	200	200	296
Staff training	120	750	1,500	1,500	-
Salary & Wages and Employee Costs	67,277	60,000	120,000	135,000	59,098
Telephone & Tolls	1,346	1,800	3,600	3,000	2,451
Total Art Gallery Expenditure	97,612	87,100	172,650	189,489	89,266
Profit (Loss) from Art Gallery	(76,185)	(70,800)	(140,050)	(153,389)	(74,083)

PERCY THOMSON TRUST

	<u>Actual</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>2023/24</u> \$	<u>Projected</u> <u>Year end</u> \$	<u>Actual</u> <u>to 31 Dec 22</u> \$
TRUST INVESTMENTS	-				
Investment Revenue					
Interest	16,145	17,500	35,000	30,000	16,601
Stratford District Council Grant	50,000	50,000	50,000	50,000	-
External Funding	-	-	88,000	10,000	-
Subsidies	-	-	-	-	600
Taranaki Foundation	-	-	-	-	10,000
Other grants and donations	2,000	-	-	2,000	4,000
Total Investment Revenue	68,145	67,500	173,000	92,000	31,201
Trust Investment Expenditure					
Administration	20,600	20,600	20,600	20,600	20,600
Audit Fees	400	-	8,500	25,000	65
Insurance - Trustees Liability	-	-	2,400	2,400	-
Investment Expenses	-	150	300	300	-
Total Trust Investment Expenditure	21,000	20,750	31,800	48,300	20,665
Profit (Loss) from Trust Investments	47,145	46,750	141,200	43,700	10,536

PERCY THOMSON TRUST

SUMMARY COST OF SERVICE STATEMENT FOR THE PERCY THOMSON TRUST

	<u>Actual</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>2023/24</u> \$	<u>Projected</u> <u>Year end</u> \$	<u>Actual</u> <u>to 31 Dec 22</u> \$
REVENUE					
Property	16,710	16,710	33,420	33,420	16,710
Art Gallery	21,427	16,300	32,600	36,100	15,183
Other Investments	68,145	67,500	173,000	92,000	31,201
Total Revenue	106,282	100,510	239,020	161,520	63,094
OPERATING EXPENDITURE					
Property	76,488	61,825	118,500	145,149	56,838
Art Gallery	97,612	87,100	172,650	189,489	89,266
Other Investments	21,000	20,750	31,800	48,300	20,665
Total Operating Expenditure	195,100	169,675	322,950	382,938	166,769
Net surplus (deficit) from operations	(88,818)	(69,165)	(83,930)	(221,418)	(103,675)
Transferred to Accumulated Surpluses	(88,818)	(69,165)	(83,930)	(221,418)	(103,675)
	-				
<i>Net Surplus (Deficit)</i>	<i>(88,818)</i>	<i>(69,165)</i>	<i>(83,930)</i>	<i>(221,418)</i>	<i>(103,675)</i>
<i>Add back depreciation (non-cash)</i>	<i>49,975</i>	<i>42,025</i>	<i>84,050</i>	<i>100,000</i>	<i>39,922</i>
<i>Cash Surplus (Deficit)</i>	<i>(38,843)</i>	<i>(27,140)</i>	<i>120</i>	<i>(121,418)</i>	<i>(63,753)</i>

PERCY THOMSON TRUST

PERCY THOMSON TRUST

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2023

	<u>Actual</u> <u>to 31</u> <u>Dec 23</u> <u>\$000</u>	<u>Budget</u> <u>to 31 Dec</u> <u>23</u> <u>\$000</u>	<u>Budget</u> <u>2023/24</u> <u>\$000</u>	<u>Projected</u> <u>Year End</u> <u>\$000</u>	<u>Actual</u> <u>to 31 Dec</u> <u>22</u> <u>\$000</u>
Revenue					
Funding from central or local government	50	50	50	50	-
Revenue from non-governmental sources for providing goods or services	38	33	66	70	32
Donations, fundraising and other similar revenue	2	0	88	12	14
Interest, dividends and other investment revenue	16	18	35	30	17
Total Revenue	106	101	239	162	62
Expenses					
Employee related costs	67	60	120	135	59
Costs related to providing goods or services	78	68	119	148	68
Other expenses	50	42	84	100	40
Total Expenses	195	170	323	383	167
Net Operating Surplus (Deficit) for the period	(89)	(69)	(84)	(221)	(104)

PERCY THOMSON TRUST

STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2023

	<u>Actual</u> <u>Year to Date</u> \$000	<u>Actual for</u> <u>the Six</u> <u>Months</u> <u>to 31 Dec</u> <u>2022</u> \$000	<u>Actual for</u> <u>the</u> <u>Year Ended</u> <u>to 30 June</u> <u>2023</u> \$000
<u>Assets</u>			
<u>Current Assets</u>			
Bank Accounts and Cash	135	212	77
Debtors and Prepayments	2	9	22
Investments	280	250	380
Total Current Assets	417	471	479
<u>Non-Current Assets</u>			
Property, Plant and Equipment	2,552	1,804	2,539
Non-current investments	397	427	397
Total Non-Current Assets	2,949	2,231	2,936
Total Assets	3,366	2,702	3,415
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Creditors and Accrued Expenses	4	2	27
Employee Costs Payable	8	6	8
Total Current Liabilities	12	8	35
Total Liabilities	12	8	35
Total Assets less Total Liabilities (Net Assets)	3,354	2,694	3,380
<u>Accumulated Funds</u>			
Capital contributed by owners or members	0	0	0.1
Accumulated Surpluses or (deficits)	1,445	1,487	1,471
Reserves	1,909	1,207	1,909
Total Accumulated Funds	3,354	2,694	3,380

PERCY THOMSON TRUST

STATEMENT OF CASHFLOWS

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2023

	<u>Actual</u> <u>Year to Date</u> \$000	<u>Actual for</u> <u>the Six</u> <u>Months</u> <u>to 31 Dec 2022</u> \$000	<u>Actual for</u> <u>the</u> <u>Year Ended</u> <u>to 30 June</u> <u>2023</u> \$000
<u>Cash Flows from Operating Activities</u>			
<i>Cash was received from:</i>			
Funding from central or local government	50	0	50
Receipts from non-governmental sources for providing goods or services	38	28	46
Donations, fundraising and other similar revenue	2	14	49
Interest, dividends and other investment revenue	16	17	41
Other revenue	0	0	19
Net GST	4	0	(8)
<i>Cash was applied to:</i>			
Payments to Suppliers and Employees	(150)	(134)	(234)
Net Cash Flow from Operating Activities	(40)	(76)	(37)
<u>Cash Flows from Investing and Financing Activities</u>			
Receipts from Sale of Investments	350	275	-
Payments to acquire property, plant and equipment	(2)	(12)	(75)
Payments to Acquire Investments	(250)	(250)	(86)
Net Cash Flow from Investing and Financing Activities	98	13	(161)
Net (Decrease)/Increase in Cash for the period	58	(63)	(198)
Add opening bank accounts and cash	77	275	275
Closing Bank Accounts and Cash	135	212	77

PERCY THOMSON TRUST

OTHER EXPLANATORY NOTES AS AT 31 DECEMBER 2023

Property, Plant and Equipment

Cost or valuation	Carrying Amount 1/07/23 \$000	Additions	Depreciation to 31/12/23 \$000	Carrying Amount 31/12/203 \$000
Buildings	2,072	-	(46)	2,026
Land	385	-	-	385
Plant and Equipment	143	-	(4)	139
Work in Progress	-	2	-	2
Total	2,600	2	(50)	2,552