



# **PERCY THOMSON TRUST**

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

**SIX MONTHLY REPORT**  
**FOR THE PERIOD ENDED**  
**31 DECEMBER 2016**

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## PERCY THOMSON TRUST BOARD

Chairman: Bruce Ellis

Trustees: Roger Hignett  
Gloria Webby  
Christine Craig  
Viv Milner  
Jim Clarkson

## PERCY THOMSON TRUST STAFF

### As At 31 December 2016

Gallery Director – Rhonda Bunyan

Part-time Gallery Assistants

- Pam Binnie
- Mickie Mills
- Michelle Rowland
- Isaac Ander
- Sue Morton
- Monique Dodunski
- Bill Davies
- Amanda Griffin
- Debra Cooper
- Bernice Mitchell
- Gayleen Schrider

# CHAIRMAN'S REPORT

On behalf of the Trust it is my pleasure to present the report for the six months ended 31 December 2016. The period has been notable for the Trust buoyed by the success of the exhibitions and visitor numbers; frustrating as we attempt to remedy the air conditioning issues; challenging as we face lower investment returns; and reflective as we look to take advantage of the opportunities provided by the vacant space previously occupied by New Zealand Post.

## **Financials**

The cash surplus to the end of December stands at \$24,191 as compared with the budget of \$28,900. The main contributors to this have been:

- Lower property rental from the vacancy following NZ Post closing.
- Lower investment income with maturing investments only being able to be reinvested at lower rates.
- Higher Salary and Wages costs, however this is more than offset by the TET grant that was specifically to fund the Gallery Assistant.

The current projection for the full year shows a cash deficit of \$3,554. The Trust is to consider steps to eliminate this deficit at its meeting this month. Steps are also required to improve the overall endowment base. These will require a longer-term approach and some of the matters being discussed by the Trust are detailed below.

## **Exhibitions**

In the six-month period, we welcomed 12,392 visitors to the Gallery. This compares more than favourable with our annual target (to 30 June) of 20,000. The period was capped off by the Toss Woollaston exhibition. This nationally significant exhibition was well supported. The specified funding from the TSB Community Trust enabled the exhibition to be well advertised resulting in the continued enhancement of the Gallery's reputation.

We unfortunately had to decline Te Papa's Buller's Birds exhibition that was due to commence in early March because of the air conditioning problems that meant we were not able to provide a stable environment from temperature and humidity points of view.

## **Air Conditioning**

The air conditioning unit has been replaced and is currently undergoing fine tuning. The old system has been retained so we have a backup. The Trust attempted to seek grant funding for the new unit without success, so reluctantly agreed to utilise capital funds for the replacement given the critical nature of the air conditioning for the operation of the gallery. Efforts to increase the endowment base are partly designed to recover these funds.

## **Lower Investment Returns**

With the bulk of the Trust's investments held in Bonds and other fixed interest securities we have faced a reduction in interest earnings as securities that have matured being reinvested at the lower interest rates now available in the market. The Trust Deed allows for a wider spread of investments, including listed shares, real estate, and professional portfolios. We are not at this stage proposing an expansion of the existing investment mix, however this a conversation that we need to have to ensure that the Trustees are properly fulfilling their fiduciary duty to maintain and grow the endowment fund. We intend to have some discussions with our investment advisers and will bring the conclusions and/or recommendations from those discussions forward in due course.

## **Vacant Space**

It is now a few months since the space previously occupied by New Zealand Post became vacant – their rental ceased in May. We have been reluctant to immediately seek a replacement tenant that would limit other options that may be available to extend the scope and reach of the gallery. The original architect of the building provided some pro bono advice on how that space could be incorporated into the existing gallery, however we have essentially rejected that advice because the cost would not be justified.

We have looked at options for how the space could be utilised to complement the gallery; provide additional resources for the art community and hence the cultural footprint of Stratford; and to contribute positively to the aims and objectives of the Future of Broadway project.

As distinct from the current gallery exhibition space, the plans we develop revolve around creating a community gallery that would enable artists' collectives to use the space to sell their work. The arrangement would be for them to provide the necessary resources to supervise the work exhibited. The area would also be available as a workshop or teaching space. In the longer term, subject to funding, we would look to link it closer to the main gallery by installing a connecting door to the passageway and to provide purpose built hanging material on the walls.

The aim is to cover the rental previously paid by NZ Post by hireage and commission on sales and through sponsorship.

## **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 and the TET and TSB Community trusts in making this happen.

Bruce Ellis

**CHAIRMAN**

# PERCY THOMSON TRUST

## PERCY THOMSON TRUST ENTITY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2016

### **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.

## STATEMENT OF ACCOUNTING POLICIES FOR THE PERIOD TO 31 DECEMBER 2016

### **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.

#### ***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.<sup>18</sup>

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 years (10%)
Office Equipment	4 to 10 years (10% to 25%)
Buildings	20 to 80 years (1.25% to 5%)

### ***Revaluation***

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

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.

## **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 2016

<u>Six months</u> <u>to</u> <u>31-Dec-15</u>		<u>Year to</u> <u>Date</u> <u>Actual</u>	<u>Year to</u> <u>Date</u> <u>Budget</u>	<u>Year to</u> <u>Date</u> <u>Variance</u>	<u>2016/17</u> <u>Annual</u> <u>Budget</u>	<u>Projected</u> <u>Year End</u>	<u>Projected</u> <u>Year End</u> <u>Variance</u> <u>to annual</u> <u>budget</u>
\$		\$	\$	\$	\$	\$	\$
	<b><u>PROPERTY</u></b>						
	<b>Property Revenue</b>						
6,570	Café Lease	7,050	6,570	480	13,140	14,100	960
500	Post Box Lobby Rental	500	500	-	1,000	1,000	-
25,000	Information Centre Lease	17,800	25,000	(7,200)	25,000	17,800	(7,200)
<b>32,070</b>	<b>Total Property Revenue</b>	<b>25,350</b>	<b>32,070</b>	<b>(6,720)</b>	<b>39,140</b>	<b>32,900</b>	<b>(6,240)</b>
	<b>Property Expenditure</b>						
8	Cleaning Services	-	50	50	100	20	80
32,863	Depreciation	34,650	34,650	-	69,300	69,300	0
4,267	Insurance	3,917	4,600	683	4,600	3,917	683
1,014	Rates (Services Only)	1,144	1,100	(44)	1,100	1,144	(44)
13,970	Repairs and Maintenance Building	5,523	6,150	627	12,300	12,300	0
-	Repairs and Maintenance Arboretum	-	-	-	2,500	2,500	0
-	Repairs and Maintenance Herbarium	-	-	-	200	200	0
<b>52,122</b>	<b>Total Property Expenditure</b>	<b>45,234</b>	<b>46,550</b>	<b>1,316</b>	<b>90,100</b>	<b>89,381</b>	<b>719</b>
<b>(20,052)</b>	<b>Profit (Loss) from Property</b>	<b>(19,884)</b>	<b>(14,480)</b>	<b>(5,404)</b>	<b>(50,960)</b>	<b>(56,481)</b>	<b>(5,521)</b>

# PERCY THOMSON TRUST

<u>Six months</u> <u>to</u> <u>31-Dec-15</u>		<u>Year to</u> <u>Date</u> <u>Actual</u>	<u>Year to</u> <u>Date</u> <u>Budget</u>	<u>Year to</u> <u>Date</u> <u>Variance</u>	<u>2016/17</u> <u>Annual</u> <u>Budget</u>	<u>Projected</u> <u>Year End</u>	<u>Projected</u> <u>Year End</u> <u>Variance</u> <u>to annual</u> <u>budget</u>
\$		\$	\$	\$	\$	\$	\$
	<b><u>ART GALLERY</u></b>						
	<b>Art Gallery Revenue</b>						
930	Membership and "Friends" Donations	884	1,000	(116)	1,000	1,000	-
7,498	Rental/Hireage	5,891	5,000	891	10,000	10,000	-
456	Donation Box	1,402	750	652	1,500	2,000	500
1,559	Commissions	2,015	1,250	765	2,500	3,000	500
<b>10,443</b>	<b>Total Art Gallery Revenue</b>	<b>10,192</b>	<b>8,000</b>	<b>2,192</b>	<b>15,000</b>	<b>16,000</b>	<b>1,000</b>
	<b>Art Gallery Expenditure</b>						
439	ACC Levy	301	350	49	500	301	199
9,471	Energy Costs	9,690	9,500	(190)	19,000	19,500	(500)
861	Insurance	1,522	1,000	(522)	1,000	1,522	(522)
167	Miscellaneous	14	150	136	300	50	250
-	Postage & Freight	-	50	50	100	50	50
257	Printing & Stationery	233	50	(183)	100	250	(150)
12,438	Programme	5,528	10,000	4,472	20,000	17,000	3,000
2,747	Major Exhibition	15,599	10,000	(5,599)	10,000	16,000	(6,000)
-	Repairs & Maintenance General	-	125	125	250	100	150
230	Publications & Subscriptions	286	300	14	300	300	0
253	Small Tools	55	125	70	250	150	100
46,720	Salary & Wages and Employee Costs	43,790	35,770	(8,020)	71,540	80,000	(8,460)
1,325	Telephone & Tolls	864	1,350	486	2,700	1,800	900
<b>74,908</b>	<b>Total Art Gallery Expenditure</b>	<b>77,882</b>	<b>68,770</b>	<b>(9,112)</b>	<b>126,040</b>	<b>137,023</b>	<b>(10,983)</b>
<b>(64,465)</b>	<b>Profit (Loss) from Art Gallery</b>	<b>(67,690)</b>	<b>(60,770)</b>	<b>(6,920)</b>	<b>(111,040)</b>	<b>(121,023)</b>	<b>(9,983)</b>

# PERCY THOMSON TRUST

<u>Six months</u> <u>to</u> <u>31-Dec-15</u>		<u>Year to</u> <u>Date</u> <u>Actual</u>	<u>Year to</u> <u>Date</u> <u>Budget</u>	<u>Year to</u> <u>Date</u> <u>Variance</u>	<u>2016/17</u> <u>Annual</u> <u>Budget</u>	<u>Projected</u> <u>Year End</u>	<u>Projected</u> <u>Year End</u> <u>Variance</u> <u>to annual</u> <u>budget</u>
\$		\$	\$	\$	\$	\$	\$
	<b><u>TRUST INVESTMENTS</u></b>						
	<b>Investment Revenue</b>						
20,041	Interest	24,352	32,000	(7,648)	64,000	60,000	(4,000)
50,000	Stratford District Council Grant	50,000	50,000	-	50,000	50,000	-
-	External Funding	-	10,000	(10,000)	10,000	-	(10,000)
-	TSB Community Trust	12,700	-	12,700	-	12,700	12,700
20,000	Taranaki Electricity Trust	12,500	-	12,500	-	12,500	12,500
<b>90,041</b>	<b>Total Investment Revenue</b>	<b>99,552</b>	<b>92,000</b>	<b>7,552</b>	<b>124,000</b>	<b>135,200</b>	<b>11,200</b>
	<b>Trust Investment Expenditure</b>						
20,600	Administration	20,600	20,600	-	20,600	20,600	0
-	Audit Fees	-	-	-	8,000	8,000	0
-	Insurance - Trustees Liability	1,750	1,800	50	1,800	1,750	50
1,556	Investment Expenses	87	100	13	500	200	300
<b>22,156</b>	<b>Total Trust Investment Expenditure</b>	<b>22,437</b>	<b>22,500</b>	<b>63</b>	<b>30,900</b>	<b>30,550</b>	<b>350</b>
<b>67,885</b>	<b>Profit (Loss) from Trust Investments</b>	<b>77,115</b>	<b>69,500</b>	<b>7,615</b>	<b>93,100</b>	<b>104,650</b>	<b>11,550</b>

# PERCY THOMSON TRUST

## SUMMARY COST OF SERVICE STATEMENT FOR THE PERCY THOMSON TRUST FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2016

<u>Six months</u> <u>to</u> <u>31-Dec-15</u>		<u>Year to</u> <u>Date</u> <u>Actual</u>	<u>Year to</u> <u>Date</u> <u>Budget</u>	<u>Year to</u> <u>Date</u> <u>Variance</u>	<u>2016/17</u> <u>Annual</u> <u>Budget</u>	<u>Projected</u> <u>Year End</u>	<u>Projected</u> <u>Year End</u> <u>Variance</u> <u>to annual</u> <u>budget</u>
\$		\$	\$	\$	\$	\$	\$
	<b><u>REVENUE</u></b>						
32,070	Property	25,350	32,070	(6,720)	39,140	32,900	(6,240)
10,443	Art Gallery	10,192	8,000	2,192	15,000	16,000	1,000
90,041	Other Investments	99,552	92,000	7,552	124,000	135,200	11,200
<b>132,554</b>	<b>Total Revenue</b>	<b>135,094</b>	<b>132,070</b>	<b>3,024</b>	<b>178,140</b>	<b>184,100</b>	<b>5,960</b>
	<b><u>OPERATING EXPENDITURE</u></b>						
52,122	Property	45,234	46,550	1,316	90,100	89,381	719
74,908	Art Gallery	77,882	68,770	(9,112)	126,040	137,023	(10,983)
22,156	Other Investments	22,437	22,500	63	30,900	30,550	350
<b>149,186</b>	<b>Total Operating Expenditure</b>	<b>145,553</b>	<b>137,820</b>	<b>(7,733)</b>	<b>247,040</b>	<b>256,954</b>	<b>(9,914)</b>
<b>(16,632)</b>		<b>(10,459)</b>	<b>(5,750)</b>	<b>(4,709)</b>	<b>(68,900)</b>	<b>(72,854)</b>	<b>(3,954)</b>
<b>(16,632)</b>	<b>Transferred to Accumulated Surpluses</b>	<b>(10,459)</b>	<b>(5,750)</b>	<b>(4,709)</b>	<b>(68,900)</b>	<b>(72,854)</b>	<b>(3,954)</b>
<i>(16,632)</i>	<i>Net Surplus/Deficit</i>	<i>(10,459)</i>	<i>(5,750)</i>	<i>(4,709)</i>	<i>(68,900)</i>	<i>(72,854)</i>	<i>(3,954)</i>
<i>32,863</i>	<i>Add back depreciation (non-cash)</i>	<i>34,650</i>	<i>34,650</i>	<i>-</i>	<i>69,300</i>	<i>69,300</i>	<i>-</i>
<i>16,231</i>	<i>Cash Surplus (Deficit)</i>	<i>24,191</i>	<i>28,900</i>	<i>(4,709)</i>	<i>400</i>	<i>(3,554)</i>	<i>(3,954)</i>

# PERCY THOMSON TRUST

## PERCY THOMSON TRUST

### STATEMENT OF FINANCIAL PERFORMANCE

#### FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2016

	<b>Actual to 31 Dec 16 \$000</b>	<b>Budget 2016/17 \$000</b>	<b>Actual to 31 Dec 15 \$000</b>
<b>Revenue</b>			
Sale of Goods and Services	36	54	43
Council Funding - Grant	50	50	50
Interest, Dividends and Other Investment Revenue	24	64	20
Other Grants and Donations Received	25	10	20
<b>Total Revenue</b>	<b>135</b>	<b>178</b>	<b>133</b>
<b>Expenses</b>			
Employee related costs	44	72	47
Depreciation of Property, Plant and Equipment	35	69	33
Other expenditure	67	106	70
<b>Total Expenses</b>	<b>146</b>	<b>247</b>	<b>149</b>
<b>Net Operating Surplus (Deficit) for the period</b>	<b>(10)</b>	<b>(69)</b>	<b>(17)</b>

# PERCY THOMSON TRUST

## STATEMENT OF CASHFLOWS OF THE PERCY THOMSON TRUST FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2016

<u>Actual for</u> <u>the Six Months</u> <u>Ended 31 Dec</u> <u>2015</u> <u>\$000</u>		<u>Year to Date</u>  <u>Actual</u> <u>\$000</u>
	<b><u>Cash Flows from Operating Activities</u></b>	
50	Receipts of Council Funding	50
43	Receipts from Sale of Goods and Services	43
20	Interest, Dividends and Other Investment Revenue	24
20	Receipts of Other Grants and Donations	25
(207)	Payments to Suppliers and Employees	(102)
0	Goods and Services Tax (net)	0
<b>(74)</b>	<b>Net Cash Flow from Operating Activities</b>	<b>40</b>
	<b><u>Cash Flows from Investing and Financing Activities</u></b>	
75	Receipts from Sale of Investments	350
(200)	Payments to Acquire Investments	(288)
<b>(125)</b>	<b>Net Cash Flow from Investing and Financing Activities</b>	<b>62</b>
<b>(200)</b>	<b>Net (Decrease)/Increase in Cash for the period</b>	<b>102</b>
284	Add opening bank accounts and cash	118
<b>84</b>	<b>Closing Bank Accounts and Cash</b>	<b>220</b>

# PERCY THOMSON TRUST

## OTHER EXPLANATORY NOTES AS AT 31 DECEMBER 2016

### Note 1 Property, Plant and Equipment

	Carrying Amount 1/07/16 \$000	Additions	Depreciation to 31/12/16 \$000	Carrying Amount 31/12/16 \$000
Building	1,396	-	(34)	1,362
Land	178	-	-	178
Arboretum	40	-	-	40
Furniture and Fittings	3	-	(1)	2
Office Equipment	1	-	0	1
Work in Progress	-	38	-	38
<b>Total</b>	<b>1,618</b>	<b>38</b>	<b>(35)</b>	<b>1,621</b>

### Note 2 Related Party Transactions

#### a) **Stratford District Council**

As the Trust is a Council controlled organisation we receive a grant of \$50,000 per annum from the Stratford District Council. This amount has been paid to the Trust.

The Trust receives \$17,800 per annum for rental of the Information Centre.

The Trust also pays \$20,600 per annum to Council for administrative services.

#### **Key Management and Trustees**

G Webby, Trustee, is a Councillor of Stratford District Council.

R Hignett, Trustee, is a Councillor of Stratford District Council.

C Craig, Trustee, is an employee of Stratford District Council.

There have been no fees paid to the trustees during the period.

Except for the above transaction, no other Trustees or Senior Management have entered into related party transactions.

### Note 3 Post Balance Date Events

There are no material events subsequent to the end of the interim period.

### Note 4 Contingent Liabilities

The Trust has no contingent liabilities as at 31 December 2016 (2015 - \$Nil)

### Note 5 Dividends

There will be no dividend payable to Stratford District Council.