



PERCY THOMSON TRUST

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

SIX MONTHLY REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2020

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PERCY THOMSON TRUST BOARD

Chairman: Bruce Ellis

Trustees: Keryn Walsh
Gloria Webby
Christine Craig
Jim Clarkson
Deborah Clough
Helen Cloke

PERCY THOMSON TRUST STAFF

As At 31 December 2020

Gallery Director – Rhonda Bunyan
Gallery Assistant – Amy Taunt

Part-time Gallery Assistants

- Isaac Ander
- Bill Davies
- Gayleen Schrider
- Carina McQueen
- Donna Hitchcock

PERCY THOMSON TRUST

On behalf of the Trust, it is my pleasure to present the report for the six months ended 31 December 2020. The period has seen momentum restored following the COVID-19 lockdown in the previous six-month period.

Financials

There was a cash surplus of \$16,457 from operating activities compared with the budgeted surplus of \$17,125. The main features of this have been the lower grant levels from the TET and the TSB Community Trusts but largely offset by higher income from Percy's Place and lower energy costs.

The Financial Position as shown in the "Statement of Financial Position" shows the total Trust Equity of \$2,941,000 – a decrease of \$23,000, essentially being the depreciation on the building.

Funding

We continue to be nervous about ongoing funding. The successful re-leasing of the Information centre space is of obvious importance.

The position with funding from the TSB Community Trust is also problematic, however Council is aware of this through the overtures being made by The Mayor. Our position would be enhanced if he is successful in having grant applications from the Trust being considered separately from those of the Council so we can then tailor our applications to particular exhibitions that meet the Community Trust's objectives.

On the positive side we have been successful in obtaining an ongoing commitment for private funding for the bi-annual Emergence Artists Exhibition and Awards that secures this important highlight of our calendar into the future.

Gallery Operations

The Gallery has a performance target of 20,000 visitors per year. In the six months ended 31 December 2020 we attracted 13,945 visitors – a significant recovery from the COVID-19 affected previous six months of 6,794. The six-month figure is the highest for the same period in the past four years.

The exhibition programme presented by our Director, Rhonda Bunyan, continues to ensure that the Gallery is at the forefront of pushing boundaries, offering new experiences for patrons and visitors, giving outlets to showcase the considerable artistic talent within the district and the wider province.

The breadth and opportunity given to exhibitors and to our viewing visitors is shown in the programme including:

- Emergence for young Taranaki artists;
- The Adam Portraiture awards;
- Aroaromahana;
- Creative Fibre;
- Stratford Arts Society
- The Art of Lockdown.

I draw your attention to the gallery's website at <https://www.percythomsongallery.org.nz> which in the archives section has details and photos of each of these exhibitions and also highlights the current and forthcoming ones.

Investment Funds

The Annual Report for 2020 gave a detailed breakdown of the investment portfolio and particularly the investments in commercial property. The investment portfolio continues to do well financially, generating a good rate of return on the funds invested, which continues to provide an income to the Trust, while retaining the capital funds.

Building Works

No issues to note.

Premises

The Council's lease of the part of the premises occupied by the Information Centre comes to an end on 28 February 2021. Negotiations are underway with a suitable replacement tenant.

Other Responsibilities

- **The Arboretum.** Work continues enhancing the visitor experience to the Arboretum. Plant identification/QR codes have been introduced for a range of plants. We continue to have discussions with the Council on developing the entrance way and incorporating the Arboretum into the Discovery Trail and visitor reserves.
- **The Herbarium.** As previously noted, this part of the Trust's remit is now outdated. I am working on a submission to review this part of the bequest as the view is that it can no longer be practically delivered beyond that which has been achieved. It should be noted that the plant identification work in the Arboretum is part of the Herbarium remit.

Summary

I particularly acknowledge the work of the trustees, Rhonda Bunyan, our Gallery Director; Amy Taunt, the Gallery Assistant; 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 Trusts in making this happen.



Bruce Ellis

CHAIRMAN

PERCY THOMSON TRUST

PERCY THOMSON TRUST ENTITY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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 2020

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, commercial property through proportionate ownership schemes and property investment funds, 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.

Other investments 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.

The market value of commercial property investments is calculated by the periodic revaluation of the respective properties undertaken by the managers of those properties as reported in their respective audited financial statements.

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 January 2020 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 2020

<u>Six months</u> <u>to</u> <u>31-Dec-19</u>		<u>Year to</u> <u>Date</u> <u>Actual</u>	<u>Year to</u> <u>Date</u> <u>Budget</u>	<u>2020/21</u> <u>Annual</u> <u>Budget</u>	<u>Projected</u> <u>Year End</u>
\$		\$	\$	\$	\$
	<u>PROPERTY</u>				
	Property Revenue				
7,050	Café Lease	7,050	7,050	14,100	14,100
600	Post Box Lobby Rental	720	500	1,200	1,440
8,900	Rental income	8,900	8,900	17,800	17,800
16,550	Total Property Revenue	16,670	16,450	33,100	33,340
	Property Expenditure				
37,630	Depreciation	40,086	37,630	75,260	80,000
5,005	Insurance	6,270	5,005	5,500	6,270
1,567	Rates (Services Only)	1,561	1,500	1,650	1,561
13,387	Repairs and Maintenance Building	6,729	11,100	17,300	17,300
-	Repairs and Maintenance Arboretum	121	1,250	2,500	2,500
-	Repairs and Maintenance Herbarium	-	100	200	200
57,589	Total Property Expenditure	54,767	56,585	102,410	107,831
(41,039)	Profit (Loss) from Property	(38,097)	(40,135)	(69,310)	(74,491)

PERCY THOMSON TRUST

<u>Six months</u> <u>to</u> <u>31-Dec-19</u>		<u>Year to</u> <u>Date</u> <u>Actual</u>	<u>Year to</u> <u>Date</u> <u>Budget</u>	<u>2020/21</u> <u>Annual</u> <u>Budget</u>	<u>Projected</u> <u>Year End</u>
\$		\$	\$	\$	\$
	<u>ART GALLERY</u>				
	Art Gallery Revenue				
1,087	Membership and "Friends" Donations	1,556	1,300	1,300	1,600
4,190	Rental/Hireage	5,871	5,000	10,000	10,000
1,036	Donation Box	1,801	2,000	2,000	3,000
5,116	Commission - Percy's Place	10,839	5,000	10,000	15,000
4,157	Commission - Gallery	1,795	3,000	6,000	3,000
15,586	Total Art Gallery Revenue	21,862	16,300	29,300	32,600
	Art Gallery Expenditure				
314	ACC Levy	302	320	320	302
9,373	Energy Costs	917	9,250	18,500	3,000
10	Insurance	-	-	1,700	1,700
116	Miscellaneous	153	250	500	500
52	Printing & Stationery	616	-	-	620
8,790	Programme	15,206	10,000	20,000	20,000
5,791	Major Exhibition	4,907	5,000	10,000	10,000
507	Publications & Subscriptions	50	100	200	200
-	Staff training	-	750	1,500	1,500
48,518	Salary & Wages and Employee Costs	52,075	49,000	98,000	104,000
790	Telephone & Tolls	672	750	1,500	1,400
74,261	Total Art Gallery Expenditure	74,898	75,420	152,220	143,222
(58,675)	Profit (Loss) from Art Gallery	(53,036)	(59,120)	(122,920)	(110,622)

PERCY THOMSON TRUST

<u>Six months</u> <u>to</u> <u>31-Dec-19</u>		<u>Year to</u> <u>Date</u> <u>Actual</u>	<u>Year to</u> <u>Date</u> <u>Budget</u>	<u>2020/21</u> <u>Annual</u> <u>Budget</u>	<u>Projected</u> <u>Year End</u>
\$		\$	\$	\$	\$
	<u>TRUST INVESTMENTS</u>				
	Investment Revenue				
24,946	Interest	25,604	27,000	54,000	52,000
50,000	Stratford District Council Grant	50,000	50,000	50,000	50,000
-	External Funding	-	22,500	45,000	-
-	TSB Community Trust	10,000	-	-	10,000
-	Taranaki Electricity Trust	2,500	-	-	2,500
74,946	Total Investment Revenue	88,104	99,500	149,000	114,500
	Trust Investment Expenditure				
20,600	Administration	20,600	20,600	20,600	20,600
-	Audit Fees	-	-	8,500	8,500
-	Insurance - Trustees Liability	-	-	1,900	1,604
376	Investment Expenses	-	150	300	300
20,976	Total Trust Investment Expenditure	20,600	20,750	31,300	31,004
53,970	Profit (Loss) from Trust Investments	67,504	78,750	117,700	83,496

PERCY THOMSON TRUST

SUMMARY COST OF SERVICE STATEMENT FOR THE PERCY THOMSON TRUST FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

<u>Six months</u> <u>to</u> <u>31/12/2019</u>		<u>Year to</u> <u>Date</u> <u>Actual</u>	<u>Year to</u> <u>Date</u> <u>Budget</u>	<u>2020/21</u> <u>Annual</u> <u>Budget</u>	<u>Projected</u> <u>Year End</u>
\$		\$	\$	\$	\$
	<u>REVENUE</u>				
16,550	Property	16,670	16,450	33,100	33,340
15,586	Art Gallery	21,862	16,300	29,300	32,600
74,946	Other Investments	88,104	99,500	149,000	114,500
107,082	Total Revenue	126,636	132,250	211,400	180,440
	<u>OPERATING EXPENDITURE</u>				
57,589	Property	54,767	56,585	102,410	107,831
74,261	Art Gallery	74,898	75,420	152,220	143,222
20,976	Other Investments	20,600	20,750	31,300	31,004
152,826	Total Operating Expenditure	150,265	152,755	285,930	282,057
(45,744)		(23,629)	(20,505)	(74,530)	(101,617)
(45,744)	Transferred to Accumulated Surpluses	(23,629)	(20,505)	(74,530)	(101,617)
<i>(45,744)</i>	<i>Net Surplus (Deficit)</i>	<i>(23,629)</i>	<i>(20,505)</i>	<i>(74,530)</i>	<i>(101,617)</i>
<i>37,630</i>	<i>Add back depreciation (non-cash)</i>	<i>40,086</i>	<i>37,630</i>	<i>75,260</i>	<i>80,000</i>
<i>(8,114)</i>	<i>Cash Surplus (Deficit)</i>	<i>16,457</i>	<i>17,125</i>	<i>730</i>	<i>(21,617)</i>

PERCY THOMSON TRUST

PERCY THOMSON TRUST STATEMENT OF FINANCIAL PERFORMANCE FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

	Actual to 31 Dec 20 \$000	Budget to 31 Dec 20 \$000	Budget 2020/21 \$000	Actual to 31 Dec 19 \$000
Revenue				
Sale of Goods and Services	39	33	62	32
Council Funding - Grant	50	50	50	50
Interest, Dividends and Other Investment Revenue	26	27	54	25
Other Grants and Donations Received	13	23	45	-
Total Revenue	127	132	211	107
Expenses				
Employee related costs	52	49	98	49
Depreciation of Property, Plant and Equipment	40	38	75	38
Other expenditure	58	66	113	67
Total Expenses	150	153	286	153
Net Operating Surplus (Deficit) for the period	(24)	(21)	(75)	(46)

PERCY THOMSON TRUST

STATEMENT OF FINANCIAL POSITION FOR PERCY THOMSON TRUST FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

<u>Actual for</u> <u>the Six Months</u> <u>as at 31 Dec</u> <u>2019</u> <u>\$000</u>	<u>Actual for the</u> <u>Year Ended</u> <u>30-Jun-20</u> <u>\$000</u>		<u>Actual</u> <u>Year to Date</u> <u>\$000</u>
<i>ASSETS</i>			
<u>Current Assets</u>			
107	41	Bank Accounts and Cash	33
250	250	Investments	250
-	50	Other Financial Assets	50
6	3	Debtors and Prepayments	5
363	344	Total Current Assets	339
<u>Non-Current Assets</u>			
655	677	Other Financial Assets	677
1,816	1,972	Property, Plant and Equipment	1,937
2,471	2,649	Total Non-Current Assets	2,614
2,834	2,993	Total Assets	2,953
<i>LIABILITIES AND EQUITY</i>			
<u>Current Liabilities</u>			
17	20	Creditors and Accrued Expenses	4
7	8	Employee Costs Payable	8
24	28	Total Current Liabilities	12
<u>Trust Equity</u>			
0	0	Contributed Capital	0
1,793	1,757	Accumulated Surpluses	1,734
1,017	1,207	Revaluation Reserve	1,207
2,810	2,964	Total Trust Equity	2,941
2,834	2,993	Total Liabilities & Equity	2,953

PERCY THOMSON TRUST

STATEMENT OF CASHFLOWS OF THE PERCY THOMSON TRUST FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2020

<u>Actual for</u> <u>the Six Months</u> <u>Ended 31 Dec</u> <u>2019</u> <u>\$000</u>		<u>Year to Date</u> <u>Actual</u> <u>\$000</u>
	<u>Cash Flows from Operating Activities</u>	
50	Receipts of Council Funding	50
32	Receipts from Sale of Goods and Services	39
25	Interest, Dividends and Other Investment Revenue	26
-	Receipts of Other Grants and Donations	13
(115)	Payments to Suppliers and Employees	(110)
14	Goods and Services Tax (net)	(11)
6	Net Cash Flow from Operating Activities	5
	<u>Cash Flows from Investing and Financing Activities</u>	
250	Receipts from Sale of Investments	250
(94)	Payments to acquire property, plant and equipment	(6)
(250)	Payments to Acquire Investments	(250)
(94)	Net Cash Flow from Investing and Financing Activities	(6)
(88)	Net (Decrease)/Increase in Cash for the period	(0)
195	Add opening bank accounts and cash	33
107	Closing Bank Accounts and Cash	33

PERCY THOMSON TRUST

OTHER EXPLANATORY NOTES AS AT 31 DECEMBER 2020

Note 1 Property, Plant and Equipment

	Carrying Amount 1/07/20 \$000	Additions	Depreciation to 31/12/20 \$000	Carrying Amount 31/12/20 \$000
Building	1,618	-	(36)	1,582
Land	235	-	-	235
Arboretum	48	3	(1)	50
Furniture and Fittings	66	3	(3)	66
Office Equipment	5	-	(1)	4
Total	1,972	6	(40)	1,937

Note 2 Related Party Transactions

a) **Stratford District Council**

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

The Trust receives \$1,483 per month for rental of the Information Centre. Stratford District Council has given notice that their rental of the information centre space is to cease on 28 February 2021.

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

Key Management and Trustees

G Webby, 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 transactions, 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 2020 (2019 - \$Nil)

Note 5 Dividends

There will be no dividend payable to Stratford District Council.