



PERCY THOMSON TRUST

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

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020**

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PERCY THOMSON TRUST – BOARD

Chairman: Bruce Ellis

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

PERCY THOMSON TRUST – STAFF

As at 30 June 2020

Gallery Director – Rhonda Bunyan

Part-time Gallery Assistants

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

PERCY THOMSON TRUST – CHAIRMAN'S REPORT

On behalf of the Trust it is my pleasure to present the report for the twelve months ended 30 June 2020. The period will be remembered for the effects of the Covid-19 pandemic but was particularly notable for the continued success of the gallery in presenting innovative exhibitions and providing opportunities for local and Taranaki artists.

Financials

The overall operating position was affected by the lockdown with the Gallery closed from 24 March to 27 May. The financial position was rescued somewhat by the wage subsidy provided by the Government.

There was a cash deficit of \$9,000 from operating activities compared with the budgeted break-even position and a deficit of \$3,000 in the previous year. The main features of this have been the lower grant levels from the TET and the TSB Community Trusts although partially offset by the wage subsidy.

Direct income from the Gallery being commissions on exhibition sales and Percy's Place turnover, donations, "Friends" subscriptions and rental/hireage fees showed an overall improvement on budget but were limited from the closure of the Gallery for the lockdown period.

The financial position as shown in the "Statement of Financial Position" shows the total Trust Equity of \$2,965,000 – an increase of \$106,000. Features to note are:

- Capital expenditure of \$94,000 on the Gallery building for major remedial work on the roof;
- Revaluation of the land and building of \$190,000;
- An increase in funds invested of \$72,000 – see further analysis below; and
- A net decrease in cash on hand of \$154,000 from the capital expenditure, operating cash deficit and increase in funds invested.

Gallery Operations

The Gallery has a performance target of 20,000 visitors per year. In the year ended 30 June 2019 we reached a record 25,000. Visitors for the year ended 30 June 2020 totalled 19,262 – adjusting for the closure this is a pro-rata total of 23,000. This is a very good result given the disruptions caused by the lockdown including the cancellation of the Stratford Art Society Autumn exhibition, traditionally one with a high visitor attendance.

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. Rhonda also used the opportunity of the lockdown to continue to showcase local talent through the virtual exhibition for local artists run through Facebook.

Particular features of the year's programme were:

- the *Crescent Moon - the Asian Face of Islam in New Zealand* providing a captivating and often surprising insight into the lives of New Zealand's Muslim community;
- Professional weavers and regional embroiderers;
- Stratford Art Society Spring exhibition;
- *Hidden Realms*;

PERCY THOMSON TRUST – CHAIRMAN'S REPORT

- Taranaki artists pushing boundaries including Rhonda's own photographic exhibition exploring shapes, patterns and shadows in water and sand;
- Arts Trail exhibition – despite postponement of the trail itself we still exhibited the works of the artists participating in the trail when it happens in October/November; and
- *Remembering Rodin* – Te Papa's travelling exhibition.

Investment Funds

The investment portfolio of the Trust is summarised as follows:

Category	Book Value as at 30 June 2020 (\$)	Book Value as at 30 June 2019 (\$)
Trading Bank Term Deposits	250,000	250,000
Bonds	280,000	280,000
Commercial Property through Proportionate Ownership Schemes and Property Investment Funds	447,000	375,000
Total	\$977,000	\$905,000

In the light of the current economic situation in New Zealand it is appropriate to review the commercial property investments.

It is worth noting that the decision to participate in the various schemes and funds had the following objectives:

- To increase the cash investment returns of the overall invested funds given the reducing returns available from Bank Term Deposits and other fixed interest bonds;
- The opportunity for capital growth in these investments.

Further, in seeking such investments particular criteria included:

- The quality of the respective buildings;
- The quality and security of the tenancies within each property;
- The quality and experience of the managers of the respective properties.

The breakdown of these investments is:

Property	Original Investment (as per Statement of Financial Position)	Current Market Value (as at Balance Date of the investments of 31 March 2020)	Cash Income Return on Original Investment	Summary of Tenancies
Bush Road, Albany, Auckland – light industrial	125,000	231,388	8.40%	- Thermo Fisher Scientific – 100%

PERCY THOMSON TRUST – CHAIRMAN'S REPORT

Osterley Way, Manukau, Auckland – office building	50,000	51,985	9.25%	<ul style="list-style-type: none"> - IRD – 98% - Other – 2%
Todd Park, Porirua, Wellington – light office/industrial complex	122,000	135,751	7.58%	<ul style="list-style-type: none"> - Placemakers 15.4% - Hannah's 10.9% - Hexatronic 17.6% - Anderson & Flowers 10.9% - Mitsubishi Motors 13.3% - Fusion Interiors 12.3% - Conroy Removals 6% - Downer NZ 4.7% - NZ Post 4.5% - Free Kindergarten Association 4.2% - Other 0.2%
Cameron Road, Tauranga – Office building and retail	50,000	50,788	7.80%	<ul style="list-style-type: none"> - Tauranga City Council 49.8% - IRD 40.0% - Other (3) – retail & office 10.2%
Augusta Industrial Fund – light industrial mainly in Auckland	100,000	106,159	6.03%	The 49 tenants across three cities include Toll, Repco, Linfox, Fujitsu, Fletcher Building Steel Group, Macpac, Vulcan Steel, and Halls Refrigeration Transport (Icepak)
Total	\$447,000	\$576,071	Average 7.67%	
		(28.9% increase)		

PERCY THOMSON TRUST – CHAIRMAN'S REPORT

The Covid-19 pandemic has had a minimal effect on the investment returns but has not adversely affected the overall strength and prospects of the investments. The return from the Augusta Industrial Fund reduced from a projected 6.5% to the average of 6.03% over the year as a result of the need to make rental concessions for some tenants. Such concessions were also required for some of the tenants in the Cameron Road and Todd Park properties, however the cash reserves held within these two investments meant that returns to investors were maintained at previously agreed levels.

The overall conclusion is that this portfolio of investments continues to provide good security and investment returns for the Trust.

Building Works

The completion of the roof restoration appears to have fixed our leakage and humidity problems.

Premises

The Council's lease of the part of the premises occupied by the Information Centre expired on 1 June 2019. The occupation is running on a month by month basis until the Centre's move actually takes place. The Council is to give 3 months' notice of intention of its vacation. Efforts to find a suitable replacement tenant (or tenants) has commenced.

Other Responsibilities

- The Arboretum. This has been maintained to a good standard. Work is currently underway with a view to enhancing the visitor experience, especially in conjunction with the Council and its development of the Discovery Trail and visitor reserves.
- The Herbarium. This part of the Trust's remit is now outdated. Work has tentatively commenced to review this – perhaps in conjunction with the enhancement of the Arboretum experience, or even to acknowledge that the original idea of this part of the bequest is no longer able to be practically delivered.

Summary

I particularly acknowledge the work of the trustees, Rhonda, our Gallery Director, Amy, the Gallery Assistant, Christine Craig and the 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

Independent Auditor's Report To the readers of Percy Thomson Trust's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of 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 13 to 24, that comprise the statement of financial position as at 30 June 2020, 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 9 to 11.

In our opinion:

- the financial statements of the Trust on pages 13 to 24:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; 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 9 to 11 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 2020.

Our audit was completed on 2 October 2020. This is the date at which our opinion is expressed. The basis for our opinion is explained below, and we draw your attention to the impact of Covid-19 on the Trust. In addition, we outline the responsibilities of the Trust Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Trust as set out in note 15 to the financial statements and pages 10 to 11 of the performance information.

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.

PERCY THOMSON TRUST – AUDIT REPORT

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

The Trust 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 Trust Board is also responsible for preparing the performance information for the Trust.

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

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

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 Trust Board.

PERCY THOMSON TRUST – AUDIT REPORT

- 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 Trust 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 Trust 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 Trust Board is responsible for the other information. The other information comprises the information included on pages 1 to 5, 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: International 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 – PERFORMANCE

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;
- 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;

PERCY THOMSON TRUST – PERFORMANCE

- 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 2019/20	Target 2019/20
Delivery of art exhibitions	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	<p><i>Not Achieved:</i> <i>Exhibitions that were unable to be delivered due to COVID-19:</i></p> <ul style="list-style-type: none"> • <i>Taranaki Arts Trail</i> • <i>Stratford Art Society</i> <p><i>Art exhibitions that were delivered throughout the year included the following:</i></p> <p>National –</p> <ol style="list-style-type: none"> <i>1. Remembering Rodin</i> <i>2. Angles of Perception – Woven Form</i> <i>3. The Crescent Moon</i> <p>Regional –</p> <ol style="list-style-type: none"> <i>1. Taranaki Artocracy</i> <i>2. Hidden Realms</i> <i>3. Bellringer Bellringer Wharehoka Smith</i> <i>4. Regional Embroiders Exhibition</i> <p>Local –</p> <ol style="list-style-type: none"> <i>1. State of the Art – Hanging with Rodin</i> <i>2. ENGRAM – Memory Trace</i> <i>3. Tell it Again: repetitions from the Archive</i> <p>(2018/19) – Achieved</p>	<i>Deliver proposed art exhibitions which will include local, regional and at least 1 National.</i>

PERCY THOMSON TRUST – PERFORMANCE

Level of Service	Performance Measures	Actual 2019/20	Target 2019/20
	Number of visitors to the Gallery to be not less than 20,000 per year.	<p><i>Not Achieved</i> <i>There were 19,262 visitors for the year, with the reduced numbers a direct result of the closure of the gallery due to COVID-19. Up to the COVID-19 lockdown, there was a total of 17,360 visitors, so the targeted number of visitors would have been achieved had the gallery not been forced to close.</i></p> <p>(2018/19) - Achieved) 26,656</p>	>20,000
	To operate to a “break-even” balance	<p><i>Not Achieved:</i> <i>The trust did not break even, as a result of the reduction in revenue due to COVID-19, when the gallery and leased premises were closed. “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></p> <p>(2018/19) - Achieved)</p>	Operate within “break-even” budget
Development and maintenance of arboretum	Develop and maintain the arboretum to the standards in the facilities management contract	<p><i>Achieved:</i> <i>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></p> <p>(2018/19) - Achieved)</p>	Develop and maintain the arboretum to the standards in the Facilities Management Contract
Delivery of Herbarium	Deliver the herbarium via the internet	<p><i>Not Achieved:</i> <i>The trust still looking at an alternative arrangement to deliver the herbarium via a third party, and will be done in conjunction with a review of the arboretum, which will be completed during the 2020/21 year.</i></p> <p>(2018/19) - Not achieved)</p>	Deliver the herbarium via the internet.

PERCY THOMSON TRUST – PERFORMANCE



PERCY THOMSON TRUST – FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2020

	Note	Actual 2019/20 \$000	Budget 2019/20 \$000	Actual 2018/19 \$000
Revenue				
Council Funding - Grant		50	50	50
Sale of Goods and Services		59	60	72
Interest, Dividends and Other Investment Revenue		52	54	53
Other Grants, Subsidies and Donations Received	1	35	47	39
Total Revenue		196	211	214
Expenses				
Employee-related Costs	2	102	94	101
Depreciation of Property, Plant and Equipment	3	76	75	72
Other Expenditure	4	103	117	116
Total Expenses		281	286	289
Surplus/(Deficit) from operations		(85)	(75)	(75)
Gain on sale of investments		-	-	24
Net Surplus/(Deficit) for the year		(85)	(75)	(51)

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

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	Actual 2019/20 \$000	Budget 2019/20 \$000	Actual 2018/19 \$000
Assets				
Current Assets				
Bank Accounts and Cash	5	41	200	195
Investments		250	250	250
Other Financial Assets	6	50	-	-
Debtors and Prepayments	7	3	10	9
Total Current Assets		344	460	454
Non-Current Assets				
Property, Plant and Equipment	3	1,972	1,804	1,810
Other Financial Assets	6	677	660	655
Total Non-Current Assets		2,649	2,464	2,465
Total Assets		2,993	2,924	2,919
Liabilities				
Current Liabilities				
Creditors and Accrued Expenses	8	20	5	53
Employee Costs Payable	9	8	2	7
Total Current Liabilities		28	7	60
Total Liabilities		28	7	60
Trust Equity				
Accumulated Surpluses	10	1,757	1,793	1,842
Contributed Capital	10	0.1	0.1	0.1
Revaluation Reserve	10	1,207	1,124	1,017
Total Equity		2,965	2,917	2,859
Total Liabilities & Equity		2,993	2,924	2,919

The accompanying notes form part of these financial statements.

The Trust Board is approved and authorised to issue the financial statements on 2 October 2020.



B Ellis
CHAIRMAN
2 October 2020



C Craig
TRUSTEE
2 October 2020

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Actual 2019/20 \$000	Actual 2018/19 \$000
Cash Flows from Operating Activities			
Receipts of Council Funding		50	50
Receipts from Sale of Goods and Services		68	69
Interest, Dividends and Other Investment Revenue		55	54
Receipts of Other Grants and Donations		35	39
Payments to Suppliers and Employees		(243)	(220)
Goods and Services Tax (net)		1	5
Net Cash flow from Operating Activities		(34)	(3)
Cash Flows from Investing and Financing Activities			
Receipts from Sale of Investments		-	704
Payments to Acquire Property Plant and Equipment		(48)	(15)
Payments to Acquire Investments		(72)	(625)
Net Cash flow from Investing and Financing Activities		(120)	64
Net (Decrease)/Increase in Cash for the year		(154)	61
Add opening bank accounts and cash		195	134
Closing bank accounts and cash	5	41	195

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

PERCY THOMSON TRUST ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 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 7 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, 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 – FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 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.

The financial statements are presented in NZ dollars, and all values are rounded to the nearest thousand dollars, as per paragraph A22 and A17 c 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.

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.

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

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.

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%).

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

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 (Taranaki) Ltd, independent valuers. Telfer Young have advised that COVID-19 had no impact on their assessment of valuations.

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 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 – FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. Other Grants

	Actual 2019/20 \$000	Actual 2018/19 \$000
Grant - Taranaki Electricity Trust	3	15
Grant - TSB Community Trust	10	24
Wages subsidy	23	-
Total Other Grants Received	35	39

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

2. Employee-related Costs

	Actual 2019/20 \$000	Actual 2018/19 \$000
Salaries and Wages	99	97
Kiwisaver Contributions	3	3
Increase/(Decrease) in Employee Entitlements	1	1
Total Employee-related Costs	102	101

3. Property, Plant and Equipment

2020	Buildings \$000	Land \$000	Furniture and Fittings \$000	Office Equipment \$000	Arboretum \$000	Work in Progress - buildings \$000	Total \$000
Cost / Revaluation 1 July 2019	1,649	193	104	7	45	50	2,048
Less Accumulated depreciation	197	-	34	5	3	-	238
Carrying amount 1 July 2019	1,452	193	71	2	42	50	1,810
Additions	94	-	-	4	-	-	98
Transfers	-	-	-	-	-	(50)	(50)
Depreciation expense	(69)	-	(5)	(1)	(1)	-	(76)
Revaluation surplus (incl of depreciation reversed on revaluation)	141	42	-	-	8	-	190
Carrying amount at 30 June 2020	1,618	235	66	5	48	-	1,972

2019	Buildings \$000	Land \$000	Furniture and Fittings \$000	Office Equipment \$000	Arboretum \$000	Work in Progress - \$000	Total \$000
Carrying amount 1 July 2018	1,515	193	74	3	43	-	1828
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

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

4. Other Expenses

	Actual 2019/20 \$000	Actual 2018/19 \$000
Fees to Principal Auditor		
<i>Audit Fees for Financial Statement Audit</i>	8	7
Operating Expenses		
<i>Property expenses</i>	27	21
<i>Art Gallery expenses</i>	45	65
<i>Other operating expenses</i>	23	23
Total Other Expenses	103	116

5. Bank Accounts and Cash

Current Assets

	Actual 2019/20 \$000	Actual 2018/19 \$000
Cheque Account	41	195
Net Bank Accounts and Cash for the purposes of the Statement of Cash Flows	41	195

6. Other Financial Assets

	Actual 2019/20 \$000	Actual 2018/19 \$000
Current Portion		
Financial Assets Available for Sale		
ASB Bank Ltd - 4.25% - matures 26/05/2021	50	-
Total Current Portion	50	-
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
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	122	50
Proportionate Ownership - Albany, Auckland	75	75
Proportionate Ownership - Tauranga	50	50
Proportionate Ownership - Henderson, Auckland	100	100
Total Non-current Portion	677	655
Total Other Financial Assets	727	655

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

7. Debtors and Prepayments

	Actual 2019/20 \$000	Actual 2018/19 \$000
GST Refundable	-	5
Debtors	3	4
Total Debtors and Prepayments	3	9

8. Creditors and Accrued Expenses

	Actual 2019/20 \$000	Actual 2018/19 \$000
Creditors	1	46
Income received in advance	10	-
Accrued Expenses	9	7
Total Creditors and Accrued Expenses	20	53

9. Employee Costs Payable

	Actual 2019/20 \$000	Actual 2018/19 \$000
Annual Leave	8	7
Total Employee Costs Payable	8	7

10. Equity

	Actual 2019/20 \$000	Actual 2018/19 \$000
Opening Equity		
Contributed Capital	0.1	0.1
Revaluation Reserve	1,017	1,017
Accumulated Surpluses	1,842	1,893
Total Opening Balance	2,859	2,910
Movements during the year		
Surplus (Deficit)	(85)	(51)
Revaluation during the year	190	-
Total	105	(51)
Closing Equity		
Contributed Capital	0.1	0.1
Revaluation Reserve	1,207	1,017
Accumulated Surpluses	1,757	1,842
Total Closing Equity	2,965	2,859

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

11. Commitments and Leases

	Actual 2019/20 \$000	Actual 2018/19 \$000
Financial Commitments		
* 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.	27	41
* Percy Thomson Trust had a capital commitment for improvements to the Percy Thomson Complex, which was completed in 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 2022, with one further right of renewal of two years.	2	1
Total	29	80
Operating Leases as a Lessor		
Not later than one year	15	15
Later than one year and not later than five years	14	27
Later than five years	-	-
Total operating leases as a lessor	29	42
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 was a Director of Maat Consulting Ltd until December 2019, whom the Trust have purchased proportionate ownership investment through.

Trustees who have a relationship with the Stratford District Council:

- Gloria Webby, Deputy Chairman, is a Councillor;
- Christine Craig, Trustee, is an employee of Stratford District Council; and
- Keryn Walsh, Trustee was a Councillor to October 2019.

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

	Actual 2019/20 \$000	Actual 2018/19 \$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

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

13. Events After the Balance Sheet Date

There were no significant events after balance date.

14. Explanations of major variances against budget

Explanations for major variances from the Trust's budgeted figures in the 30 June 2020 Statement of Intent are as follows:

Statement of Financial Performance

- Revenue from gallery hire and commissions was less than budget due to the gallery closures during COVID-19.
- Revenue from grants was less than budget due to the current market situation, however the Trust did receive the wage subsidy payment as a result of COVID-19.
- Expenditure was also less than budget due to COVID-19, although employee costs were higher than anticipated as additional hours were required to install and de-install exhibitions.
- The land and buildings were revalued during the year, and the new valuations were higher than anticipated.

Statement of Financial Position

- The land and buildings were revalued during the year, and the new valuations were higher than anticipated.
- The cash balance was less than budget as additional funds were required to renew parts of the main complex building during the year.

15. COVID-19 Disclosure

Financial Impacts

- No revenue from gallery hire or commissions during levels 3 and 4;
- No revenue from the leased café during levels 3 and 4 as they were unable to access the premises;
- Wage subsidies were received for employees due to the reduced revenue;
- The revaluation of land and buildings was not affected by COVID-19.

Non Financial Impacts

- The target for visitor numbers for the year was not achieved, however the gallery would have met the 20,000 target had it not been closed for COVID-19;
- The target for the delivery of exhibitions was not met due to COVID-19;
- The break-even performance measure was not achieved due to the reduction in revenue;
- The Trust will continue to operate as a going concern, and COVID-19 had no impact on the future of the Trust.