



# **PERCY THOMSON TRUST**

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

**ANNUAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2017**

# PERCY THOMSON TRUST

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# PERCY THOMSON TRUST BOARD

Chairman: Bruce Ellis

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

# PERCY THOMSON TRUST STAFF

## As At 30 June 2017

Gallery Director – Rhonda Bunyan

### Part-time Gallery Assistants

- Pam Binnie
- Michelle Rowland
- Bill Davies
- Sue Morton
- Monique Dodunski
- Gayleen Schrider
- Debra Cooper
- Amanda Griffin

# CHAIRMAN'S REPORT

On behalf of the Trust it is my pleasure to present the report for the twelve months ended 30 June 2017.

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 actual deficit for the year was \$3,000 less than the budgeted deficit. The main features of 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.

## Gallery Director's Report of Operations

*Percy Thomson Gallery has enjoyed a successful and rewarding year, not only in terms of the high calibre of exhibitions presented, but also with the large number of visitors to the gallery.*

*During the year we held 16 exhibitions, featuring more than 800 artists, and 24,941 visitors passed through our door.*

*Three national exhibitions, 'Arrival, Treasures of the BNZ Collection', 'Adams Portraiture Award' and 'Woollaston, The Wallace Arts Trust Collection' cemented the gallery's reputation as an important regional gallery.*

*Stratford Art Society exhibited twice, providing a showcase for local community artists.*

*We have secured a permanent partnership with the Taranaki Arts Trail Trust to hold the Arts Trail exhibition here each year. This is a firm favourite with out-of-town visitors who visit Taranaki for the trail. The Youth Art Competition provided a vehicle for young people to show their work in a gallery setting. Guest artists were members of Stratford High School Special Needs class.*

*We have encouraged school visits, providing programmes specific to each exhibition. These have been appreciated by pupils and teachers and have broadened children's conception of art and its limitless parameters.*

*Our calendar is virtually booked out for 2017/18 and most of 2018/19. The purpose-built facility continues to be a highly sought-after exhibition space in Taranaki and well beyond. This year we have had inquiries for gallery hire from Christchurch, Whanganui, Wellington, Auckland and beyond.*

*Our social media presence with 605 followers on Facebook and our website is the 'go to' place to find out about exhibitions, dates etc. There were 10,156 Website page views during the year, an average of 27 pages were viewed each day.*

*Percy's Place, our new boutique art shop, opened on April 6, on a trial basis. Feedback has been positive and encouraging. We have recouped enough in commission from sales to pay the rent. We look forward to the busier summer months when more tourists stroll through Prospero Place.*

*'Friends' of the gallery and numerous volunteers continue to play a pivotal role in supporting the director when required and their assistance is appreciated.*

### **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.

### **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 is a conversation that we need to have to ensure that the Trust is taking maximum advantage of investment returns available whilst ensuring the prudent maintenance of the Trust's funds 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**

With the vacating of the space previously occupied by New Zealand Post we decided to utilise the space 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. Hence the genesis of "Percy's Place". This is a space to enable Taranaki artists' to sell their work. The arrangement is for them to provide the necessary resources to supervise the work exhibited. The aim is to cover the rental previously paid by NZ Post by hireage and commission on sales and through sponsorship.

### **Summary**

During the year Roger Hignett resigned as a Trustee. His significant contribution to the Trust was recognised in appropriate fashion. Keryn Walsh has joined the Trust as a Council appointed trustee.

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

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



Bruce Ellis  
**CHAIRMAN**

## Independent Auditor's Report

### To the readers of the Percy Thomson's Trust financial statements and performance information for the year ended 30 June 2017

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

#### Opinion

We have audited:

- the financial statements of the Trust on pages 11 to 22, that comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of cash flows and the statement of accounting policies for the year ended on that date and the notes to the financial statements that includes other explanatory information; and
- the performance information of the Trust on pages 7 to 10.

In our opinion:

- the financial statements of the Trust on pages 11 to 22:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2017; 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.
- the performance information of the Trust on pages 7 to 10 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 2017

Our audit was completed on 2 October 2017. This is the date at which our opinion is expressed.

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

#### Basis for 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.

# REPORT OF THE AUDITOR GENERAL

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

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

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

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

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

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

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

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

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

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

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

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

# REPORT OF THE AUDITOR GENERAL

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

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

Our responsibilities arise from the Public Audit Act 2001.

## Other Information

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

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

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

## Independence

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

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



Andrew Clark  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand



# PERCY THOMSON TRUST

## STATEMENT OF SERVICE PERFORMANCE

### NATURE AND SCOPE OF ACTIVITIES

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

The Thomson Gallery is located in Prospero Place, the arboretum on Cloten Road near the intersection with Ariel Street, and the herbarium at the website [www.taranakiplants.net.nz](http://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 m<sup>2</sup> which can be comfortably partitioned into two areas of 116 m<sup>2</sup> and 62 m<sup>2</sup> respectively.

### OBJECTS OF THE TRUST

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

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

# PERCY THOMSON TRUST

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

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

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

Level of Service	Performance Measures	Actual 2016/2017	Target 2016/2017
Delivery of art exhibitions	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	<p><b>Achieved:</b>  <i>Art exhibitions were delivered throughout the year, which included the following:</i></p> <p><b>National</b> –</p> <ol style="list-style-type: none"> <li>1. Toss Woollaston</li> <li>2. Arrival – BNZ Art Collection</li> <li>3. Adam Portraiture Awards</li> </ol> <p><b>Regional</b> –</p> <ol style="list-style-type: none"> <li>1. Aotearoa Quilters</li> <li>2. Gabrielle Belz &amp; Wharehoka Smith</li> <li>3. Margaret Scott</li> <li>4. Creative Fibre Taranaki</li> </ol> <p><b>Local</b> –</p> <ol style="list-style-type: none"> <li>1. Youth Exhibition</li> <li>2. Stratford Art Society</li> </ol> <p><b>(2015/16 – Achieved) - Art exhibitions were delivered throughout the year, which included the following:</b></p> <p><b>National</b> –</p> <ol style="list-style-type: none"> <li>1. Edith Collier</li> <li>2. Flight of Fancy</li> </ol> <p><b>Regional</b> –</p> <ol style="list-style-type: none"> <li>1. Taranaki, Manawatu and</li> </ol>	<p><i>Deliver proposed art exhibitions which will include local, regional and at least 1 National.</i></p>

Level of Service	Performance Measures	Actual 2016/2017	Target 2016/2017
		<p><i>Wanganui Embroidery</i>  <i>2. 18<sup>th</sup> International Collage Exchange</i>  <i>3. Connections</i></p> <p><i>Local –</i>  <i>1. Stratford Art Society</i>  <i>2. Stratford Village Quilters</i>  <i>3. Sue Morton &amp; Viv Davy)</i></p>	
	Number of visitors to the Gallery to be not less than 20,000 per year.	<p><b>Achieved:</b>  <i>There were 24,941 visitors for the year.</i></p> <p><i>(2015/16 – Not achieved 19,297 - Temporary relocation of the Library resulted in less people going through Prospero Place).</i></p>	>20,000
	To operate to a “break-even” balance	<p><b>Achieved:</b>  <i>The trust deficit was slightly less than the budgeted deficit for the year. “Break even” is defined by the Trust as a cash surplus only, excluding depreciation, and receiving external funding to make up any shortfall in cash.</i></p> <p><i>(2015/16 - Not Achieved -The trust was over budget due to the remedial works required on the gallery’s climate control system).</i></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><b>Achieved:</b>  <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><i>(2015/16 – Achieved - The arboretum has been maintained by Stratford District Council on behalf of the Trust, and meets the standards as set out in the Facilities Management Contract).</i></p>	Develop and maintain the arboretum to the standards in the Facilities Management Contract
Delivery of Herbarium	Deliver the herbarium via the internet	<p><b>Achieved:</b>  <i>The herbarium, via the website in conjunction with the Taranaki Regional Council, continues to be viewed, particularly by educational institutions.</i></p> <p><i>(2015/16 – Achieved - The herbarium, via the website in conjunction with the Taranaki Regional Council, continues to be viewed, particularly by educational institutions).</i></p>	Deliver the herbarium via the internet.

# PERCY THOMSON TRUST



# PERCY THOMSON TRUST

## STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED JUNE 2017

	Note	Actual 2016/17 \$000	Budget 2016/17 \$000	Actual 2015/16 \$000
<b>Revenue</b>				
Council Funding - Grant		50	50	50
Sale of Goods and Services		55	54	58
Interest, Dividends and Other Investment Revenue		57	64	63
Other Grants and Donations Received	1	38	10	32
<b>Total Revenue</b>		<b>200</b>	<b>178</b>	<b>203</b>
<b>Expenses</b>				
Employee-related Costs	2	90	70	89
Depreciation of Property, Plant and Equipment	3	69	69	67
Other Expenditure	4	107	108	117
<b>Total Expenses</b>		<b>266</b>	<b>247</b>	<b>272</b>
<b>Surplus/(Deficit)</b>		<b>(66)</b>	<b>(69)</b>	<b>(69)</b>

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

# PERCY THOMSON TRUST

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Actual 2016/17 \$000	Budget 2016/17 \$000	Actual 2015/16 \$000
<b>Assets</b>				
<b>Current Assets</b>				
Bank Accounts and Cash	5	93	84	118
Investments		250	250	250
Other Financial Assets	6	37	-	50
Debtors and Prepayments	7	10	10	7
<b>Total Current Assets</b>		<b>390</b>	<b>344</b>	<b>424</b>
<b>Non-Current Assets</b>				
Property, Plant and Equipment	3	1,889	1,664	1,618
Other Financial Assets	6	735	842	742
<b>Total Non-Current Assets</b>		<b>2,624</b>	<b>2,506</b>	<b>2,360</b>
<b>Total Assets</b>		<b>3,014</b>	<b>2,850</b>	<b>2,784</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Creditors and Accrued Expenses	8	32	5	11
Employee Costs Payable	9	5	2	2
<b>Total Current Liabilities</b>		<b>38</b>	<b>7</b>	<b>13</b>
<b>Total Liabilities</b>		<b>38</b>	<b>7</b>	<b>13</b>
<b>Trust Equity</b>				
Accumulated Surpluses	10	1,959	2,005	2,025
Contributed Capital	10	0	0	-
Revaluation Reserve	10	1,017	838	746
<b>Total Equity</b>		<b>2,976</b>	<b>2,843</b>	<b>2,771</b>
<b>Total Liabilities &amp; Equity</b>		<b>3,014</b>	<b>2,850</b>	<b>2,784</b>

*The accompanying notes form part of these financial statements.*



B Ellis  
**CHAIRMAN**  
2 October 2017



C Craig  
**TRUSTEE**  
2 October 2017

# PERCY THOMSON TRUST

## STATEMENT OF CASHFLOWS OF THE PERCY THOMSON TRUST FOR THE YEAR ENDED 30 JUNE 2017

	Note	Actual 2016/17 \$000	Budget 2016/17 \$000	Actual 2015/16 \$000
<b>Cash Flows from Operating Activities</b>				
Receipts of Council Funding		50	50	50
Receipts from Sale of Goods and Services		55	54	71
Interest, Dividends and Other Investment Revenue		57	64	70
Receipts of Other Grants and Donations		38	10	32
Payments to Suppliers and Employees		(176)	(178)	(291)
Goods and Services Tax (net)		(1)	-	(23)
<b>Net Cash flow from Operating Activities</b>		<b>23</b>	<b>-</b>	<b>(91)</b>
<b>Cash Flows from Investing and Financing Activities</b>				
Receipts from Sale of Investments		600	-	625
Payments to Acquire Property Plant and Equipment		(68)	-	-
Payments to Acquire Investments		(580)	-	(700)
<b>Net Cash flow from Investing and Financing Activities</b>		<b>(48)</b>	<b>-</b>	<b>(75)</b>
<b>Net (Decrease)/Increase in Cash for the year</b>		<b>(25)</b>	<b>-</b>	<b>(166)</b>
Add opening bank accounts and cash		118	84	284
<b>Closing bank accounts and cash</b>	5	<b>93</b>	<b>84</b>	<b>118</b>

# PERCY THOMSON TRUST

## PERCY THOMSON TRUST ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 2017

### **Legal name**

Percy Thomson Trust (the Trust).

### **Type of entity and legal basis**

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

### **The Trust's purpose or mission**

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

### **Structure of the Trust's operations, including governance arrangements**

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

### **Main sources of the Trust's cash and resources**

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

### **Outputs**

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



# PERCY THOMSON TRUST

## STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017

### ACCOUNTING POLICIES APPLIED

#### Basis of Preparation

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

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

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

#### Goods and Services Tax

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

### SIGNIFICANT ACCOUNTING POLICIES

#### **Revenue**

##### ***Grants***

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

##### ***Sale of goods***

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

##### ***Sale of services***

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

##### ***Interest revenue***

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

##### ***Employee related costs***

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

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

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

##### ***Advertising, marketing, administration, and other costs***

These are expensed when the related service has been received.

# PERCY THOMSON TRUST

## ***Bank accounts and cash***

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

## ***Debtors***

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

## ***Investments***

Investments comprise investments in terms deposits with banks, listed bonds, and listed shares.

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

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

## ***Property, plant, and equipment***

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

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

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

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

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

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

## ***Revaluation***

The Trust has adopted 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.

Land and buildings were valued as at 1 July 2016 by Telfer Young (NZ) Ltd, Independent Valuers.

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, plant or equipment within a class has a carrying value that is materially different from its fair value.

## ***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

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Other Grants Received

	Actual 2016/17 \$000	Actual 2015/16 \$000
Grant - Taranaki Electricity Trust	23	32
Grant - Powerco	3	-
Grant - TSB Community Trust	13	-
<b>Total Other Grants Received</b>	<b>38</b>	<b>40</b>

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

### 2. Employee Related Costs

	Actual 2016/17 \$000	Actual 2015/16 \$000
Salaries and Wages	84	87
Kiwisaver Contributions	2	-
Increase/(Decrease) in Employee Entitlements	4	2
<b>Total Employee-related Costs</b>	<b>90</b>	<b>89</b>

### 3. Property, Plant and Equipment

2017	Buildings \$000	Land \$000	Furniture and Fittings \$000	Office Equipment \$000	Arboretum \$000	Total \$000
Carrying amount 1 July 2016	1,396	178	4	1	40	1619
Additions	-	-	68	-	-	68
Depreciation expense	(66)	-	(1)	(1)	(1)	(69)
Depreciation reversed on revaluation	191	-	-	-	4	195
Revaluation Surplus	60	15	-	-	1	76
<b>Carrying amount at 30 June 2017</b>	<b>1,581</b>	<b>193</b>	<b>71</b>	<b>-</b>	<b>44</b>	<b>1,889</b>
2016	Buildings \$000	Land \$000	Furniture and Fittings \$000	Office Equipment \$000	Arboretum \$000	Total \$000
Carrying amount 1 July 2015	1,460	178	4	1	42	1683
Additions	-	-	-	-	-	-
Depreciation expense	(64)	-	(1)	-	(1)	(67)
<b>Carrying amount at 30 June 2016</b>	<b>1,396</b>	<b>178</b>	<b>3</b>	<b>1</b>	<b>40</b>	<b>1,618</b>

### 4. Other Expenses

	Actual 2016/17 \$000	Actual 2015/16 \$000
Fees to Principal Auditor:		
<i>Audit Fees for Financial Statement Audit</i>	7	7
Operating Expenses		
<i>Property expenses</i>	20	41
<i>Art Gallery expenses</i>	59	45
<i>Other operating expenses</i>	21	24
<b>Total Other Expenses</b>	<b>107</b>	<b>117</b>

5. **Bank Accounts and Cash**

<b>Current Assets</b>	<b>Actual 2016/17 \$000</b>	<b>Actual 2015/16 \$000</b>
Cheque Account	93	118
<b>Net Bank Accounts and Cash for the purposes of the Statement of Cash Flows</b>	<b>93</b>	<b>118</b>

6. **Other Financial Assets**

	<b>Actual 2016/17 \$000</b>	<b>Actual 2015/16 \$000</b>
<b>Current Portion</b>		
Financial Assets Available for Sale		
Kiwibank Ltd - 5.80% - matures 15/12/2017	37	-
Air New Zealand Ltd - 6.90% - matures 15/11/2016	-	50
<b>Total Current Portion</b>	<b>37</b>	<b>50</b>
<b>Non-current Portion</b>		
Financial Assets Available for Sale		
<u>Bonds</u>		
Fonterra Co-op Group - 4.33% - mature 20/10/2021	50	50
ASB Bank Ltd - 4.25% - matures 26/05/2021	50	50
ASB Bank Ltd - 4.20% - matures 24/02/2022	50	-
Meridian Energy Ltd - 4.88% - matures 20/03/2024	30	-
Auckland International Airport - 4.23% - matures 09/11/2022	25	25
ANZ National Bank Ltd - 6.08% - matures 20/09/2018	50	50
Bank of New Zealand Bonds - 6.10% - matures 20/12/2018	50	50
Bank of New Zealand Fixed Rate - 5.57% - matures 25/06/2019	30	30
Bank of New Zealand Fixed Rate - 5.31% - matures 17/12/2025	75	75
Insurance Australia Group Ltd - 7.50% - matures 15/12/2036	-	50
Rabobank Nederland - 3.70% - perpetual capital notes	75	75
Kiwibank Ltd - 5.80% - matures 15/12/2017	-	37
ASB Bank Ltd - 5.06% - matures 18/07/2018	50	50
<u>Other Investments</u>		
Proportionate Ownership - Albany, Auckland	50	50
Proportionate Ownership - Manukau, Auckland	50	50
Proportionate Ownership - Porirua, Wellington	50	50
Proportionate Ownership - Henderson, Auckland	50	50
<b>Total Non-current Portion</b>	<b>735</b>	<b>742</b>
<b>Total Other Financial Assets</b>	<b>772</b>	<b>792</b>

# PERCY THOMSON TRUST

## 7. Debtors and Prepayments

	Actual 2016/17 \$000	Actual 2015/16 \$000
GST Refundable	3	1
Debtors	6	6
<b>Total Debtors and Prepayments</b>	<b>10</b>	<b>7</b>

## 8. Creditors and Accrued Expenses

	Actual 2016/17 \$000	Actual 2015/16 \$000
Creditors	25	5
Accrued Expenses	7	6
<b>Total Creditors and Accrued Expenses</b>	<b>32</b>	<b>11</b>

## 9. Employee Costs Payable

	Actual 2016/17 \$000	Actual 2015/16 \$000
Annual Leave	5	2
<b>Total Employee Costs Payable</b>	<b>5</b>	<b>2</b>

## 10. Equity

	Actual 2016/17 \$000	Actual 2015/16 \$000
<b>Opening Equity</b>		
Contributed Capital	0.1	0.1
Revaluation Reserve	746	746
Accumulated Surpluses	2,025	2,094
<b>Total Opening Balance</b>	<b>2,771</b>	<b>2,840</b>
<b>Movements during the year</b>		
Surplus (Deficit)	(66)	(69)
Revaluation during the year	271	-
<b>Total</b>	<b>205</b>	<b>(69)</b>
<b>Closing Equity</b>		
Contributed Capital	0.1	0.1
Revaluation Reserve	1,017	746
Accumulated Surpluses	1,959	2,025
<b>Total Closing Equity</b>	<b>2,976</b>	<b>2,771</b>

11. **Commitments and Leases**

	Actual 2016/17 \$000	Actual 2015/16 \$000
<b>Financial Commitments</b>		
* Percy Thomson Trust will provide building space in the Complex for the Information Centre to operate, for the period to 1 June 2019. with one further right of renewal for three	34	25
* Percy Thomson Trust will provide building space in the Complex for Sgt Peppers to operate, for the period to 1 June 2019, with one further right of renewal for three years.	28	-
* Percy Thomson Trust will provide land outside the Complex for NZ Post to use as a box lobby, for the period to 31 May 2018.	1	-
<b>Total</b>	<b>63</b>	<b>25</b>
<b>Operating Leases as a Lessor</b>		
Not later than one year	33	25
Later than one year and not later than five years	30	-
Later than five years	-	-
<b>Total</b>	<b>63</b>	<b>25</b>

12. **Related Party Transactions**

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

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

Trustees that have a relationship with Stratford District Council:

- Roger Hignett, Chairman to January 2017, was a Councillor to October 2016
- Viv Milner, Trustee, was a Councillor to October 2016
- Christine Craig, Trustee, is an employee of Stratford District Council
- Keryn Walsh, Trustee, became a Councillor in October 2016

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

	Actual 2016/17 \$000	Actual 2015/16 \$000
<b>Stratford District Council</b>		
Grant received from the Council	50	50
Rent received from Council for the Information Centre	18	25
Fees paid to Council for administration services	21	21

13. **Events after the Balance Date**

The Trust were advised by Rabobank in August 2017 that the perpetual bonds held with Rabobank were to be repaid in October 2017. These bonds are still recorded as a non-current asset as at 30 June 2017, as notification was not received until after balance date.

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

Explanations for major variances from the Trust's budgeted figures in the 30 June 2017 Statement of Intent are as follows:

**Statement of Financial Performance**

- \* Income is higher than budgeted due to the receipt of grant funding, however income from the lease to the Information Centre is less than budget, due to a smaller area being leased.
- \* Income from commissions is higher than budgeted due to the introduction of Percy's Place.
- \* Expenditure on exhibitions is higher than budget as external funding was received to cover the extra costs.

**Statement of Financial Position**

- \* Property, Plant and Equipment is higher than budget due to the increase in the revaluation of the trust's land and buildings. This also reflects in the increase in the Revaluation Reserves.