



PERCY THOMSON TRUST

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

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2021**

CONTENTS

	PAGE
Percy Thomson Trust Board.....	1
Percy Thomson Trust Staff.....	1
Chairman's Report.....	2-6
Report of the Auditor General.....	7-9
Statement of Service Performance.....	10-13
Financial Statements	
Statement of Financial Performance.....	14
Statement of Financial Position.....	15
Statement of Cash Flows.....	16
Entity Information.....	17
Statement of Accounting Policies.....	18-21
Notes to the Financial Statements.....	22-27

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 2021

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 2021. The period saw a bounce back from the effects of the Covid-19 lock down that adversely affected the previous year. In the 2020 year visitor numbers were 19,433 against the performance measure of 20,000, however 2021 surged to 24,314. This is reflected in the financials to the extent that they reflect visitor numbers although the overall financial performance suffered from lower grant income. The Trustees continue to note the effort of the Gallery Director and her team in the presentation of successful and innovative exhibitions providing opportunities for local and Taranaki artists and a mecca for residents of and visitors to Stratford.

Work has also been undertaken to refresh the arboretum with a focus on planting, signage and an enhanced visitor experience.

Financials

The overall operating position was affected by a shortfall in grant income compared to the previous year and to the budget. The tightening of criteria from the previously major sources of funding – the TET and the TSB Community Trust now TOI Foundation) – away from more general funding towards the funding of specific projects to meet specific criteria came at a time too late for us to reset our approaches. The Trust is focussing on this for the current year and beyond.

There was a cash deficit of \$11,000 from operating activities compared with the budgeted break-even position and a deficit of \$9,000 in the previous year. Grant income was \$22,000 lower than the previous year (which also included the Government wage subsidy), and \$32,000 lower than budget.

Direct income from the gallery being Commissions on exhibition sales and Percy's Place turnover, donations, "Friends" subscriptions and rental/hireage fees showed a welcome improvement on budget and the previous year to partially offset the lower grant income.

The Financial Position as shown in the "Statement of Financial Position" shows the total Trust Equity of \$2,874,000 – a decrease of \$91,000 being \$80,000 in depreciation and the \$11,000 cash deficit. Features to note are:

- Capital expenditure of \$15,000 on the Gallery building;
- A decrease in funds invested of \$75,000 from maturing bonds but offset by the increase in "Bank Accounts and Cash" of \$91,000.

Gallery Operations

The Gallery Director reports as follows:

Another year (financial) has come to a close. We have continued to perform above average in all areas, including income, visitor numbers, commissions and other targets. We have surpassed our 20,000 visitor target, which is quite remarkable really, considering absence of overseas tourists and the ongoing unsettling effect of Covid.

Sitters in Percy's Place take daily visitor tallies, and this is nearing 6000. This indicates that the gallery and the shop are major attractions for bringing visitors, and locals, to Prospero Place.

Shop sales have excelled, buoyed by a buying frenzy during the 2020 Garden Festival where we took more than the entire period for the previous financial year (Covid shut-down weeks during 2020 attributed to this, of course). Commissions were approximately \$18,000 with a further \$42,000 paid back to local artists.

Our exhibitions continue to be of a high calibre. The Taranaki Arts Trail Exhibition features more than 70 artists who will open their studios/homes etc. during the Trail over the two weekends during the Garden Festival in October /November. Next year, I have a spot in August reserved for the Trail exhibition which will be closer to the Trail dates. Unfortunately 'there was no room at the inn' for the exhibition to move this year.

I am delighted to report such a successful year. The gallery is highly respected and every day we receive positive comments from those who hark from the region and further afield.

A special thank you to Rhonda Vanstone who assisted with an application to Creative New Zealand for our upcoming 20th Birthday exhibition in December through to January 22. Funding applications are always so involved and time-consuming, but, at the end of the day, usually worth the time and energy. Fingers crossed. Funding will allow me to produce an anniversary booklet, including all participating artists and their stories to mark the occasion.

Investment Funds

The investment portfolio of the Trust is summarised as follows:

Category	Book Value as at 30 June 2021	Book Value as at 30 June 2020
Trading Bank Term Deposits	\$250,000	\$250,000
Bonds	\$155,000	\$280,000
Commercial Property through Proportionate Ownership Schemes and Property Investment Funds	\$447,000	\$447,000
Total	\$852,000	\$977,000

The reduction in bonds is from the maturity of two bond holdings. The funds from these maturities is reflected in the funds in our bank accounts.

The property investments continue to perform well, despite the challenges presented by the pandemic. The decision to participate in the various schemes and funds has 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)	Market Value (as at Balance Date of the investments of 31 March 2021)	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	\$288,284	\$231,388	7.80%	- Thermo Fisher Scientific 100%
Osterley Way, Manukau, Auckland – office building	\$50,000	\$79,282	\$51,985	9.25%	- IRD 98% - Other 2%
Todd Park, Porirua, Wellington – light office/ industrial complex	\$122,000	\$208,742	\$135,751	7.58%	- Place-makers 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	\$58,694	\$50,788	7.80%	- Tauranga City Council 49.8% - IRD 40.0% - Other (3) – retail & office 10.2%

Augusta Industrial Fund – light industrial mainly in Auckland	\$100,000	\$133,000	\$106,159	6.50%	The 48 tenants in 11 properties across three cities but weighted 73% to Auckland include Toll, Repco, Linfox, Fujitsu, Fletcher Building Steel Group, Macpac, Vulcan Steel, and Halls Refrigeration Transport (Icepak), D&H Steel Construction, Graphic Packaging, and TCI NZ. Overall occupancy is 96%.
Total	\$447,000	\$768,002	\$576,071	Average 7.61%	
		(33.3% increase)	(28.9% increase)		

The returns reflect a strong increase over the year. This reflects the strength of the property market and the rental profile of individual properties. With recent renewals of tenancies there is a notable reflection of this in the property values.

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% in 2021 but has returned to the 6.5% from March 2021. Some concessions were required for some of the tenants in the Cameron Road, Todd Park and Augusta properties. The cash reserves held within the Cameron Road and Todd Park 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.

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.** Work has commenced to enhance this part of the bequest with the New Zealand Plant Network.

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.

A handwritten signature in black ink, appearing to read 'Bruce Ellis', with a small flourish at the end.

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 2021

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 14 to 27, that comprise the statement of financial position as at 30 June 2021, 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 10 to 12.

In our opinion:

- the financial statements of the Trust on pages 14 to 27:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; 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 Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard; and
- the performance information of the Trust on pages 10 to 12 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 2021.

Our audit was completed on 30 November 2021. 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 Trust 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 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.

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.

PERCY THOMSON TRUST – AUDIT REPORT

The Trust 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 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.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.

PERCY THOMSON TRUST – AUDIT REPORT

- 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 6, 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 Statement of Intent;
- 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

PERCY THOMSON TRUST – PERFORMANCE

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 2020/21	Target 2020/21
Delivery of art exhibitions	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	<p><i>Achieved:</i> <i>Exhibitions that were unable to be delivered due to COVID-19:</i></p> <ul style="list-style-type: none"> • Taranaki Arts Trail • Stratford Art Society <p><i>Art exhibitions that were delivered throughout the year included the following:</i></p> <p>National –</p> <ol style="list-style-type: none"> 1. Adam Portraiture 2. Glass Art 2021 3. Matariki – Stephen Chadwick <p>Regional –</p> <ol style="list-style-type: none"> 1. Taranaki Arts Trail 2. Alby Carter - Retrospective 3. Aroaromahana – Taranaki Māori Artists 4. Emergence <p>Local –</p> <ol style="list-style-type: none"> 1. Stratford Art Society 2. Aotearoa Quilters 3. Reflections – the Art of Lockdown 4. # Make/Believe <p>(2019/20) – Achieved)</p>	<p><i>Deliver proposed art exhibitions which will include local, regional and at least 1 National.</i></p>

PERCY THOMSON TRUST – PERFORMANCE

Level of Service	Performance Measures	Actual 2020/21	Target 2020/21
	Number of visitors to the Gallery to be not less than 20,000 per year.	<p><i>Achieved:</i> <i>There were 24,314 visitors for the year.</i></p> <p>(2019/20 – Not Achieved – 19,433 – reduced numbers were as a direct result of the closure of the gallery due to Covid-19)</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 of available grant funding. "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>(2019/20 – Not 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>(2019/20) - 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 is 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 2021/22 year.</i></p> <p>(2019/20 – Not achieved – The trust continue to look for an alternative arrangement to deliver the herbarium via a third party, it is expected that the herbarium will be delivered online in the 2020/21 year)</p>	Deliver the herbarium via the internet.

PERCY THOMSON TRUST – PERFORMANCE



Bronze figurines - Stratford Art Society exhibition, May 2021 (Peter Hanly)



Ceramics - # Make/Believe exhibition, January 2021 (Amy Brennan)

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2021

	Note	Actual 2020/21 \$000	Budget 2020/21 \$000	Actual 2019/20 \$000
Revenue				
Council Funding - Grant		50	52	50
Sale of Goods and Services		82	60	59
Interest, Dividends and Other Investment Revenue		49	54	52
Other Grants, Subsidies and Donations Received	1	13	45	35
Total Revenue		194	211	196
Expenses				
Employee-related Costs	2	111	98	102
Depreciation of Property, Plant and Equipment	3	80	75	76
Other Expenditure	4	94	113	103
Total Expenses		285	286	281
Surplus/(Deficit) from operations		(91)	(75)	(85)

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

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	Actual 2020/21 \$000	Budget 2020/21 \$000	Actual 2019/20 \$000
Assets				
Current Assets				
Bank Accounts and Cash	5	132	51	41
Investments		250	250	250
Other Financial Assets	6	50	-	50
Debtors and Prepayments	7	3	10	3
Total Current Assets		435	311	344
Non-Current Assets				
Property, Plant and Equipment	3	1,907	1,820	1,972
Other Financial Assets	6	552	727	677
Total Non-Current Assets		2,459	2,547	2,649
Total Assets		2,894	2,857	2,993
Liabilities				
Current Liabilities				
Creditors and Accrued Expenses	8	14	5	20
Employee Costs Payable	9	6	2	8
Total Current Liabilities		20	7	28
Total Liabilities		20	7	28
Trust Equity				
Accumulated Surpluses	10	1,666	1,726	1,757
Contributed Capital	10	0.1	0.1	0.1
Revaluation Reserve	10	1,207	1,124	1,207
Total Equity		2,874	2,850	2,965
Total Liabilities & Equity		2,894	2,857	2,993

The accompanying notes form part of these financial statements.

The Trust Board is approved and authorised to issue the financial statements on 30 November 2021.



B Ellis
CHAIRMAN
30 November 2021



C Craig
TRUSTEE
30 November 2021

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	Actual 2020/21 \$000	Actual 2019/20 \$000
Cash Flows from Operating Activities			
Receipts of Council Funding		50	50
Receipts from Sale of Goods and Services		74	68
Interest, Dividends and Other Investment Revenue		48	55
Receipts of Other Grants and Donations		13	35
Payments to Suppliers and Employees		(203)	(243)
Goods and Services Tax (net)		(1)	1
Net Cash flow from Operating Activities		(20)	(34)
Cash Flows from Investing and Financing Activities			
Receipts from Sale of Investments		125	-
Payments to Acquire Property Plant and Equipment		(15)	(48)
Payments to Acquire Investments		-	(72)
Net Cash flow from Investing and Financing Activities		110	(120)
Net (Decrease)/Increase in Cash for the year		90	(154)
Add opening bank accounts and cash		41	195
Closing bank accounts and cash	5	131	41

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

PERCY THOMSON TRUST ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

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 2021

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.

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%).

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 Received

	Actual 2020/21 \$000	Actual 2019/20 \$000
Grant - Taranaki Electricity Trust	3	3
Grant - TSB Community Trust	10	10
Wages subsidy	-	23
Total Other Grants Received	13	35

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

2. Employee-related Costs

	Actual 2020/21 \$000	Actual 2019/20 \$000
Salaries and Wages	109	99
Kiwisaver Contributions	3	3
Increase/(Decrease) in Employee Entitlements	(1)	1
Total Employee-related Costs	111	102

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

3. Property, Plant and Equipment

	Buildings	Land	Furniture and Fittings	Office Equipment	Arboretum	Work in Progress - buildings	Total
2021	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost / Revaluation 1 July 2020	1,687	235	105	10	50	-	2,087
Less Accumulated depreciation	69	-	39	5	2	-	115
Carrying amount 1 July 2020	1,618	235	66	5	48	-	1,972
Additions	10	-	-	3	2	-	15
Transfers	-	-	-	-	-	-	-
Depreciation expense	(73)	-	(5)	(1)	(2)	-	(80)
Carrying amount at 30 June 2021	1,555	235	61	7	49	-	1,907

	Buildings	Land	Furniture and Fittings	Office Equipment	Arboretum	Work in Progress - buildings	Total
2020	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount 1 July 2019	1,452	193	71	2	42	50	1810
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	49	-	1,972

4. Other Expenses

	Actual 2020/21 \$000	Actual 2019/20 \$000
Fees to Principal Auditor		
<i>Audit Fees for Financial Statement Audit</i>	8	8
Operating Expenses		
<i>Property expenses</i>	20	27
<i>Art Gallery expenses</i>	43	45
<i>Other operating expenses</i>	22	23
Total Other Expenses	94	103

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

5. Bank Accounts and Cash

Current Assets

	Actual 2020/21 \$000	Actual 2019/20 \$000
Cheque Account	132	41
Net Bank Accounts and Cash for the purposes of the Statement of Cash Flows	132	41

6. Other Financial Assets

	Actual 2020/21 \$000	Actual 2019/20 \$000
Current Portion		
Financial Assets Available for Sale		
ASB Bank Ltd - 4.25% - matured 26/05/2021	-	50
Fonterra Co-op Group - 4.33% - mature 20/10/2021	50	-
Total Current Portion	50	50
Non-current Portion		
Financial Assets Available for Sale		
<u>Bonds</u>		
Fonterra Co-op Group - 4.33% - mature 20/10/2021	-	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 - 4.28% - matures 09/11/2022	25	25
Bank of New Zealand Fixed Rate - 5.31% - matured 17/06/2021	-	75
<u>Other Investments</u>		
Proportionate Ownership - Albany, Auckland	50	50
Proportionate Ownership - Manukau, Auckland	50	50
Proportionate Ownership - Porirua, Wellington	122	122
Proportionate Ownership - Albany, Auckland	75	75
Proportionate Ownership - Tauranga	50	50
Proportionate Ownership - Henderson, Auckland	100	100
Total Non-current Portion	552	677
Total Other Financial Assets	602	727

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

7. Debtors and Prepayments

	Actual 2020/21 \$000	Actual 2019/20 \$000
GST Refundable	1	-
Debtors	2	3
Total Debtors and Prepayments	3	3

8. Creditors and Accrued Expenses

	Actual 2020/21 \$000	Actual 2019/20 \$000
Creditors	3	1
Income received in advance	1	10
Accrued Expenses	11	9
Total Creditors and Accrued Expenses	14	20

9. Employee Costs Payable

	Actual 2020/21 \$000	Actual 2019/20 \$000
Annual Leave	7	8
Total Employee Costs Payable	7	8

10. Equity

	Actual 2020/21 \$000	Actual 2019/20 \$000
Opening Equity		
Contributed Capital	0.1	0.1
Revaluation Reserve	1,207	1,017
Accumulated Surpluses	1,757	1,842
Total Opening Balance	2,965	2,859
Movements during the year		
Surplus (Deficit)	(91)	(85)
Revaluation during the year	-	190
Total	(91)	106
Closing Equity		
Contributed Capital	0.1	0.1
Revaluation Reserve	1,207	1,207
Accumulated Surpluses	1,666	1,757
Total Closing Equity	2,874	2,965

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

11. Commitments and Leases

	Actual 2020/21 \$000	Actual 2019/20 \$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.	13	27
* Percy Thomson Trust will provide building space in the Complex for Juffermans Surveyors Ltd to operate, for the period to 12 April 2026, with two further rights of renewals of three years each.	86	-
* 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.	1	2
Total	100	29
Operating Leases as a Lessor		
Not later than one year	32	15
Later than one year and not later than five years	68	14
Later than five years	-	-
Total operating leases as a lessor	100	29

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.

Trustees that have a relationship with Stratford District Council:

- Gloria Webby, Deputy Chairman, is a Councillor
- Christine Craig, Trustee, is an employee of Stratford District Council

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

	Actual 2020/21 \$000	Actual 2019/20 \$000
Stratford District Council		
Grant received from the Council	50	50
Rent received from Council for the Information Centre	12	18
Fees paid to Council for administration services	21	21

13. Events After the Balance Sheet Date

There were no significant events after balance date 30 June 2021.

14. Explanations of major variances against budget

Explanations for major variances from the Trust's budgeted figures in the 30 June 2021 Statement of Intent are as follows:

Statement of Financial Performance

- * Revenue from gallery hire and commissions was higher than budget due to the ongoing success of Percy's Place, and the increased sales of art works from gallery exhibitions.
- * Revenue from grants was less than budget due to the current market situation, however the Trust are actively seeking alternative sources of grant funding.

Statement of Financial Position

- * The land and buildings were revalued during the 2019/20 year, and the new valuations were higher than anticipated.
- * The cash balance was higher than budget due to the maturity of bonds, however the balance of bonds held also reduced accordingly.