



PERCY THOMSON TRUST

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

SIX MONTHLY REPORT
FOR THE PERIOD ENDED
31 DECEMBER 2019

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PERCY THOMSON TRUST BOARD

Chairman: Bruce Ellis

Trustees: Keryn Walsh
Gloria Webby
Christine Craig
Jim Clarkson

PERCY THOMSON TRUST STAFF

As At 31 December 2018

Gallery Director – Rhonda Bunyan

Part-time Gallery Assistants

- Amy Taunt
- Michelle Rowland
- Isaac Ander
- Sue Morton
- Bill Davies
- Gayleen Schrider
- Kylie Hancock
- Carina McQueen
- Donna Hitchcock

CHAIRMAN'S REPORT

On behalf of the Trust it is my pleasure to present the report for the six months ended 31 December 2018. This has brought us to the end of a successful year culminating in the opening of the outstanding "I AM WOMAN" exhibition featuring 69 Taranaki female artists, and a number of invited female guests, organised to celebrate the 125th anniversary of Woman's suffrage in New Zealand.

Financials

The cash surplus to the end of December stands at \$25,375 compared with the budget of \$14,245. The timing of the receipt of external funding (received earlier in 2018) is the main reason for the increase. The detailed breakdown shows some elements that are under stress.

The current projection for the full year shows a cash deficit of \$8,401 compared with the budgeted surplus of \$250.

The challenges for the Trust have been the relatively low level of interest rates available for surplus cash and maturing investments. We continue to seek external funding to make up this shortfall. To this end we remain particularly thankful to the TSB Community Trust and the Taranaki Electricity Trust for the support they give operationally and for major exhibitions.

Exhibitions

The Statement of Intent sets the annual visitor target to 30 June at 20,000. We are now consistently ahead of this as shown in the following table:

	<u>2017</u>	<u>2018</u>
6 months from 1 January to 30 June	12,569	11,508
6 months from 1 July to 31 December	12,576	13,450
Total for calendar year	<u>25,145</u>	<u>24,958</u>

This achievement is confirmation of the standing of the gallery and the consistently high standard of the exhibitions, some of which are of an outstanding national standard.

Property Issues

It seems to have been a long haul to get to the bottom of the problems with the air conditioning system. After replacing the old system (that was required in any case), the architect has pinpointed problems with the original construction that has not allowed sufficient breathing space above the storeroom. We look forward in our next report to being able to advise that all is operating as it should.

In the forthcoming period we will need to find a replacement for the tenancy currently occupied by the Information Centre when it moves to the Library in mid-year. The challenge will be for us to maintain (or even increase) the rental level.

Percy's Place

This retail space continues to be a success being an attractive space for local artists to sell their wares and to return an acceptable level of income to the Trust.

Summary

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

Bruce Ellis

CHAIRMAN

PERCY THOMSON TRUST

PERCY THOMSON TRUST ENTITY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

Legal name

Percy Thomson Trust (the Trust).

Type of entity and legal basis

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

The Trust's purpose or mission

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

Structure of the Trust's operations, including governance arrangements

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

Main sources of the Trust's cash and resources

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

Outputs

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

STATEMENT OF ACCOUNTING POLICIES FOR THE PERIOD TO 31 DECEMBER 2018

ACCOUNTING POLICIES APPLIED

Basis of Preparation

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

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

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

Goods and Services Tax

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

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Grants

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

Sale of goods

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

Sale of services

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

Interest revenue

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

Employee related costs

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

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

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

Advertising, marketing, administration, and other costs

These are expensed when the related service has been received.

Bank accounts and cash

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

Debtors

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

Investments

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

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

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

Property, plant, and equipment

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses.¹⁸

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 from its fair value. Land and buildings were valued as at 1 July 2019 by Telfer Young (NZ) Ltd, independent valuers.

Revaluation increases and decreases will be transferred to equity.

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

Employee costs payable

A liability for employee costs payable is recognised when an employee has earned the entitlement.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date.

Income tax

Tax expense is calculated using the taxes payable method. As a result, no allowance is made for deferred tax.

Tax expense includes the current tax liability and adjustments to prior year tax liabilities.

Budget figures

The budget figures are derived from the statement of intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Tier 2 PBE Accounting Standards applied

The Trust has applied any Tier 2 Accounting Standards for asset revaluations only, in preparing its financial statements. This was to bring consistency in property revaluations between the trust and its parent, Stratford District Council.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to the accounting policies during the year.

PERCY THOMSON TRUST

PERCY THOMSON TRUST

COST OF SERVICE STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2018

<u>Six months</u> <u>to</u> <u>31-Dec-17</u>		<u>Year to</u> <u>Date</u> <u>Actual</u>	<u>Year to</u> <u>Date</u> <u>Budget</u>	<u>2018/19</u> <u>Annual</u> <u>Budget</u>	<u>Projected</u> <u>Year End</u>
\$		\$	\$	\$	\$
	<u>PROPERTY</u>				
	Property Revenue				
7,050	Café Lease	7,050	7,050	14,100	14,100
500	Post Box Lobby Rental	600	500	1,000	1,200
17,800	Information Centre Lease	17,800	17,800	17,800	17,800
25,350	Total Property Revenue	25,450	25,350	32,900	33,100
	Property Expenditure				
-	Cleaning Services	-	25	50	-
35,394	Depreciation	36,099	35,500	71,000	72,200
5,199	Insurance	4,905	5,500	5,500	4,905
1,353	Rates (Services Only)	1,377	1,500	1,500	1,377
6,825	Repairs and Maintenance Building	10,095	6,150	12,300	12,300
-	Repairs and Maintenance Arboretum	-	1,250	2,500	2,500
-	Repairs and Maintenance Herbarium	-	100	200	200
48,771	Total Property Expenditure	52,476	50,025	93,050	93,482
(23,421)	Profit (Loss) from Property	(27,026)	(24,675)	(60,150)	(60,382)

PERCY THOMSON TRUST



<u>Six months</u> <u>to</u> <u>31-Dec-17</u>		<u>Year to</u> <u>Date</u> <u>Actual</u>	<u>Year to</u> <u>Date</u> <u>Budget</u>	<u>2018/19</u> <u>Annual</u> <u>Budget</u>	<u>Projected</u> <u>Year End</u>
\$		\$	\$	\$	\$
	<u>ART GALLERY</u>				
	Art Gallery Revenue				
1,295	Membership and "Friends" Donations	1,370	1,300	1,300	1,500
5,385	Rental/Hireage	5,743	5,000	10,000	10,500
966	Donation Box	995	1,000	2,000	2,000
6,669	Commission - Percy's Place	5,520	5,000	10,000	10,000
2,607	Commission - Gallery	475	1,750	3,500	1,500
16,922	Total Art Gallery Revenue	14,103	14,050	26,800	25,500
	Art Gallery Expenditure				
278	ACC Levy	319	300	300	319
8,366	Energy Costs	8,348	9,000	18,000	17,500
2,122	Insurance	580	580	2,200	2,200
109	Miscellaneous	720	100	200	1,000
229	Printing & Stationery	-	-	-	-
9,959	Programme	9,248	10,000	20,000	20,000
6,420	Major Exhibition	10,216	10,000	10,000	12,000
288	Publications & Subscriptions	242	250	500	500
-	Staff training	495	750	1,500	1,500
45,630	Salary & Wages and Employee Costs	48,891	46,000	92,000	92,000
720	Telephone & Tolls	723	750	1,500	1,500
74,121	Total Art Gallery Expenditure	79,782	77,730	146,200	148,519
(57,199)	Profit (Loss) from Art Gallery	(65,679)	(63,680)	(119,400)	(123,019)

PERCY THOMSON TRUST

<u>Six months</u> <u>to</u> <u>31-Dec-17</u>		<u>Year to</u> <u>Date</u> <u>Actual</u>	<u>Year to</u> <u>Date</u> <u>Budget</u>	<u>2018/19</u> <u>Annual</u> <u>Budget</u>	<u>Projected</u> <u>Year End</u>
\$		\$	\$	\$	\$
	<u>TRUST INVESTMENTS</u>				
	Investment Revenue				
21,971	Interest	23,016	27,000	54,000	50,000
50,000	Stratford District Council Grant	50,000	50,000	50,000	50,000
-	External Funding	-	18,000	36,000	-
25,000	TSB Community Trust	24,000	-	-	24,000
10,000	Taranaki Electricity Trust	10,000	-	-	10,000
106,971	Total Investment Revenue	107,016	95,000	140,000	134,000
	Trust Investment Expenditure				
20,600	Administration	20,600	20,600	20,600	20,600
-	Audit Fees	-	-	8,500	8,500
1,750	Insurance - Trustees Liability	-	-	1,800	1,800
300	Investment Expenses	370	300	300	300
22,650	Total Trust Investment Expenditure	20,970	20,900	31,200	31,200
84,321	Profit (Loss) from Trust Investments	86,046	74,100	108,800	102,800

PERCY THOMSON TRUST

SUMMARY COST OF SERVICE STATEMENT FOR THE PERCY THOMSON TRUST FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2018

<u>Actual</u> <u>to</u> <u>31 December</u> <u>2017</u>		<u>Actual</u> <u>to</u> <u>31 December</u> <u>2018</u>	<u>Budget</u> <u>to</u> <u>31 December</u> <u>2018</u>	<u>2018/19</u> <u>Annual</u> <u>Budget</u>	<u>Projected</u> <u>Year End</u>
\$		\$	\$	\$	\$
	<u>REVENUE</u>				
25,350	Property	25,450	25,350	32,900	33,100
16,922	Art Gallery	14,103	14,050	26,800	25,500
106,971	Other Investments	107,016	95,000	140,000	134,000
149,243	Total Revenue	146,569	134,400	199,700	192,600
	<u>OPERATING EXPENDITURE</u>				
48,771	Property	52,476	50,025	93,050	93,482
74,121	Art Gallery	79,782	77,730	146,200	148,519
22,650	Other Investments	20,970	20,900	31,200	31,200
145,542	Total Operating Expenditure	153,228	148,655	270,450	273,201
3,701		(6,659)	(14,255)	(70,750)	(80,601)
3,701	Transferred to Accumulated Surpluses	(6,659)	(14,255)	(70,750)	(80,601)
3,701	Net Surplus (Deficit)	(6,659)	(14,255) 	(70,750)	(80,601)
35,394	Add back depreciation (non-cash)	36,099	35,500 	71,000	72,200
39,095	Cash Surplus (Deficit)	29,440	21,245	250	(8,401)

PERCY THOMSON TRUST

PERCY THOMSON TRUST STATEMENT OF FINANCIAL PERFORMANCE FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2018

	Actual to 31 Dec 18 \$000	Budget to 31 Dec 18 \$000	Budget 2018/19 \$000	Actual to 31 Dec 17 \$000
Revenue				
Sale of Goods and Services	40	39	60	42
Council Funding - Grant	50	50	50	50
Interest, Dividends and Other Investment Revenue	23	27	54	22
Other Grants and Donations Received	34	18	36	35
Total Revenue	147	134	200	149
Expenses				
Employee related costs	49	46	92	46
Depreciation of Property, Plant and Equipment	36	36	71	35
Other expenditure	68	67	107	65
Total Expenses	153	149	270	146
Net Operating Surplus (Deficit) for the period	(7)	(14)	(71)	4

PERCY THOMSON TRUST

STATEMENT OF FINANCIAL POSITION FOR PERCY THOMSON TRUST FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2018

<u>Actual for the</u> <u>Year Ended</u> <u>30-Jun-18</u> \$000	<u>Actual for</u> <u>the Six Months</u> <u>as at 31 Dec</u> <u>2017</u> \$000		<u>Actual</u> <u>Year to Date</u> \$000
<i>ASSETS</i>			
<u>Current Assets</u>			
135	220	Bank Accounts and Cash	307
250	250	Investments	250
180	-	Other Financial Assets	30
6	4	Debtors and Prepayments	5
571	474	Total Current Assets	592
<u>Non-Current Assets</u>			
530	660	Other Financial Assets	530
1,828	1,861	Property, Plant and Equipment	1,794
2,358	2,521	Total Non-Current Assets	2,324
2,929	2,995	Total Assets	2,916
<i>LIABILITIES AND EQUITY</i>			
<u>Current Liabilities</u>			
12	9	Creditors and Accrued Expenses	6
6	5	Employee Costs Payable	6
19	15	Total Current Liabilities	12
<u>Trust Equity</u>			
0	0	Contributed Capital	0
1,893	1,963	Accumulated Surpluses	1,886
1,017	1,017	Revaluation Reserve	1,017
2,910	2,980	Total Trust Equity	2,903
2,929	2,995	Total Liabilities & Equity	2,916

PERCY THOMSON TRUST

STATEMENT OF CASHFLOWS OF THE PERCY THOMSON TRUST FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2018

<u>Actual for</u> <u>the Six Months</u> <u>Ended 31 Dec</u> <u>2017</u> \$000		<u>Year to Date</u> <u>Actual</u> \$000
	<u>Cash Flows from Operating Activities</u>	
50	Receipts of Council Funding	50
36	Receipts from Sale of Goods and Services	40
22	Interest, Dividends and Other Investment Revenue	23
35	Receipts of Other Grants and Donations	34
(128)	Payments to Suppliers and Employees	(125)
0	Goods and Services Tax (net)	0
15	Net Cash Flow from Operating Activities	22
	<u>Cash Flows from Investing and Financing Activities</u>	
362	Receipts from Sale of Investments	400
(250)	Payments to Acquire Investments	(250)
112	Net Cash Flow from Investing and Financing Activities	150
127	Net (Decrease)/Increase in Cash for the period	172
93	Add opening bank accounts and cash	135
220	Closing Bank Accounts and Cash	307

PERCY THOMSON TRUST

OTHER EXPLANATORY NOTES AS AT 31 DECEMBER 2018

Note 1 Property, Plant and Equipment

	Carrying Amount	Additions	Depreciation	Carrying Amount
	1/07/18		to 31/12/18	31/12/18
	\$000		\$000	\$000
Building	1,516	-	(33)	1,483
Land	193	-	-	193
Arboretum	43	-	(1)	42
Furniture and Fittings	74	-	(3)	71
Office Equipment	3	-	(0)	3
Work in Progress	-	2	-	2
Total	1,828	2	(36)	1,794

Note 2 Related Party Transactions

a) **Stratford District Council**

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

The Trust receives \$17,800 per annum for

The Trust also pays \$20,600 per annum

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

Key Management and Trustees

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

K Walsh, Trustee, is a Councillor of Stratford District Council.

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

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

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

Note 3 Post Balance Date Events

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

Note 4 Contingent Liabilities

The Trust has no contingent liabilities as at 31 December 2018 (2017 - \$Nil)

Note 5 Dividends

There will be no dividend payable to Stratford District Council.