

9 February 2024

NOTICE OF MEETING

Notice is hereby given that the meeting of the Percy Thomson Trust will be held at the Council Committee Room, Stratford District Council, 63 Miranda Street, Stratford on ***Thursday 15 February 2024.***

If you are unable to make it please notify myself no later than Wednesday 14 February 2024 on (06) 765 6099 or by email to creynolds@stratford.govt.nz.

Yours faithfully
B Ellis
CHAIRMAN

Per: Carissa Reynolds
HR and Governance Administrator

AGENDA

PERCY THOMSON TRUST

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



F16/1072 - D24/5070

Date: Wednesday 13 December 2023 at 4pm
Venue: Committee Room, Stratford District Council, 63 Miranda Street,
Stratford

Opening Karakia

1. Announcements
2. Apologies
3. Confirmation of Minutes

3.1 Meeting - Wednesday 13 December 2023
The minutes of the Ordinary Meeting are attached.

Recommendation

THAT the minutes of the Percy Thomson Trust Ordinary Meeting held on Wednesday 13 December 2023 be confirmed.

/
Moved/Seconded

3.2 Meeting - Thursday 25 January 2024
The minutes of the Extraordinary Meeting are attached.

Recommendation

THAT the minutes of the Percy Thomson Trust Extraordinary Meeting held on Thursday 25 January 2024 be confirmed.

/
Moved/Seconded

4. Correspondence

- 4.1 Inwards
 - 4.1.1 Email – Marsh Limited – Trustee Liability Insurance Policy Schedule 2022-2023
- 4.2 Outwards

Recommendation

THAT the inwards correspondence be received.

/
Moved/Seconded

5. **Statement of Intent**

The Draft Statement of Intent for the period of 1 July 2024 – 30 June 2027 is attached.

Recommendation

THAT the Statement of Intent for the period 1 July 2024 to 30 June 2027 be adopted.

/
Moved/Seconded

6. **Six Monthly Report**

The Six Monthly Report for the period ended 31 December 2023 is attached

Recommendation

THAT the Six Monthly Report for the period ended 31 December 2023 be received.

/
Moved/Seconded

7. **Financial Statements**

The financial statement for the months of November and December 2023 are attached.

Recommendation

THAT the financial statement for the months of November and December 2023 as presented, be received.

/
Moved/Seconded

8. **Investment Performance**

A report on Investment Performance will be presented.

Recommendation

THAT the Investment Performance Report be received.

/
Moved/Seconded

9. **Arboretum & Herbarium Report**

A verbal report will be presented.

Recommendation

THAT the arboretum and herbarium updates be received.

/
Moved/Seconded

10. Gallery Director's Report

The Gallery Director's report will be presented.

Recommendation

THAT the report Gallery Director's report be received.

/
Moved/Seconded

11. Matters Outstanding

The Matters outstanding are attached.

11. General Business

11.1 Any other business

11.2 Next Meeting

The next meeting of the Percy Thomson Trust is to be held on Thursday 18 April 2024 at 4pm.

Closing Karakia



Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai
Ā hauora
Ā haukaha
Ā haumāia
Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

I draw in (to my being)
The reviving essence
The strengthening essence
The essence of courage
Above, Below
Within, Around
Let there be peace.

PERCY THOMSON TRUST

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



MINUTES OF MEETING OF THE PERCY THOMSON TRUST HELD AT THE PERCY THOMSON GALLERY ON WEDNESDAY 13 DECEMBER 2023 AT 4PM

PRESENT

Chairman Bruce Ellis and Trustees - Councillor Ellen Hall, Christine Craig, Doug Robinson, Deborah Clough, Jim Clarkson and Helen Cloke.

IN ATTENDANCE

The HR and Governance Administrator – Carissa Reynolds and the Gallery Director – Laura Campbell (*part-meeting*).

Opening Karakia

1. Announcements

- Mr Ellis suggested that unless there is something specific which needed to be discussed the decision about the future of the Trust be postponed until a meeting on 26 January 2024. Mrs Craig noted Council are needing direction going forward, and have requested this before Christmas, which means a decision needs to be made today. She also noted the Statement of intent deadline is February, and why would this be done if the Trust was being dissolved. Mr Ellis questioned the Trust could have a Statement of Intent with decisions which have not been made.
- Mr Ellis noted there are issues with the time available for this meeting, which also includes several operational matters. He noted there are resolutions presented in the agenda, and if for instance the Trust went with option three, a hybrid, there is a lot of work to be done to work out the detail on what hybrid means, and he does not think the Trust is in a position to do that.
- Mr Clarkson noted he believes when the Trust makes a decision there should be a memorandum along with that decision. Mrs Craig advised that could be put in the resolution.

Recommendation

THAT the Trust goes into committee to discuss the future of the Percy Thomson Trust

ELLIS/HALL
Carried

Recommendation

THAT the Trust comes out of committee.

ROBINSON/CRAIG
Carried

2. Apologies

No apologies received.

3. Confirmation of Minutes

Meetings - Thursday 26 October 2023

The minutes of the Ordinary Meeting Thursday 26 October 2023 were attached.

Recommendation

THAT the minutes of the Percy Thomson Trust Ordinary Meeting held on Thursday 26 October 2023 be confirmed as a true and accurate record.

ELLIS/CRAIG
Carried

The HR & Governance Administrator undertook to make the following amendments:

- Updated Mr Cloke to Mrs Cloke.
- Included Mrs Clough as in attendance.

- Updated the statement in the Arboretum and Herbarium Report to include the word Council “The Chairman noted he had come to the feeling that the Trust can give the arboretum to Council to look after as they do with other parks and reserves.”

4. Correspondence

Inwards

Nil

Outwards

Nil

5. Future of the Percy Thomson Trust

- Discussed during announcements.

Recommendation

~~Option 1 – Operating as is.~~

~~Option 2 – Folding up the Trust with the activities becoming part of the Council. This would entail the bequest annuity being ringfenced for its income and capital being solely reserved for the gallery and arboretum.~~

~~Option 3 – A hybrid that allows for buildings and/or staffing to be provided by the Council, with the Trust continuing to operate.~~

THAT The Trustees agree in principle, as concerns the future of the trust, that a hybrid solution be put in place that allows for buildings and staffing to be provided by the Council with the trust continuing to operate. Further, that the trust meets in late January to create a draft memorandum of understanding to be presented to Council to govern the ongoing operations of the Gallery and Arboretum.

ELLIS/ROBINSON
Carried

6. Financial Statements

The payment list for the months of September and October 2023 is attached.

Recommendation

THAT the payment list for the months of September and October 2023 as presented, be received.

ELLIS/CRAIG
Carried

Points noted in discussion:

- Mrs Craig noted the Trust was currently \$70,000 below breaking even.
- It was clarified the Council grant was paid in November, however the financials presented are for September and October.
- Mrs Clough noted she always questions the grant given by Council as the Trusts expenses have increased but the grant has not. She believes Council thinks they are doing the Trust a favour by giving the Trust the funding, but it is not helping as much as it should be.

7. Investment Performance

The Investment Performance was not discussed.

8. Arboretum and Herbarium Report

- Mr Clarkson advised he went to the Arboretum today and it is very weedy, with a lot of rubbish floating around. He noted the rubbish came from Mitre 10, which is usually so he went down to Mitre 10 where the Manager initially said it was because it had been windy.

Mr Robinson advised he had been picking up their rubbish for eight years, and the Manager saw loose plastic in their yard and rushed to pick it up.

Recommendation

THAT the report be received.

CLOKE/ELLIS
Carried

9. Gallery Director's Report

The Gallery Director's Report was attached.

The Gallery Director Noted:

- The Health and Safety Officer has discussed the option of using spare lone worker devices. Mrs Clough questioned how these devices work. It was advised the devices were monitored by Safety Direct. Mrs Clough sought clarification on what happens in an emergency, it was advised that the monitoring company would talk through the device and if there was an emergency, they would alert emergency services. Mrs Clough noted this is not ideal on the weekend when the Stratford Police station is not manned, and the closest Police are in New Plymouth.
- Due to the theft in the Gallery the Gallery Director has looked into installing camera's. Indication is this would cost approximately \$800 to install.
- The Gallery Director sought approval for Amy Hill's maternity leave. Mr Ellis noted he would like to advertise for her position in January, on the basis of 20 hours per week, with 10 extra hours on a changeover week. He noted Amy has indicated she would may like to reduce her hours when she returns. It was advised this cannot be advertised without notice of maternity which Amy has not yet provided. The Gallery Director will advise her of this.

Noted in Discussion:

- Mrs Clough noted she would like to see how many people come from out of town to visit the Gallery, to give these figures to Council. It was advised this would be very difficult and likely require another staff member to gather this information, or newer technology.
- The prices of the Gallery hire were discussed. The Gallery Director will bring a table of suggested charges to February's meeting for a decision.
- Mrs Craig noted she has received an email from the Health and Safety Advisor noting the non-compliance of Council's Health and Safety Policies during the painting of the Prospero Place sign. The Gallery Director noted it was a miscommunication, she had been waiting for days to hear back from Owen, who was supposed to turn up at 9am on the Monday morning but did not until later in the day. It was noted the Health and Safety Advisor declined the JSA presented, and informed the artist and the Gallery Director that a safety management plan at minimum would need to be put in place, free of charge, however this was not confirmed by the artist or the Gallery Director so was not put in place. The Gallery Director advised there was miscommunication.
- Councillor Hall noted she had taken the sign issue up with Sven who was on board with it being painted on the condition it complied with Council's Health and Safety requirements, she noted it is disappointing to hear this did not happen.
- Mrs Cloke noted she applauds the Gallery Director for getting the sign painted.

Recommendation

THAT the maternity leave cover of the position of Gallery Assistant be advertised in January, subject to the Trust receiving notice of Maternity Leave application.

CRAIG /ELLIS
Carried

Recommendation

THAT the Gallery Director's report be received.

CLOKE/CLARKSON
Carried

10. Matters Outstanding

- Matters outstanding were not discussed.

11. General Business

10.1 Any other business

10.2 Next Meeting

The next meeting of the Percy Thomson Trust is to be held Thursday 15 February 2024 at 4pm at the Percy Thomson Gallery.

Closing Karakia

The closing Karakia was read.

Meeting closed at 5.31.pm.

B Ellis
CHAIRMAN

MATTERS OUTSTANDING

ITEM OF MATTER	MEETING RAISED	RESPONSIBILITY	CURRENT PROGRESS	EXPECTED RESPONSE
Strategy Meeting	April 2023	Bruce		September
Legal agreements – Aboard Exhibition <ul style="list-style-type: none"> - Confirmation of 30% of commission for sales - \$1,000 per venue showing exhibition fee 	March 2023	Laura / Bruce	Finalising after exhibition at Percy Thomson Gallery	October
The trust becoming members of the New Zealand Plant Conservation Network	Unknown	Bruce	To be done by 30 June	2022 before strategy meeting
New roof/ roof repair to be completed	October 2022	Assets Department	Tenders closed – Exploring options The Property Officer going to Central Roofing to enquire about a new roof over old roof.	Following strategy meeting
Trees close to Gallery Trimming	June 2023	Sara		
Investment Performance	Raised in Deloitte Management Report	Bruce	For August Agenda	June 2023 October
Review of Investment Policy	Raised in Deloitte Management Report	Bruce	For August Agenda	June 2023 October
Bench Plaques	June 2023	Helen		October
Funding meeting with TOI - roof	June 2023	Bruce		October
Smaller Signs for Arboretum	June 2023	Jim		December

MINUTES

PERCY THOMSON TRUST

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



F16/1072 - D24/2852

Percy Thomson Trust Extraordinary Meeting
Date: Thursday 25 January 2024 at 4.00PM
Venue: Council Committee Room, 63 Miranda Street, Stratford

PRESENT

Chairman Bruce Ellis and Trustees - Councillor Ellen Hall, Christine Craig, Doug Robinson, Deborah Clough, Jim Clarkson and Helen Cloke.

IN ATTENDANCE

The HR and Governance Administrator – Carissa Reynolds and the Director – Corporate Services – Tiffany Radich (*part-meeting*).

Opening Karakia

The opening Karakia was read.

1. Announcements

There were no announcements.

2. Apologies

There were no apologies.

3. Memorandum of Understanding with Council

A draft memorandum of understanding tabled by the Chairman.

The Chairman noted:

- Mr Ellis discussed options for the future of the Trust which had previously been discussed by the Trust.
- The fact that the Trust is able to bring outside expertise into Councils operation of the Arboretum and gallery is a plus.
- The first page of the Draft Memorandum of Understanding (MOU) is an outline, the second is the ongoing understanding between the Trust and Council.
- The first step would be to remove the Trust from being a Council Controlled Organisation (CCO), however he is not sure if a new Trust could be established, legal advice will need to be sought for that. The draft MOU outlines Council will need to appoint at least two Trustees, one being a Councillor and one being a staff member of Council to keep integrity of what the Trust are doing.
- The Gallery building and arboretum land - The draft MOU suggests ownership being transferred to Council who will have the responsibility of maintenance. The current property values are nearly \$2,500,000. Council would take over the rent of the building. Currently Council already negotiated the leases. He noted he has had in the back of his mind the rental of the gallery, which would need to be a nominal rental charge e.g. \$10 per annum.
- The Gallery Operations – Proposing staff being employed by Council. There is also the question if volunteers needed to be included, and the impressions from previous discussions that having volunteers appointed by Council covers Health and Safety and other requirements, so this could be considered. The Trust will continue to be consulted on employment of staff at the gallery with the expectation to be represented on any interview for new staff. The Trust will have a major role within the gallery, maintain oversight of the gallery and support the Director in her work and fundraise on their behalf.
- He questioned if there were any matters which jumped out to the Trustees.

Points noted in discussion:

- Mrs Craig questioned how Mr Ellis saw the future working if the staff are employed by Council, what involvement the Trust would have with the staff and how that would fit with Council managing it. Mr Ellis noted the Trust would be involvement in the exhibition programmes and things like that.
- Mr Clarkson noted he would like to see stronger words used, particularly when staff are being hired. He would like the Chairperson to be on the interview panel. Mrs Craig noted it already says that. Mr Clarkson noted in his opinion this is mandatory.
- Mr Clough questioned if the building was going to be given to Council. Mr Ellis confirmed this is the intention, Mrs Craig noted it is unlikely Council would buy the building.
- Mrs Cloke questioned if the Trust could keep the arboretum land. Mrs Craig questioned if the Trust kept the land, how would they maintain it? Mr Clarkson noted he believes the Trust would have authority over the arboretum, as well as Council. The Trust would maintain it further to the support Council already maintain it, which would continue. The Trust could fundraise for the further maintenance.
- Councillor Hall noted the Trust would be giving Council a building which is not in good shape. Mrs Clough advised it is still worth \$2,500,000. Ms Radich noted Council generally sees buildings as a liability as they have to be maintained and depreciated etc. so while the Trust have a \$2,500,000 asset, Council will see this as \$2,500,000 worth of liability.
- Mrs Cloke questioned if the nominal lease will be long term e.g. 100 years. Mr Ellis advised yes. Mrs Craig noted it would be long term as the building could not be used as anything else. Councillor Hall noted it could be part of the discussion that this is the desire. Mr Robinson advised Council would want to keep the integrity of the bequest. Councillor Hall noted she wouldn't see this issue as a concern. Mr Cloke noted it may not be now, but things change over the years with different Councillors. Councillor Hall noted the longevity of the Percy Thomson Trust is a good indicator that it is viewed as significant.
- Mr Ellis noted he had never been sure in his own mind what the current status of Percy Thomson's will is as the original request has been done. Is there an ongoing requirement of this, or has the will been fulfilled? Mr Clarkson noted he thinks Percy would have wanted a Trust which had community buy in, with community members sitting with Council members which is a good benefit for Council. Mrs Craig noted she is not certain the will said to have a Trust, that was a decision of Council at the time. Councillor Hall noted she believes Percy Thomson would be pleased with what has happened so far.
- Mr Ellis noted on the second to last page it outlines the Council established the Trust as they saw it as the ability to fulfil the wishes of the will. It then goes on to say the objectives of the Trust are what ties it back to the ongoing maintenance of the gallery, arboretum and herbarium.
- Mr Ellis questioned if his commend about the Trust and the involvement in terms of relationship with the Gallery Director was a satisfactory answer to Mrs Craig's question. Mrs Craig noted yes. Mr Ellis noted this comes back to how successful the Trust is at appointing the Director.
- Mrs Clough noted Councillors who are elected wont have experience to have interviews with artists. It was advised Councillors do not employ Council staff, purely the Chief Executive.
- Mr Ellis advised he had requested Mr Clarkson and Mrs Cloke assist him with the section on the Arboretum, and this has two options.
- Mr Clarkson advised the first box notes the Windsor Park and Thomson Arboretum Reserve Management Plan is guiding the work, and the plan is also guided by the Trust Deed. He noted it notes plants must be indigenous species and he has seen problems when they weren't. Mrs Clough questioned if this was in the Trust Deed, Mr Clarkson confirmed yes.
- Mr Clarkson noted the second box outlines two options, with option a being the status quo, and option b being the ideal option. He advised the thought was the Percy Thomson Trust would have more power by separating the maintenance and running of the arboretum to the Trust itself, so there is no other competing jobs which need to be done. It was noted there is a contractor now who does all Stratford parks and reserves maintenance, and the quality of work is consistent over the whole town and in this perspective is good. However for an arboretum it is not maintained as an arboretum, if anyone ventures off the path they will find a lot of weed which is currently particularly bad. Option B would allow the Trust to run a contract for the maintenance, and hopefully Council would continue to fund it as they do now. Trust would like to provide a plant list, Council could fund the new plants and/or the Trust could fundraise.
- Mr Clarkson noted Council would attend Trust meeting about 2 times a year, as currently the Trust does not talk to Council when they have meetings.
- Mr Clarkson requested the Trustees read the rest of the columns.

- Mr Clarkson noted currently Council does not use volunteers available compared to New Plymouth District Council, and believes a Trust is a key element to support this, with the implementation of a contractor to manage community volunteers. Ms Radich questioned if the Trust has tried to get volunteers and Council said no? Mr Clarkson advised he did not believe it has been encouraged, and believes at the last meeting someone said they didn't want to have volunteers. Mr Ellis noted he does not think the Trust has tried hard enough to get volunteers for the arboretum. Mr Clarkson agreed.
- Mrs Craig questioned if the suggestion was the Trust chooses option 2a or 2b? Mr Ellis advised if the Trust is putting forward its Wishlist it should put forward option 2b. Mrs Cloke noted this option give the chance to employ someone for approximately one day a week and organise some volunteers. Mrs Clough questioned who is going to employ the person, Mrs Cloke noted it could possibly be a contractor. Mrs Craig questioned who is going to pay for the contractor. Mrs Cloke noted if could be paid for with Councils support of the maintenance, which removes the face of not knowing what maintenance they are doing. Mr Clarkson noted currently the Trust does not know how much time is spent at the arboretum, or who is telling them what they are supposed to be doing, there is currently weed right up to the footpath, and someone has just sprayed weedkiller around the path. What is being asked for here is someone who works just for the arboretum. Councillor Hall noted she believes the type of work required for the arboretum is different to the parks and reserves maintenance.
- Mrs Clough questioned what is to stop Council employing a specialised person for the arboretum. Mrs Craig noted if the Trust was in charge they would need to employ someone. Mrs Clough advised to forget about the Trust employing them. Mrs Craig noted maybe it should be listed in the MOU. Mrs Clough noted the Trust can guide the contractor/employee to what the Trust wants them to do. Mrs Cloke noted they would attend the Trust meetings.
- Councillor Hall advised the point of this meeting is to put in the MOU what the Trust wants and then to take it to Council who will then say how they feel about it.
- Mr Clarkson noted his preference is option 2b. Mrs Cloke noted the model would be taken from the gallery and applied to the arboretum. Mrs Clough advised the Trust shouldn't be paying for it, Council should be.
- Volunteers were discussed and it was advised that all volunteers should be police vetted, including current gallery volunteers, but they are not. Mr Ellis advised the will discuss that the gallery volunteers need to follow Council processes with the Gallery Director and bring an update back to the next Trust meeting.
- Ms Radich sought clarification on once the Trust comes up with its preferences, will that come as a statement of intents. Mr Ellis noted the Statement of Intent is a formal document, if the Trust comes out of this meeting with some updates to the draft MOU, it would be better to send the updated MOU to Council to give feedback. Ms Radich noted there is a very short timeframe for this, and that is should com into the Statement of Intent because this document shows the intention of the Trust over the next three years. Mrs Craig noted the agenda deadline where the Statement of Intent needs to be included is only ten days away. Ms Radich noted it would be beneficial to have a summary after this meeting as the information will help form Council Long Term Plan.
- Councillor Hall noted she believed it would be beneficial to flesh out whatever comes out of today with the District Mayor before it goes to Council for a better outcome. Ms Radich noted this could be done if it could fit within the required timeframes, noting the main thing is the document outlines the preferred outcomes, and reasons behind it. This means selling the best option for the community, purpose of the Trust and how it affects the ratepayer.

The Director – Corporate Services left the meeting at 4.51pm.

- It was decided the updated document will only have option 2b included. Mrs Craig questioned if option 2b needed to be modified. Mrs Clough noted it is obvious why the Trust would want to employ another employee for the arboretum similar to the gallery director, however, does not believe the Trust should be employing them, Council would pay for them. Mr Clarkson reiterated it needs to be a different contract who has different maintenance details to the rest of Council. Mrs Clough noted that is why the Trust would oversee them. Mrs Craig noted if you employed someone then the tools required for maintenance would need to be purchased. She questioned who is going to pay for a new lawn mower. Mr Clarkson suggested this could be fundraised for and that there would be a few issues to work through.
- Mrs Clough noted what the Trust is wanting is a person overseeing the arboretum who would organise the volunteers to maintain it to the standard they want it done, or getting

a contractor in, or doing it themselves. Mrs Cloke noted it would be good to replicate what is at the gallery as this currently works. Mrs Clough advised this needed to be presented to Council in a way which shows how the arboretum is more important than other parks owned by Council.

- Mr Clarkson the size is not very suitable for an arboretum as it is a small space, most arboretums are large patches with a collection of trees with grass in between. Mr Ellis questioned if there were spots within the parks and reserves owned by Council where an arboretum would be used. Mr Clarkson advised there were. Mr Ellis suggested putting that in the MOU.
- Finances and Administration – Mrs Ellis noted he thought about where the Trust is heading, and currently have money which sits there, with figures from the end of October show \$60,000 in current account. He advised he picked up from previous discussion with Council that there are other situations where the funds are ringfenced.
- Mrs Clough questioned who would manage the investments. Mr Ellis noted his proposal to Council would be that they manage the investments and pay interest to the Trust, he has put down 4% on the draft MOU which would come to \$40,000 per annum. Mr Robinson questioned what the Trust would use the \$40,000 for.
- Councillor Hall enquired when Council invests money what is the interest rate. Mrs Craig advised it varies, currently it is 5%, but it could sometimes be 3%. Councillor Hall advised if the money was ringfenced and then are also paying 4% interest on an ongoing basis, there will not be much left for Percy Thomson expenses, so this would mean dipping into the investments, also what is needed for the liability of the building would need to come out of the investment or other pockets of Council money. Mrs Clough noted it would need to come out of other pockets of Council money. Mrs Craig advised this would need to be in the MOU.
- Mrs Clough noted Council would have a building worth \$2,500,000 and \$727,000 worth of investments. Mrs Craig noted these investments would be liquidated.
- Mr Ellis advised the Trust would be asking Council to pay that interest to the Trust, if Council use the money to put a new roof on, they would still be paying the Trust \$40,000 per annum.
- Councillor Hall noted she believes a grant would sound better, or would be better perceived, with the same outcome. Mrs Clough noted the Trust should be able to ask for an investment when they have given Council \$1,000,000.
- Mrs Craig noted one of the reasons for the high audit fees is the investments, so liquidating the investments will solve that issue. Mr Clough noted if the Trust gave the investments to Council, Council would not have the same auditor costs. Mrs Craig noted the questions from auditors would still be the same if they are still in the books so there would still be a substantial cost to audit fees. Mrs Clough noted she believed the high charges were because the Trust was a CCO. Councillor Hall noted even if the investments were cashed in that money would still be ringfenced. Mrs Craig reiterated that is what she has been trying to explain.
- Mr Clarkson questioned if he was right to believe the new Trust would be able to get money if they are not a CCO. Councillor Hall advised yes, particularly from TOI. Mrs Craig noted it would also be beneficial to not own a \$2,500,000 building when applying for funding. Mr Ellis noted this answers this answers the question of why have a Trust, it is to raise money for operations.
- Mr Ellis questioned if a new Trust is created who is going to do the accounting, currently this is completed by Mrs Craig which Council is paid for. He noted the Trust could look at doing something separate such as going to Community House. Mrs Craig noted there are people with accounting experience who do financial. Mrs Clough added some accounting firms may do it as a form of sponsorship.
- Financials – Mr Ellis has produced a budget with 2024 projections, noting what would come under the Trust and what would come under Council. He noted he left out the figure for fundraising, before depreciation the budgeted figures between both parties for operations is about \$180,000 each year, with \$130,000 being salary and wages. He noted the question is of the Audit and the effect on Council's audit fees for having a CCO.
- Mrs Ellis noted the second block is based on the new arrangement, which includes the \$40,000 of interest from Council. He noted the issue for Council as the Trust is asking them to take on staffing expenses. The Trust would be left breaking even, without putting money into the Gallery Director's Wishlist or anything more into the arboretum, it has been included in the noted that this is what would need to be fundraised for. Mrs Craig questioned if the new Trust would pay for the gallery exhibitions? Mr Ellis noted in a sense it is an incentive for the Trust to get the gallery to work.
- Mrs Craig sought clarification that the intention is for the Trust to pay the \$30,000 for the exhibition costs as well as other expenses from the \$40,000 grant? Mr Ellis confirmed yes, that there is also the commission from the sales in the gallery and the shop which would go to the Trust. Mrs Craig noted she was not sure Council would want to pay for the staff but the money generated from the gallery, and a grant, go back to the Trust. Mr Ellis advised that is how he got to the point of 4%, he is saying the Trust is giving \$1,000,000

- to Council but what are they getting back? This is where the \$40,000 comes from. Mrs Craig noted the Trust will be giving Council a lot of expenses.
- Councillor Hall advised Trustees to look at this as a negotiation, as long as the Trust can rationalise where they are coming from, it may not be where it lands, but it is a starting point and showing what the Trust wants.
 - Mrs Clough advised the Trust paying for the exhibition gives them control over what goes in there. Mrs Cloke agreed.
 - Mrs Craig advised currently the Trust and Council have separate bank accounts, so this could be continued with the new Trust. The wages would come out of Councils and exhibition costs would come out the trusts accounts. The new Trust would also be able to do all the payments to he artists. Councillor Hall noted this could be quite attractive to Council if they did not have to do all those payments.
 - Mr Ellis noted there are a couple things in the draft MOU to tidy up and get it back out to the Trustees by the end of this weekend to review. He noted some things he has not covered is the Health and Safety being under Council, and other things like insurance and security monitoring which is a grey area. Mrs Clough also noted exhibition insurance, which Mrs Craig advised would be the cost of the Trust as well as other expenses such as phone bills and marketing cost.
 - Councillor Hall noted she believes this is a good landing place to have a conversation with Council.

Councillor Hall left the meeting at 5.33pm.

- Mr Clarkson questioned what will happen after Monday? Mr Ellis noted he will send the updated MOU to the Trustees for comment, and will then set up a meeting with the District Mayor to discuss it. It can then be presented at the next meeting.
- Mrs Craig noted she needs to present a Statement of Intent to the February Council meeting. Mr Ellis advised he will respond on Monday and see if the Trust can present an abbreviated version.

4. General Business

11.1 Any other business

There was no other business

11.2 Next Meeting

The next meeting of the Percy Thomson Trust is to be held on Thursday 15 February 2023 at 4pm.

Closing Karakia

The meeting closed at 5.39pm

DRAFT

Memorandum of Understanding

Between

Percy Thomson Trust

And

The Stratford District Council

Introduction

Whereas the Stratford District Council (the “Council”) established the Percy Thomson Trust (the “Trust”) by trust deed dated 30 June 2002 as amended 20 April 2007, the parties have now agreed that it is time to review and re-establish the operations of the Trust, its modus operandi and the ownership and maintenance of its assets.

This Memorandum of Understanding (the “MOU”) documents the changes to be made and sets out the ongoing operational arrangements to see to the fulfilment of the bequest left to the Council by the late Percy Thomson.

Statement of Intent

The activities and intentions of the Trust are detailed in the Statement of Intent received and approved by the Council – the latest being for the period 1 July 2023 to 30 June 2026. Relevant extracts from the Statement are set out in the attached Appendix.

Rationale for changes

- There is a range of doubling up of functions between the Trustees and the Council. This particularly relates to the buildings, the Arboretum and administration.
- Expertise for some of the functions undertaken by the Trustees is readily available within the Council. These include undertaking the maintenance of the Gallery building and property of the Trust. Moving these functions directly under the Council, will enable the Trust to focus on adding expertise to the particular operational aspects of the Gallery and the Arboretum.
- The objectives of the Trust fit well within the overall vision, cultural, environmental and social wellbeing objectives of the Council.
- The designation of the Trust as a Council Controlled Organisation (“CCO”) has added considerably to the audit costs of each party.

Ongoing arrangements

The following outlines the ongoing arrangements for the current activities of the Trust.

Function	Ongoing Arrangement	Comment
The Trust	The Trust to be re-established to remove its existence as a Council Controlled organisation. The Council to appoint two trustees – one being a Councillor and the other a staff member of the Council.	The revised Trust Deed would incorporate the changes envisaged in this Memorandum of Understanding.
The Gallery Building	1. Ownership to be in the name of the Council	This comes with all responsibility for the upkeep and maintenance of the building apart from those matters being the normal responsibility of the tenants. The properties were revalued as at 30 June 2023 at \$2,457,000.
	2. Council to take over the rental of the various spaces of the building.	
	3. Rental of the Gallery space (including storage and adjacent facilities) and the area occupied by the shop to be provided to the Trust at a rental of \$10 per annum.	
Gallery Operations	1. Staffing. Staff (including casuals and volunteers) are to be employed directly by the Council.	The Trust is to be consulted on the appointment and conditions of employment of the Gallery Director, the Assistant and casual and volunteer staff including being represented on any interview panel.
	2. The Trust would maintain oversight of the operations of the Gallery, support the Gallery Director in their work, assist in fundraising, and liaise where necessary with the Council on matters of governance.	

<p>The Arboretum</p>	<p>1. Windsor Park and Thomson Arboretum Reserve Management Plan 20022 as guiding document.</p> <ul style="list-style-type: none"> • The plan is guided by the existing Percy Thomson Trust Deed. • Any replacement or new plantings within the Thomson Arboretum will be of indigenous species only. 	
	<p>2. Option (a) A continuation of the specifications for gardening at the Percy Thomson Arboretum in terms of the Open Space Maintenance Contract by the Stratford District Council.</p>	<p>Area covered, Windsor Park, including Thomson Arboretum plus all Parks, Reserves, Cemeteries, Civic Amenities and other Council Properties Intention:</p> <ul style="list-style-type: none"> • weeding • lawn mowing • removal of dead plants and flowers (including dead-heading) • fertilising • edging • pruning • mulching • pest plant control • pest / fungi control • hedge trimming • maintaining areas around trees • tree maintenance <p>To this end the contractor shall employ at least one horticulturalist to undertake/oversee operations associated with garden and planting maintenance. Note: see Key Tasks as specifications in SDC Contract- Open Space Maintenance Contract.</p>

	<p>2. Option (b) New specifications for gardening at the Percy Thomson Arboretum, a contract appointed and managed by Trust, in lieu of existing contractors partly funded by council and with opportunities to utilise community volunteers.</p>	<p>Area covered, Thomson Arboretum only Intention:</p> <ul style="list-style-type: none"> • weeding • lawn mowing • removal of dead plants • edging • pruning • mulching • pest plant control • boundary vegetation trimming • maintaining areas around trees • tree maintenance • sign maintenance <p>The contractor with the required skills to manage the arboretum and work with / manage community volunteers as available.</p>
	<p>3. A new and revised Trust as representatives of the community that are recognised and communicated with by the district council.</p>	<ul style="list-style-type: none"> • Trust provides plant list for new plantings • Trust and authorised community volunteers with council support [Option (a)] are able to complete plantings and general arboretum maintenance. • Trust can continue to access council funds for plants as is presently available. • Trust is able to raise funds to support new plantings, development of the arboretum and contract further work when there is need. • Council staff responsible for council maintenance contract [Option (a)] , of arboretum to support Trust formally with regular meetings. (suggest: 6 monthly) • The Trust continues and develops a relationship with the New Zealand Native Plant Conservation network as a means of delivering the online herbarium.
	<p>4. Future opportunities of a new revised trust with</p>	<ul style="list-style-type: none"> • An ability to fund community opportunities to help with

	ability to seek wider fund applications	<p>arboretum maintenance to a higher level with volunteer support.</p> <ul style="list-style-type: none"> • An ability to fund opportunities to make a connection with the art gallery community with relevant art at the arboretum site. • Ability for a new revised trust to support environmental work in an increased but “arboretum connected” area to walkways, parks and reserves bordering the Patea River and wider area with Stratford District Council support.
Finances and Administration	1. Separate out the operational aspects of the finances to the re-established Trust	The TSB Current Account would provide initial working capital for the Trust.
	2. The “Bequest Annuity” to be held by Council ring fenced for use/investment in the Gallery and Arboretum.	The annuity (i.e. investments excluding the TSB Current Account) is currently in the books at \$727,000. However the capital value once real estate investments are included at realisable value, increases to approximately \$1,000,000. It is proposed that the Council pay to the Trust an effective interest of 4% on this annuity on an ongoing basis, i.e. \$40,000 paid monthly.
	3. The Trust to be responsible for the financial aspects of the operations of the Gallery and the Arboretum.	<p>It is proposed that accounting be contracted out. Discussions are to be held with the Stratford Community House and Small Business Accounting in the first instance to ascertain costs etc if they were to take on such a responsibility.</p> <p>With a smaller financial footprint, a full audit would not be required, and a qualified reviewer will be sought to take on the review function to satisfy the requirements of the Charities Commission.</p>

The following are the 2024 financial projections under the current and proposed arrangements. See the end for comments on these projections.

		2024 Projection Current Arrangements			2024 Projection based on new arrangements		
		Trust	SDC	Total	Trust	SDC	Total
Gallery operations	Income from operations and donations	32,600.00		32,600.00	32,600.00		32,600.00
	Exhibition Costs	(30,000.00)		(30,000.00)	(30,000.00)		(30,000.00)
	Salries & Wages	(130,298.00)		(130,298.00)		(130,298.00)	(130,298.00)
	Other Operating Expenses	(24,791.00)		(24,791.00)	(24,791.00)		(24,791.00)
	Sub-total	(152,489.00)	0.00	(152,489.00)	(22,191.00)	(130,298.00)	(152,489.00)
Arboretum	R&M	(5,000.00)		(5,000.00)	(5,000.00)		(5,000.00)
	Herbarium	(1,000.00)		(1,000.00)	(1,000.00)		(1,000.00)
	Sub-total	(6,000.00)	0.00	(6,000.00)	(6,000.00)	0.00	(6,000.00)
Property (Excl Depreciation)	Rentals	33,420.00		33,420.00		33,420.00	33,420.00
	Insurance	(12,753.00)		(12,753.00)		(12,753.00)	(12,753.00)
	Rates	(1,396.00)	1,396.00	0.00			0.00
	R&M	(17,300.00)		(17,300.00)		(17,300.00)	(17,300.00)
	Sub-total	1,971.00	1,396.00	3,367.00	0.00	3,367.00	3,367.00
Other	Interest	25,000.00		25,000.00		40,000.00	40,000.00
	SDC Grant	50,000.00	(50,000.00)	0.00	40,000.00	(40,000.00)	0.00
	Fundraising			0.00			0.00
	Admin to SDC	(20,600.00)	20,600.00	0.00			0.00
	Accounting/Audit Fees	(25,000.00)	???	(25,000.00)	(10,000.00)	???	(10,000.00)
	Trustee Liability Insurance	(2,400.00)		(2,400.00)	(2,400.00)		(2,400.00)
	Investment Expenses	(300.00)		(300.00)	(300.00)		(300.00)
	Sub-total	26,700.00	(29,400.00)	(27,700.00)	27,300.00	0.00	(12,700.00)
Total before additional fundraising		(129,818.00)	(28,004.00)	(182,822.00)	(891.00)	(126,931.00)	(167,822.00)
Depreciation		(90,000.00)		(90,000.00)		(90,000.00)	(89,999.00)
Total		(219,818.00)	(28,004.00)	(272,822.00)	(891.00)	(216,931.00)	(257,821.00)

Comments:

1. No allowance is made for costs incurred by the Council under current arrangements in the areas of Property maintenance and rental management (of the Gallery Building and the Arboretum). These arrangements would continue but there would be savings as there would be no doubling up of activities and decision-making chains.
2. These show the costs without additional fundraising from Grant organisations.
3. There are additional costs facing the Trust for the Gallery and the Arboretum. Grant funding will need to be sourced to meet these.
4. The overall savings in the revised projections come from savings in audit fees. There is no estimate available for the savings to the Council of it no longer having a CCO in the form of the Trust.
5. The major cost to the Council is taking on the staffing costs.

Conclusion

The presentation of this Draft Memorandum of Understanding is a further step forward in the consideration of the future of the Trust and working on how best to set that going forward.

There are alternatives to the way forward including at one extreme the folding up of the Trust with it effectively becoming a Department of the Council, much like the Library.

APPENDIX

Extracts from Statement of Intent

1 July 2023 to 30 June 2026.

BACKGROUND

The Council has established a charitable trust to be known as the 'Percy Thomson Trust' for the objects set out in the Trust Deed

Percy Thomson by his will left a significant bequest to be used and applied towards the establishment and maintenance of an arboretum and herbarium of the native flora of New Zealand and an art gallery, all of which were to be vested in a Board of Trustees that were to be elected or appointed by the Stratford District Council.

The Council, using the funds available, has established an arboretum, herbarium and art gallery which are respectively known as the Thomson Arboretum, the Thomson Herbarium and the Thomson Gallery. By a Trust Deed and by a subsequent Deed of Transfer, the Council has recorded the formal vesting of the Thomson Arboretum, the Thomson Herbarium and the Thomson Gallery in the trustees of this trust.

The Trustees have agreed to act as Trustees of the Trust and to be responsible for the ongoing management of the Thomson Arboretum, the Thomson Herbarium and the Thomson Gallery.

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 Percy Thomson Arboretum, the Percy Thomson Herbarium and the Percy Thomson Gallery and to be responsible for the ongoing establishment and maintenance of an arboretum, herbarium and art gallery in Stratford:
- to manage the Trust Facilities and to create, acquire, promote, exhibit and manage the Collections for the benefit of the inhabitants of the Stratford District and the public generally:
- to endeavour to achieve the objectives the Council sets for the delivery of services in respect of the Trust Facilities as negotiated and set out in the Charter, the Business Plan, and the Strategic Plan:
- to implement the Council's policy as revised from time to time for the development and enhancement of the Trust Facilities with an emphasis on Stratford and in accordance with the Charter, Business Plan and Strategic Plan:
- to provide advice to the Council on the Council's long term policy for the development of gallery services in Stratford:
- to establish exhibition programmes and education policies for the Trust Facilities:
- to develop acquisition, de-accession and collection development policies for the Trust:
- to provide all financial, administration, marketing, technology and services required for the Trust Facilities:
- to determine charges for viewing or using any of the Trust Facilities and the Collections with a view to generating appropriate revenue and encouraging public enjoyment and utilisation of the Trust Facilities and Collections:
- to house and care for any art collections, antiquities or other articles acquired by, loaned, created or otherwise made available to the Trust and particularly to preserve and maintain the Collections (subject to any de-accession policies developed by the Trustees):
- to lease land or other assets where the Trustees determine that such land or other assets can be used in conjunction with the Trust Facilities or to promote the objectives of the Trust:
- to solicit and raise funds and carry out such activities as are necessary or conducive for the carrying out and giving effect to the objects of the Trust:

- 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.

NATURE AND SCOPE OF ACTIVITIES

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

The Percy Thomson Gallery is located in Prospero Place, and the arboretum on Cloten Road near the intersection with Ariel Street. The herbarium is delivered through the Trust's membership of the New Zealand Plant Conversation Network, and specifically through the website, <https://www.nzpcn.org.nz/>.

The Percy 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 178m² which can be comfortably partitioned into two areas of 116m² and 62m² respectively.

Trustees Liability Schedule



Policy details

Insured	Percy Thomson Trust		
Policy number	6000148722		
Period of Insurance	From	27 January 2022	To 27 January 2023 (both days at 4pm)
Limit of Indemnity	\$2,000,000 in the aggregate		
Excess	\$2,500 each and every Claim		
Territorial limit	New Zealand		
Jurisdiction	New Zealand		
Retroactive Date	27 January 2003		

Policy wording: NZI Trustees Liability (TL1018)

Automatic extensions

Unless otherwise specified below, the Limit of Indemnity and the Policy Excess applies to all Automatic extensions.

Extension	Sub limit
Advancement of defence costs	Amount payable for Defence Costs
Civil pecuniary penalties	\$1,000,000 or the limit of indemnity, whichever is the lesser amount.
Continuity of cover	
Court attendance costs	\$20,000
Emergency defence costs	10% of the amount payable for Defence Costs
Employment liability	
Entity cover	
Estates, legal representatives and spousal liability	
Extended reporting period	
Health and safety defence costs	Amount payable for Defence Costs
Insured versus insured	
Investigations and inquiries	Amount payable for Defence Costs
Outside position	
Public relations expenses	\$25,000



Endorsements

Infectious Diseases Exclusion: Financial Lines – Trustees

Your policy is amended as follows:

This Policy does not cover any claim, liability, cost or expense directly caused by or attributable to the existence of an Infectious Disease.

Definitions

Infectious Disease means any:

- a) disease determined to be a Quarantinable Infectious Disease as defined by the Epidemic Preparedness Act 2006 or in respect of which a state of emergency has been declared under the Civil Defence Emergency Management Act 2002 including any amendment, replacement, re-enactment, successor, equivalent or similar legislation including delegated legislation; or
- b) outbreak of infectious disease declared as a pandemic or epidemic by the World Health Organisation or the New Zealand government or any New Zealand government agency; or
- c) disease determined by the World Health Organisation to be a Public Health Emergency of International Concern (PHEIC).

In this schedule and any associated endorsements, words starting with capitals have the same meaning as in Section 8 'Definitions' of the policy wording.

Date of issue: 27 January 2022

Underwritten by NZI, a business division of IAG New Zealand Limited

Financial Strength Rating

NZI is a business division of IAG New Zealand Limited (IAG). IAG has received a financial strength rating of AA- from Standard & Poor's (Australia) Pty Ltd, an approved rating agency.

A rating of AA- means we have a 'very strong' claims-paying ability, as you can see in the scale below.

The rating scale is:

AAA	(Extremely Strong)	CCC	(Very Weak)
AA	(Very Strong)	CC	(Extremely Weak)
A	(Strong)	SD	(Selective Default)
BBB	(Good)	D	(Default)
BB	(Marginal)	R	(Regulatory Supervision)
B	(Weak)	NR	(Not Rated)

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. The rating scale above is in summary form. A full description of this rating scale can be obtained from www.standardandpoors.com.

Percy Thomson Trust
 Prospero Place Stratford, 4332
 Phone: 06-765-0917
 www.percythomsongallery.org.nz

**Creditor
 Remittance
 Advice**



Advice Date: 27/01/2022
Creditor Account: 4,150.11

Telephone: 06-765-0917
Please Quote: Creditor Account No.

<p>Marsh Limited PO Box 2221 Shortland Street AUCKLAND 1140</p>	<p><i>Attention:</i> darren.williamson@marsh.com</p>
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<i>Date</i>	<i>Reference</i>	<i>Type</i>	<i>Invoice</i>	<i>Credit</i>
27/01/2022	I02072110	INV	2,616.25	
<i>Renewal of Trustees Liability Insurance</i>				

TRANSFER: -\$2,616.25

The net balance of \$2,616.25 has been credited to your bank account.
 BSB: 06-0287 Account: 005894720002
 If you have any query relating to the information provided, please contact Council's Creditors Section at the number shown above.



PERCY THOMSON TRUST

- Percy Thomson Gallery Arboretum

- Percy Thomson Herbarium

- Percy Thomson

**STATEMENT OF INTENT
FOR THE PERIOD
1 JULY 2024 TO 30 JUNE 2027**

This Statement of Intent is prepared by the Percy Thomson Trust under the provisions of section 64 of the Local Government Act 2002.

The purpose of this document is to:

- State publicly the activities and intentions of the Percy Thomson Trust for the year and the objectives to which those activities will contribute; and
- Provide an opportunity for shareholders to influence the direction of the Trust; and
- Provide a basis for the accountability of the directors to their shareholders for the performance of the Trust.

This Statement of Intent covers the period commencing 1 July 2024 to 30 June 2027 inclusive.

A Statement of Intent is required to cover the following contents:

- The objectives of the group; and
- A statement of the board's approach to governance; and
- The nature and scope of the activities to be undertaken; and
- The ratio of consolidated shareholders' funds to total assets, and the definitions of those terms; and
- The accounting policies of the group; and
- The performance targets and other measures by which the performance of the group may be judged in relation to its objectives; and
- An estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the shareholders; and
- The kind of information to be provided to the shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report; and
- The procedures to be followed before any member or the group subscribes for, purchases, or otherwise acquires shares in any company or other organisation; and
- Any activities for which the board seeks compensation from any local authority; and
- The board's estimates of the commercial value of the shareholders' investment in the group and the manner in which, and the times at which, that value is to be reassessed; and
- Any other matters that are agreed by the shareholders and the board.

BACKGROUND

The Council has established a charitable trust to be known as the 'Percy Thomson Trust' for the objects set out in the Trust Deed.

Percy Thomson by his will left a significant bequest to be used and applied towards the establishment and maintenance of an arboretum and herbarium of the native flora of New Zealand and an art gallery, all of which were to be vested in a Board of Trustees that were to be elected or appointed by the Stratford District Council.

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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.

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GOVERNANCE

The Trust Deed provides that there shall be not less than six or more than seven Trustees, and that these Trustees shall provide governance to the Trust as per the terms of the Trust Deed.

The current Trustees are:

- Bruce Ellis for a term expiring at the 2025 AGM
- Councillor Ellen Hall for a term expiring at the 2026 AGM
- Christine Craig for a term expiring at the 2026 AGM
- Helen Cloke for a term expiring at the 2025 AGM
- Deborah Clough for a term expiring at the 2025 AGM
- Jim Clarkson for a term expiring at the 2024 AGM
- Douglas Robinson or a term expiring at the 2024 AGM.

Trustees are eligible for reappointment.

The Trustees shall hold at least four meetings in each financial year.

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The gallery's main display area totals 178m² which can be comfortably partitioned into two areas of 116m² and 62m² respectively.

RATIO OF CONSOLIDATED FUNDS

The ratio of the equity to total assets is **TBC%**.

- where equity is defined as accumulated equity; and
- total assets is defined as all assets, both current and long term.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2025

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.

Commission on Sales

Commission on exhibition sales and Percy Place sales is retained by the Trust, with the remaining proceeds passed on to the seller of the artworks. Revenue includes only amounts received and receivable by the Trust on its own account, not the amounts collected for the principal. Revenue is recognised when receivable.

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. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined from market based evidence using the cost approach, reflecting the cost to construct assets of comparable utility and age, adjusted for obsolescence.

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 revised 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 30 June 2023 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, the Stratford District Council.

CHANGES IN ACCOUNTING POLICIES

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

PERFORMANCE MEASURES

Mission Statement

"To fulfil the wishes of the bequest by the late Mr Percy Thomson".

Level of Service	Performance Measure	Year 1 2024/25	Target Year 2 2025/26	Year 3 2026/27	How Measured
Delivery of art exhibitions	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	Art Gallery Records
	Number of visitors to the Gallery to be not less than 20,000 per year.	>20,000	>20,000	>20,000	Door Count
Development and maintenance of arboretum	Develop and maintain the arboretum to the standards in the facilities management contract	Develop and maintain the arboretum to the standards in the Facilities Management Contract.	Develop and maintain the arboretum to the standards in the Facilities Management Contract.	Develop and maintain the arboretum to the standards in the Facilities Management Contract.	Council Records
Delivery of Herbarium	Develop and maintain the relationship with the New Zealand Plant Conservation Network.	Develop and maintain the relationship with the New Zealand Plant Conservation Network.	Develop and maintain the relationship with the New Zealand Plant Conservation Network.	Develop and maintain the relationship with the New Zealand Plant Conservation Network.	Dependent on option selected

DISTRIBUTIONS TO SHAREHOLDERS

The Trustees do not intend to distribute any accumulated profits or capital reserves to the Stratford District Council.

REPORTING

The Percy Thomson Trust will provide audited annual accounts in conjunction with its annual report. The Auditor-General is the auditor of the Trust.

A six-monthly summary report will also be presented including a summary of progress against objectives, and an unaudited balance sheet and income statement.

PURCHASE OF SHARES

The Trust does not intend to purchase shares in any company, other than as an investment mechanism. The Trust's Investment Policy states the policies and procedures for Trust investments.

PERCY THOMSON TRUST ENTITY INFORMATION

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.

INVESTMENT POLICY

Last reviewed February 2021, next review due February 2024

PHILOSOPHY

The investment strategy of the Percy Thomson Trust is to maintain the income level required to achieve the Trust objectives whilst also inflation-proofing the capital base.

CRITERIA FOR INVESTMENT

Investments must be made to optimise returns while balancing risk and return considerations. As a responsible Trust with a public benefit aim, the Percy Thomson Trust investments should be low risk. The criteria to be applied to investments are:

- Safety of Capital - Safety of capital is a dominant consideration in all investment decisions.
- Liquidity - Investments are managed to ensure that sufficient funds are available to meet liabilities as and when they fall due.
- Returns - Long term investments reflect the objective of maximizing returns in excess of the inflation rate consistent with moderate to low risk exposure and to provide consistent real income over the long term.

PERFORMANCE MEASURES

Maintain the real value of the capital of the Trust with regard to inflation. (using the Statistics New Zealand All Groups CPI).

Types of Investment

The Trust may hold the following types of investments. See other sections of this policy for restrictions on the management of each type.

- Bank deposits, bank accepted bills and bank issued certificates of deposit
- Short term Promissory Notes issued by companies and Local Authorities
- Stocks and bonds issued by Government, SOE's, Local Authorities and suitably rated Corporate entities
- Shares in listed public companies
- Real Estate
- Professionally managed portfolios of investments, either by direct investment or through Unit Trusts including:
 - Equities both New Zealand and overseas domiciled
 - Fixed interest both New Zealand and overseas domiciled
 - Short term cash
 - Real estate

The following types of investments are prohibited:

- Loans to individuals
- Loans to community organisations

ASSESSMENT AND MANAGEMENT OF RISKS BY TYPE OF INVESTMENT

Authorised Bank Instruments

The Trust may invest in any registered bank in New Zealand subject to the following:

- The bank remains the primary debtor throughout the term of the investment.
- Investments will only be in banks on the list of registered banks in New Zealand as approved by the Reserve Bank of New Zealand.
 - any other organisation with a Standard and Poor's short term credit rating of A-3 or better and a long term credit rating of A- or better (equivalent Moody's ratings may be used).
- Up to 100% of the available funds may be invested.
- A maximum of 50% of the total investments issued by the financial market (which is made up of short term bank deposits, promissory notes and long term stocks and bonds including those issued by Local Authorities and Government Stock) may be invested with any one bank.
- Deposits may not include foreign currency.

Promissory Notes by NZ Companies and Local Authorities

The Trust may invest in Promissory Notes issued in New Zealand by Corporates and Local Authorities in New Zealand currency subject to the following:

- Up to 35% of the available funds may be invested where the Promissory Notes are issued by any company in New Zealand subject to the issuer having a Standard and Poor's long term credit rating of Investment Grade or better (equivalent Moody's ratings may be used) and subject to a maximum 20% of the total investments with any one issuer.
- The term is no more than 180 days.
- The interest rate must be better than Bank deposits for the same term.
- For registered Promissory Notes the note must be held in the Trust's name.
- For 'bearer' Promissory Notes, the certificate may be held by the Trust or by a suitable agent such as a Bank.
- To avoid the Trust being exposed to settlement risk, payment on maturity or sale requires settlement by 'Cleared Funds'.

Authorised Stock or Bond Investments

The Trust may invest in any fixed term stock or bond issued in New Zealand subject to the following:

- Up to 100% of the available funds may be invested where the stock is issued by the New Zealand Government or State Owned Enterprise guaranteed by the Government.
- Up to 100% of the available funds may be invested where the stock is issued by a Local Authority and is rate secured, but subject to a maximum of 50% of the total investments with any one issuer.
- Up to 80% of the available funds may be invested where the bonds are issued by any company in New Zealand subject to the issuer having a Standard and Poor's long term credit rating of Investment Grade or better (equivalent Moody's ratings may be used) and subject to a maximum 20% of the total investments with any one issuer.

Shares in Listed Public Companies

The Trust may invest in any public company listed on the New Zealand Stock Exchange subject to the following:

- Specific resolution is required by the Trust to invest directly in a listed equity, such resolution to have considered professional advice from a broker.
- There is to be an annual review by a broker to assess price, total value, and hold or sell advice.
- Up to 30% of the available funds may be invested.

Real Estate

The Trust may invest in real estate subject to the following:

- The property is directly linked to the aims and purpose of the Trust; or
- The property was included in the initial assets of the Trust.

- Up to 75% of the available funds may be invested.

Professionally Managed Portfolios

The Trust may invest in professionally managed portfolios subject to the following:

- In selecting the fund manager the Trust shall consider:
 - Performance and competence
 - Diversification of the asset class
 - Expected return
 - Volatility of return, both in the past and expected
 - Trust's tolerance to risk
- The management of the investment, once made with a professional Fund Manager, shall be handled entirely by that Fund Manager. Therefore, restrictions stated elsewhere in this policy governing the selection and handling of direct investments shall not apply.
- Up to 50% of the available funds may be invested.

Diversification Summary

Investment Category	Fund Weighting Restriction	Other Restrictions
Bank Instruments	100% of fund	Maximum 50% with any one bank
Promissory Notes	35% of fund	No more than 180 days; No more than 20% with one issuer
Authorised Stock/Bonds	100% of fund Government Stock; 100% of fund Local Authority; 80% of fund Others	No more than 50% with one Local Authority; No more than 20% with one issuer
Listed Shares	30% of fund	
Real Estate	75% of fund	Aims of Trust
Professional Portfolios	50% of fund	

Reporting

The Percy Thomson Trust shall receive with each set of accounts reported to the Trust a statement of investments including book value, maturity date, return, market value, and other features deemed relevant.

Delegated authority to act on all investments in accordance with this policy, (except Real Estate, Shares, and Professionally Managed Funds) is granted to the Chairman of the Trust and any one other authorised account signatory.

ACTIVITIES FOR WHICH COMPENSATION SOUGHT

The Percy Thomson Trust is seeking an annual cash grant of \$50,000 from the Stratford District Council. This is within the limits currently set by Council policy.

This grant helps fund the activities of the Trust.

The Trust is also seeking \$15,000 of maintenance work on the Arboretum, delivered "in kind".

In addition, the Trust is seeking \$15,000 of cleaning and maintenance services of the building, and the public toilets within the Percy Thomson Building, delivered 'in kind'.

The Council also provides administration services to the Trust for \$20,600 per annum.

As a Council controlled organisation, any funding applications to TSB Community Trust must be made in conjunction with Council's applications.

PERCY THOMSON TRUST

PERCY THOMSON TRUST COST OF SERVICE STATEMENTS

FOR THE THREE YEARS COMMENCING 1 JULY 2024

<u>2023/24</u>		<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
<u>Budget</u>		<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$		\$	\$	\$
	<u>PROPERTY</u>			
	Revenue			
14,100	Café Lease	14,100	14,805	14,805
1,320	Post Box Lobby Rental	1,400	1,400	1,500
18,000	Building lease	18,000	18,000	19,800
33,420	Total Property Revenue	33,500	34,205	36,105
	Expenditure			
84,050	Depreciation	84,050	84,050	92,455
9,500	Insurance	13,000	14,300	15,730
1,650	Rates (Services Only)	1,898	2,087	2,296
17,300	Repairs and Maintenance Building	25,000	26,250	27,563
5,000	Repairs and Maintenance Arboretum	5,000	5,000	5,000
1,000	Herbarium	1,000	1,000	1,000
118,500	Total Property Expenditure	129,948	132,687	144,043
(85,080)	Surplus (Deficit) from Property	(96,448)	(98,482)	(107,938)

PERCY THOMSON TRUST

<u>2023/24</u>		<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
<u>Budget</u>		<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$		\$	\$	\$
<u>ART GALLERY</u>				
Revenue				
1,600	Membership and "Friends" Donations	1,600	1,600	1,600
10,000	Rental/Hireage	11,000	11,550	12,128
3,000	Donation Box	3,000	3,000	3,000
12,000	Commission - Percy's Place	12,000	12,000	12,000
6,000	Commission - Gallery	6,000	6,000	6,000
32,600	Total Art Gallery Revenue	33,600	34,150	34,728
Expenditure				
350	ACC Levy	350	350	350
15,000	Energy Costs	15,000	15,750	16,538
1,200	Art Insurance	1,000	1,100	1,210
800	Miscellaneous	800	800	800
20,000	Programme	20,000	21,000	23,100
10,000	Major Exhibition	10,000	10,500	11,550
200	Publications & Subscriptions	200	200	200
120,000	Salary, Wages and Employment Related Costs	135,000	139,100	143,300
1,500	Staff Training	1,500	1,500	1,500
3,600	Telephone & Tolls	3,600	3,780	3,969
172,650	Total Art Gallery Expenditure	187,450	194,080	202,517
(140,050)	Surplus (Deficit) from Art Gallery	(153,850)	(159,930)	(167,789)
<u>OTHER REVENUE AND EXPENDITURE</u>				
Other Revenue				
35,000	Interest	25,000	25,000	25,000
50,000	Stratford District Council Grant	50,000	50,000	50,000
88,000	External Funding	20,000	20,000	20,000
173,000	Total Other Revenue	95,000	95,000	95,000
Other Expenditure				
20,600	Administration	20,600	20,600	20,600
8,500	Audit Fees	25,000	25,000	25,000
2,400	Trustee Liability Insurance	2,970	3,267	3,594
300	Investment Expenses	300	300	300
31,800	Total Other Expenditure	48,870	49,167	49,494
141,200	Surplus (Deficit)	46,130	45,833	45,506

PERCY THOMSON TRUST

<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
<u>Budget</u>	<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$	\$	\$	\$

SUMMARY COST OF SERVICE STATEMENT

<u>REVENUE</u>				
33,420	Property	33,500	34,205	36,105
32,600	Art Gallery	33,600	34,150	34,728
173,000	Other Revenue	95,000	95,000	95,000
239,020	Total Revenue	162,100	163,355	165,833
<u>OPERATING EXPENDITURE</u>				
118,500	Property	129,948	132,687	144,043
172,650	Art Gallery	187,450	194,080	202,517
31,800	Other Expenditure	48,870	49,167	49,494
322,950	Total Operating Expenditure	366,268	375,934	396,054
<u>(83,930)</u>	<u>Operating Surplus (Deficit)</u>	<u>(204,168)</u>	<u>(212,579)</u>	<u>(230,221)</u>
(83,930)	Net Operating Surplus (Deficit)	(204,168)	(212,579)	(230,221)
84,050	Add back depreciation (non-cash)	84,050	84,050	92,455
120	Cash Surplus (Deficit)	(120,118)	(128,529)	(137,766)

PERCY THOMSON TRUST

PERCY THOMSON TRUST PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE FOR THE THREE YEARS COMMENCING 1 JULY 2024

<u>2023/24</u> <u>Budget</u> <u>\$000</u>		<u>2024/25</u> <u>Forecast</u> <u>\$000</u>	<u>2025/26</u> <u>Projection</u> <u>\$000</u>	<u>2026/27</u> <u>Projection</u> <u>\$000</u>
	Revenue			
50	Funding from central or local government	50	50	50
66	Revenue from non-governmental sources for providing goods or services	67	68	71
88	Donations, fundraising and other similar revenue	20	20	20
35	Interest, Dividends and Other Investment Revenue	25	25	25
-	Other revenue	-	-	-
239	Total Revenue	162	163	166
	Expenses			
120	Employee Related Costs	135	139	143
119	Costs related to providing goods and services	147	153	160
84	Other Expenditure	84	84	92
323	Total Expenses	366	376	396
(84)	Operating Surplus/(Deficit) Before Tax	(204)	(213)	(230)
-	Share of Associate Surplus/(Deficit)	-	-	-
(84)	Surplus/(Deficit) Before Tax	(204)	(213)	(230)
-	Income Tax Expense	-	-	-
(84)	Surplus/(Deficit) After Tax	(204)	(213)	(230)

PERCY THOMSON TRUST

PERCY THOMSON TRUST

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

For the Three Years Ending 30 June 2025, 2026 and 2027

<u>2023/24</u>		<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
<u>Budget</u>		<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$000		\$000	\$000	\$000
	<u>Assets</u>			
	Current Assets			
212	Bank Accounts and Cash	(10)	(139)	(276)
10	Debtors and Prepayments	10	10	10
250	Investments	300	300	300
472	Total Current Assets	300	171	34
	Non-Current Assets			
1768	Property, Plant and Equipment	2381	2297	2434
502	Other Financial Assets	397	397	367
2270	Total Non-Current Assets	2778	2694	2801
2742	TOTAL ASSETS	3078	2865	2835
	<u>Liabilities</u>			
	Current Liabilities			
5	Creditors and Accrued Expenses	5	5	5
2	Employee Costs Payable	2	2	2
7	Total Current Liabilities	7	7	7
7	Total Liabilities	7	7	7
2,735	Total Assets less Total Liabilities (Net Assets)	3,071	2,858	2,828
	<u>Accumulated Funds</u>			
0	Capital contributed by owners or members	0	0	0
1440	Accumulated Surpluses or (deficits)	1162	949	719
1295	Reserves	1909	1909	2109
2735	Total Accumulated Funds	3071	2858	2828
99.74%	Ratio of Trust Equity to Total Assets	99.77%	99.76%	99.76%

PERCY THOMSON TRUST

ESTIMATE OF COMMERCIAL VALUE

As the Trust is an independent charitable trust, and the winding up clauses of the Trust Deed provide for any distribution of remaining funds to another charitable purpose within the Stratford District with similar objectives, the commercial value as the shareholders' investment is assessed as zero.

OTHER MATTERS

The Percy Thomson Trust has one commercial arrangement with the Stratford District Council as follows:

- The Stratford District Council provides accounting and administrative services to the Percy Thomson Trust. The Trust pays a fee for these services.

The Percy Thomson Trust leases to third parties, a portion of the building asset for operation of a café and a professional surveyor.

ASSUMPTIONS

The budget forecasts do not include any adjustments for inflation for the years 2024 - 2027 and beyond. All revenue and expenditure is based on 2022 dollars.



PERCY THOMSON TRUST

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

SIX MONTHLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023

PERCY THOMSON TRUST

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PERCY THOMSON TRUST BOARD

Chairman: Bruce Ellis

Trustees: Douglas Robinson
Ellen Hall
Christine Craig
Jim Clarkson
Deborah Clough
Helen Cloke

PERCY THOMSON TRUST STAFF

As at 31 December 2023

Gallery Director - Laura Campbell
Gallery Assistant - Amy Taunt

Part-time Gallery Assistants

- Gayleen Schrider
- Carina McQueen
- Donna Hitchcock
- Jacqueline McCluggage
- Justin Morgan
- Kayla-Leigh Love

PERCY THOMSON TRUST

Chariman's report

Bruce Ellis
CHAIRMAN

PERCY THOMSON TRUST

PERCY THOMSON TRUST ENTITY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2023

Legal name

Percy Thomson Trust (the Trust).

Type of entity and legal basis

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

The Trust's purpose or mission

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

Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of seven Trustees who oversee the governance of the Trust, including a Chairman who is responsible for the day-to-day operations of the Trust and reporting to the Trustees, and six other voluntary members who support the Chairman in delivering against the Trust's objectives. 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, rental income from that part of the building not occupied by the gallery, investment income, and other forms of grant revenue are the primary sources of funding to the Trust.

Outputs

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

STATEMENT OF ACCOUNTING POLICIES FOR THE PERIOD TO 31 DECEMBER 2022

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 A17c 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.

Commission on Sales

Commission on exhibition sales and Percy Place sales is retained by the Trust, with the remaining proceeds passed on to the seller of the artworks. Revenue includes only amounts received and receivable by the Trust on its own account, not the amounts collected for the principal. Revenue is recognised when receivable.

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. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined from market based evidence using the cost approach, reflecting the cost to construct assets of comparable utility and age, adjusted for obsolescence.

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 30 June 2023 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 2023

	<u>Actual</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>2023/24</u> \$	<u>Projected</u> <u>Year end</u> \$	<u>Actual</u> <u>to 31 Dec 22</u> \$
PROPERTY					
Revenue					
Café Lease	7,050	7,050	14,100	14,100	7,050
Post Box Lobby Rental	660	660	1,320	1,320	660
Rental income	9,000	9,000	18,000	18,000	9,000
Total Property Revenue	16,710	16,710	33,420	33,420	16,710
Expenditure					
Depreciation	49,975	42,025	84,050	100,000	39,922
Insurance	12,753	9,500	9,500	12,753	9,006
Rates (Services Only)	1,396	1,650	1,650	1,396	1,525
Repairs and Maintenance Building	12,364	8,650	17,300	25,000	6,385
Repairs and Maintenance Arboretum	-	-	5,000	5,000	-
Repairs and Maintenance Herbarium	-	-	1,000	1,000	-
Total Property Expenditure	76,488	61,825	118,500	145,149	56,838
Profit (Loss) from Property	(59,778)	(45,115)	(85,080)	(111,729)	(40,128)

PERCY THOMSON TRUST

	<u>Actual</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>2023/24</u> \$	<u>Projected</u> <u>Year end</u> \$	<u>Actual</u> <u>to 31 Dec 22</u> \$
ART GALLERY	-				
Revenue					
Membership and "Friends" Donations	928	800	1,600	1,600	635
Rental/Hireage	9,706	5,000	10,000	14,000	5,965
Donation Box	1,173	1,500	3,000	2,500	1,201
Commission - Percy's Place	6,845	6,000	12,000	12,000	5,232
Commission - Gallery	2,775	3,000	6,000	6,000	2,150
Total Art Gallery Revenue	21,427	16,300	32,600	36,100	15,183
Expenditure					
ACC Levy	298	350	350	298	336
Energy Costs	7,883	7,500	15,000	15,000	5,025
Insurance	691	1,200	1,200	691	673
Miscellaneous	375	400	800	800	401
Printing & Stationery	2,839	-	-	3,000	2,084
Programme	16,733	10,000	20,000	25,000	12,335
Major Exhibition	-	5,000	10,000	5,000	6,567
Publications & Subscriptions	50	100	200	200	296
Staff training	120	750	1,500	1,500	-
Salary & Wages and Employee Costs	67,277	60,000	120,000	135,000	59,098
Telephone & Tolls	1,346	1,800	3,600	3,000	2,451
Total Art Gallery Expenditure	97,612	87,100	172,650	189,489	89,266
Profit (Loss) from Art Gallery	(76,185)	(70,800)	(140,050)	(153,389)	(74,083)

PERCY THOMSON TRUST

	<u>Actual</u> to 31 Dec <u>23</u> \$	<u>Budget</u> to 31 Dec <u>23</u> \$	<u>Budget</u> <u>2023/24</u> \$	<u>Projected</u> <u>Year end</u> \$	<u>Actual</u> to 31 Dec <u>22</u> \$
<u>TRUST INVESTMENTS</u>	-				
Investment Revenue					
Interest	16,145	17,500	35,000	30,000	16,601
Stratford District Council Grant	50,000	50,000	50,000	50,000	-
External Funding	-	-	88,000	10,000	-
Subsidies	-	-	-	-	600
Taranaki Foundation	-	-	-	-	10,000
Other grants and donations	2,000	-	-	2,000	4,000
Total Investment Revenue	68,145	67,500	173,000	92,000	31,201
Trust Investment Expenditure					
Administration	20,600	20,600	20,600	20,600	20,600
Audit Fees	400	-	8,500	25,000	65
Insurance - Trustees Liability	-	-	2,400	2,400	-
Investment Expenses	-	150	300	300	-
Total Trust Investment Expenditure	21,000	20,750	31,800	48,300	20,665
Profit (Loss) from Trust Investments	47,145	46,750	141,200	43,700	10,536

PERCY THOMSON TRUST

SUMMARY COST OF SERVICE STATEMENT FOR THE PERCY THOMSON TRUST

	<u>Actual</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>to 31 Dec</u> <u>23</u> \$	<u>Budget</u> <u>2023/24</u> \$	<u>Projected</u> <u>Year end</u> \$	<u>Actual</u> <u>to 31 Dec 22</u> \$
<u>REVENUE</u>					
Property	16,710	16,710	33,420	33,420	16,710
Art Gallery	21,427	16,300	32,600	36,100	15,183
Other Investments	68,145	67,500	173,000	92,000	31,201
Total Revenue	106,282	100,510	239,020	161,520	63,094
<u>OPERATING EXPENDITURE</u>					
Property	76,488	61,825	118,500	145,149	56,838
Art Gallery	97,612	87,100	172,650	189,489	89,266
Other Investments	21,000	20,750	31,800	48,300	20,665
Total Operating Expenditure	195,100	169,675	322,950	382,938	166,769
Net surplus (deficit) from operations	(88,818)	(69,165)	(83,930)	(221,418)	(103,675)
Transferred to Accumulated Surpluses	(88,818)	(69,165)	(83,930)	(221,418)	(103,675)
	-				
<i>Net Surplus (Deficit)</i>	<i>(88,818)</i>	<i>(69,165)</i>	<i>(83,930)</i>	<i>(221,418)</i>	<i>(103,675)</i>
<i>Add back depreciation (non-cash)</i>	<i>49,975</i>	<i>42,025</i>	<i>84,050</i>	<i>100,000</i>	<i>39,922</i>
<i>Cash Surplus (Deficit)</i>	<i>(38,843)</i>	<i>(27,140)</i>	<i>120</i>	<i>(121,418)</i>	<i>(63,753)</i>

PERCY THOMSON TRUST

PERCY THOMSON TRUST

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2023

	<u>Actual</u> <u>to 31</u> <u>Dec 23</u> <u>\$000</u>	<u>Budget</u> <u>to 31 Dec</u> <u>23</u> <u>\$000</u>	<u>Budget</u> <u>2023/24</u> <u>\$000</u>	<u>Projected</u> <u>Year End</u> <u>\$000</u>	<u>Actual</u> <u>to 31 Dec</u> <u>22</u> <u>\$000</u>
Revenue					
Funding from central or local government	50	50	50	50	-
Revenue from non-governmental sources for providing goods or services	38	33	66	70	32
Donations, fundraising and other similar revenue	2	0	88	12	14
Interest, dividends and other investment revenue	16	18	35	30	17
Total Revenue	106	101	239	162	62
Expenses					
Employee related costs	67	60	120	135	59
Costs related to providing goods or services	78	68	119	148	68
Other expenses	50	42	84	100	40
Total Expenses	195	170	323	383	167
Net Operating Surplus (Deficit) for the period	(89)	(69)	(84)	(221)	(104)

PERCY THOMSON TRUST

STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2023

	<u>Actual</u> <u>Year to Date</u> \$000	<u>Actual for</u> <u>the Six</u> <u>Months</u> <u>to 31 Dec</u> <u>2022</u> \$000	<u>Actual for the</u> <u>Year Ended</u> <u>to 30 June</u> <u>2023</u> \$000
<u>Assets</u>			
<u>Current Assets</u>			
Bank Accounts and Cash	135	212	77
Debtors and Prepayments	2	9	22
Investments	280	250	380
Total Current Assets	417	471	479
<u>Non-Current Assets</u>			
Property, Plant and Equipment	2,552	1,804	2,539
Non-current investments	397	427	397
Total Non-Current Assets	2,949	2,231	2,936
Total Assets	3,366	2,702	3,415
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Creditors and Accrued Expenses	4	2	27
Employee Costs Payable	8	6	8
Total Current Liabilities	12	8	35
Total Liabilities	12	8	35
Total Assets less Total Liabilities (Net Assets)	3,354	2,694	3,380
<u>Accumulated Funds</u>			
Capital contributed by owners or members	0	0	0.1
Accumulated Surpluses or (deficits)	1,445	1,487	1,471
Reserves	1,909	1,207	1,909
Total Accumulated Funds	3,354	2,694	3,380

PERCY THOMSON TRUST

STATEMENT OF CASHFLOWS

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2023

	<u>Actual</u> <u>Year to Date</u>	<u>Actual for</u> <u>the Six Months</u> <u>to 31 Dec</u> <u>2022</u>	<u>Actual for</u> <u>the</u> <u>Year Ended</u> <u>to 30 June</u> <u>2023</u>
	\$000	\$000	\$000
<u>Cash Flows from Operating Activities</u>			
<i>Cash was received from:</i>			
Funding from central or local government	50	0	50
Receipts from non-governmental sources for providing goods or services	38	28	46
Donations, fundraising and other similar revenue	2	14	49
Interest, dividends and other investment revenue	16	17	41
Other revenue	0	0	19
Net GST	4	0	(8)
<i>Cash was applied to:</i>			
Payments to Suppliers and Employees	(150)	(134)	(234)
Net Cash Flow from Operating Activities	(40)	(76)	(37)
<u>Cash Flows from Investing and Financing Activities</u>			
Receipts from Sale of Investments	350	275	-
Payments to acquire property, plant and equipment	(2)	(12)	(75)
Payments to Acquire Investments	(250)	(250)	(86)
Net Cash Flow from Investing and Financing Activities	98	13	(161)
Net (Decrease)/Increase in Cash for the period	58	(63)	(198)
Add opening bank accounts and cash	77	275	275
Closing Bank Accounts and Cash	135	212	77

PERCY THOMSON TRUST

OTHER EXPLANATORY NOTES AS AT 31 DECEMBER 2022

Property, Plant and Equipment

Cost or valuation	Carrying Amount 1/07/23 \$000	Additions	Depreciation to 31/12/23 \$000	Carrying Amount 31/12/203 \$000
Buildings	2,072	-	(46)	2,026
Land	385	-	-	385
Plant and Equipment	143	-	(4)	139
Work in Progress	-	2	-	2
Total	2,600	2	(50)	2,552

PAYMENT LISTING - NOVEMBER AND DECEMBER 2023

<i>Payee</i>	<i>Description</i>	<i>Amount</i>
Masters Mitre 10	Trolley handle	\$71.01
Masters Mitre 10	Mop refill	\$14.96
Masters Mitre 10	Paint and supplies	\$132.11
Paper Plus Stratford	Ink cartridges	\$176.83
Paper Plus Stratford	EFT roll of paper	\$9.44
Stratford District Council	Monthly fire inspection and testing, other building repairs	\$927.49
Stratford District Council	Spark, Annual payment for financial services	\$24,063.22
Stratford District Council	Electricity November 2023	\$914.13
Five Star Liquor	Ice for opening night	\$4.00
Live Magazine	Advertising	\$1,431.75
AHI Carrier (NZ) Limited	Air conditioner maintenance	\$627.21
Abstract Signs	Exhibition signs	\$782.00
Rocketspark Limited	Domain name registration	\$40.25
Harris Store Limited	Opening exhibition supplies	\$190.53
Harris Store Limited	Opening exhibition refreshments	\$81.60
Harris Store Limited	Catering	\$126.25
I&G Couriers 2019 T/A Aramex	Rural courier fee	\$9.12
Justin Morgan	Curation, workshops and installation	\$3,000.00
Hannah Doherty	Advertising	\$130.81
Hannah Doherty	Signs	\$313.95
Deloitte Limited	Audit fees	\$1,075.83
Chris Perrett Electrical Solutions	UPS battery back up	\$1,019.66
King & Queen Hotel	Advertising	\$690.00
Ryan Polei Photography	Content shoot	\$187.50
Warehouse Stationery	Stationery	\$62.00
AM & DM Hall Limited	Autodoor maintenance check	\$149.50
About Image Limited	Double sided cards	\$128.00
About Image Limited	Signs for exhibition	\$273.00
About Image Limited	Rack cards and poster	\$158.70
Inland Revenue	PAYE	\$2,446.29
Inland Revenue	PAYE	\$2,306.28
Inland Revenue	PAYE	\$2,925.56
TOTAL		<u><u>\$44,468.98</u></u>

PERCY THOMSON TRUST INVESTMENTS - as at 31 December 2023										
	Maximum Policy Limit	Individual Investee Policy Limit	Actual Investment	Interest Rate	Due Date	Frequency of Interest Payments	Amount	% Invested		Annual interest
Bank Investments	100%	50%	TSB Bank - Current account	Various - Premier cheque rates	Call	Annual	\$137,162		Approx	\$1,000
			TSB Bank - Term investment	5.90%	4/06/2024	Maturity	\$250,000			\$14,750
							\$387,162	36.9%		
Promissory Notes	35%	20%					\$0			
Bonds	Other 80%	50%	Meridian Energy Ltd	4.88%	20.03.2024	Half yearly	\$30,000	4.4%		\$1,464
							\$30,000	4.4%		
Listed Shares	30%						\$0	0.0%		
Real Estate	75%		Proportionate ownership share - Bush Road, Albany, Auckland	7.80%		Monthly	\$125,000	18.5%		\$7,910
			Proportionate ownership share - Osterley Way, Manukau, Auckland	9.25%		Monthly	\$50,000	7.4%		\$4,625
			Proportionate ownership share - Todd Park, Porirua, Wellington	6.42%		Monthly	\$72,000	10.6%		\$5,000
			Proportionate ownership share - Cameron Road, Tauranga	7.80%		Monthly	\$50,000	7.4%		\$4,000
			Proportionate ownership share - Henderson, Auckland	6.50%		Monthly	\$100,000	14.8%		\$6,500
Professional Portfolios	50%						\$0	0%		
Total Portfolio							\$814,162	100.00%		\$45,249
The policy only allows up to 50% in any one bank investment (based on the total of promissory notes, bonds, deposits etc).										
The Trust currently has 36.9% in TSB Bank (excluding the current account), which complies with the policy for all types of investments.										



Our reference
F19/13/03-D21/40748

Karakia

Kia uruuru mai
Ā hauora
Ā haukaha
Ā haumāia
Ki runga, Ki raro
Ki roto, Ki waho
Rire rire hau Paimārire

I draw in (to my being)
The reviving essence
The strengthening essence
The essence of courage
Above, Below
Within, Around
Let there be peace.