



PERCY THOMSON TRUST

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

**PERFORMANCE REPORT
FOR THE YEAR ENDED
30 JUNE 2022**

PERCY THOMSON TRUST

PERFORMANCE REPORT FOR THE YEAR ENDED 30 JUNE 2022

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PERCY THOMSON TRUST – CHAIRMAN'S REPORT

For the year ended 30 June 2022

On behalf of the Trust, it is my pleasure to present the report for the twelve months ended 30 June 2022. The period was again dominated by the effects of the Covid-19. The 2021 year saw a resurgence from the Covid effects in the 2020 year however this wasn't sustained into 2022. Further comments are made below.

The year was also significant for the transition from Rhonda Bunyan to Laura Campbell as Gallery Director. Laura has picked up the legacy left by Rhonda and is making her own mark in taking the Gallery forward.

Work is continuing on enhancing the visitor experience to the arboretum and on refocusing the remit for a herbarium in our remit.

Financials

The overall operating position was affected by the reduced visitor numbers, affecting commissions from art sales and from shop takings, and by lower interest rates affecting investment returns. Grant income was at the same level as 2021 although below more traditional levels.

One of the Trust's investments was sold which saw the realisation of its capital gain. This offset the lower than budgeted grant income and left an overall cash surplus of \$4,000 after adding back the non-cash depreciation amount of \$80,000, compared to the cash deficit of \$11,000 in 2021, after adding back the non-cash depreciation.

The Financial Position as shown in the "Statement of Financial Position" shows the total Trust Equity of \$2,798,000 – a decrease of \$76,000 being \$80,000 in depreciation partially offset by the \$4,000 cash surplus.

Gallery Operations

As noted above, visitor numbers were significantly reduced as a result of the effects of Covid-19 in the community. In particular we were not able to hold opening events for new exhibitions. These are generally an important promotion activity giving each exhibition an important fillip. As part of an antidote to do additional effort has been put into promoting the gallery, exhibitions and individual art works through social media and the web site. We are seeing direct benefits from this and are expecting for this to be sustained into the future.

The exhibition programme has continued to be innovative and thought provoking and offering a valuable outlet for local artists.

Investment Funds and Cash Balances

The Investment portfolio of the Trust is summarised as follows:

Category	Book Value @ 30/6/22	Book Value @ 30/6/21
Bank Balances	275,000	132,000
Trading Bank Term Deposits	250,000	250,000
Bonds	55,000	155,000
Commercial Property through Proportionate Ownership Schemes and Property Investment Funds	397,000	447,000
Total	\$977,000	\$984,000

The reduction in bonds is from the maturity of two bond holdings. We also began to review the property investment holdings and sold one investment to start rebalancing the portfolio and to crystallise a capital gain. The funds from these maturities/sales is reflected in the funds in our bank accounts.

The property investments continue to perform well, despite the challenges presented by the pandemic. The decision to participate in the various schemes and funds has the following objectives:

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

Further, in seeking such investments particular criteria included:

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

The breakdown of these investments is:

Property held by Investment Fund	Original Investment (as per Statement of Financial Position)	Market Value (as at Balance Date of the investments of 31 March 2022)	Market Value (as at Balance Date of the investments of 31 March 2021)	Cash Income Return on Original Investment	Summary of Tenancies
Bush Road, Albany, Auckland – light industrial	125,000	330,420	288,284	7.80%	- Thermo Fisher Scientific – 100%
Osterley Way, Manukau, Auckland – office building	50,000	75,319	79,282	9.25%	- IRD – 98% - Other – 2%
Todd Park, Porirua, Wellington – light office/industrial complex	72,000	130,678	104,371 (Net of sale proceeds in 2022 year)	7.58%	- Placemakers 16.38% - NZ Post (exHannah's) 10.36% - Hexatronic 18.63% - Anderson & Flowers 12.53% - Mitsubishi Motors 15.86% - Fusion Interiors 10.63% - Conroy Removals 6.36% - Downer NZ 4.32% - NZ Post 2.82% - Whanau Manaaki Kindergarten 1.77% - Other 0.34%
Cameron Road, Tauranga – Office building and retail	50,000	59,398	58,694	7.80%	- Tauranga City Council 55.11% - IRD 38.33% - Other (3) – retail & office 6.56%
Centuria NZ Industrial Fund – light industrial mainly in Auckland (Name change from Augusta Industrial Fund)	100,000	176,385 (Net tangible asset backing)	133,000	6.50%	The 48 tenants in 21 properties across three cities but weighted 73% to Auckland include Toll, Repco, Linfox, Fujitsu, Fletcher Building Steel Group, Macpac, Vulcan Steel, and Halls Refrigeration Transport (Icepak), D&H Steel Construction, Graphic Packaging, and TCI NZ. Overall occupancy is 96%.
Total	\$397,000	\$772,200	\$663,361	Average 7.61%	
		(16.4% increase)	(33.3% increase)		

The returns reflect a strong increase over the year. This reflects the strength of the property market and the rental profile of individual properties. With recent renewals of tenancies there is a notable reflection of this in the property values. However, rising interest rates generally should show a slowing in future medium term growth rates.

The Trustees have sought input from Craigs Investment Partners to review the Investment Portfolio and to chart an ongoing strategy. Recommendations from this review will be brought forward in due course for consideration.

Building Works

We continue to have some annoying issues with the roof, although the major leaks have been remedied. Consultation on whether or not substantive work is required will be sought in the current year.

Other Responsibilities

- **The Arboretum.** This has been maintained to a good standard. Work is currently underway with a view to enhancing the visitor experience, especially in conjunction with the Council and its development of the Discovery Trail and visitor reserves.
- **The Herbarium.** Work has commenced to enhance this part of the bequest with the New Zealand Plant Conservation Network.

Summary

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

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

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

Bruce Ellis
Chairman

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 7 Trustees who oversee the governance of the Trust, including a Chairman who is responsible for the day-to-day operations of the Trust and reporting to the Trustees, and six other voluntary members who support the Chairman in delivering against the Trust's objectives. At least 50% of the Trustees shall not be current elected members of the Stratford District Council.

Main sources of the Trust's cash and resources

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

Outputs

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

PERCY THOMSON TRUST – BOARD

Chairman: Bruce Ellis

Trustees: Jim Clarkson
Helen Cloke
Deborah Clough
Christine Craig
Doug Robinson
Gloria Webby

PERCY THOMSON TRUST – STAFF

As at 30 June 2022

Gallery Director – Laura Campbell

Part-time Gallery Assistants

- Bill Davies
- Donna Hitchcock
- Carina McQueen
- Gayleen Schrider
- Amy Taunt
- Jacqueline McCluggage

PERCY THOMSON TRUST – PERFORMANCE

STATEMENT OF SERVICE PERFORMANCE

NATURE AND SCOPE OF ACTIVITIES

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

The Thomson Gallery is located in Prospero Place, the arboretum on Cloten Road near the intersection with Ariel Street, and the herbarium at the website www.taranakiplants.net.nz.

The Thomson Gallery is Stratford's public art gallery and was opened in June 2002. The gallery contains both exhibition areas and work areas for use by local artists and community art groups. The gallery provides an active programme of exhibitions and events that is both internally generated and toured from other art collections.

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

OBJECTS OF THE TRUST

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

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

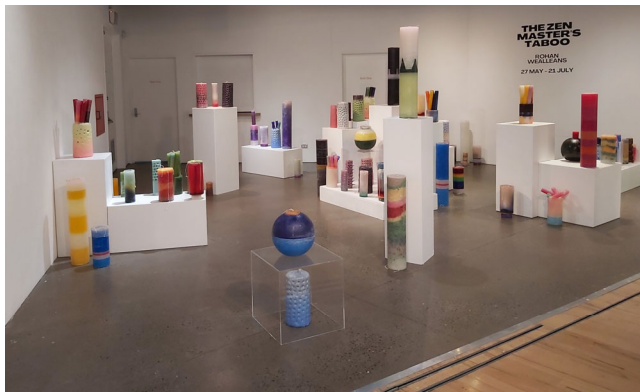
For the avoidance of doubt, the objects of the Trust expressed above are set out in no particular order or priority and do not include an intention or purpose that the Trust operates a trading undertaking with the intention or purpose of making a profit, but rather that the Trustees fairly and efficiently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

PERCY THOMSON TRUST – PERFORMANCE

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

Level of Service	Performance Measures	Actual 2021/22	Target 2021/22
Delivery of art exhibitions	Deliver proposed art exhibitions which will include local, regional and at least 1 National.	<p><i>Achieved:</i> All exhibitions were able to be delivered during Covid-19 restrictions, however there was a reduction in visitor numbers.</p> <p>Art exhibitions that were delivered throughout the year included the following:</p> <p>National –</p> <ol style="list-style-type: none"> 1. Looking Forward PCANZ 2. Marti Friedlander 3. Matariki – Stephen Chadwick <p>Regional –</p> <ol style="list-style-type: none"> 1. Town and Country – Embroidery Exhibition 2. Anthony Davies – Printmaking, a passage of time series 3. Nga Aho – Toi o Taranaki Ki te Tonga Collective 4. We all think we're good people <p>Local –</p> <ol style="list-style-type: none"> 1. Stratford Art Society 2. The Art of Resilience – Celebrating 20 years of Percy Thomson Gallery 3. Shakespeare – Experience the Bard 4. Super 18 Day Pop up exhibition <p>(2020/21) – Achieved)</p>	Deliver proposed art exhibitions which will include local, regional and at least 1 National.
	Number of visitors to the Gallery to be not less than 20,000 per year.	<p><i>Not Achieved:</i> There were 14,646 visitors for the year, primarily due to the restrictions on social gatherings and peoples' reluctance to attend these spaces.</p> <p>(2020/21 – Achieved – 24,314)</p>	>20,000
Development and maintenance of arboretum	Develop and maintain the arboretum to the standards in the facilities management contract	<p><i>Achieved:</i> The arboretum has been maintained by Stratford District Council on behalf of the Trust, and meets the standards as set out in the Facilities Management Contract. The planting programme was also maintained, and continued on in conjunction with the plantings/replacement of native trees.</p> <p>(2020/21) - Achieved)</p>	Develop and maintain the arboretum to the standards in the Facilities Management Contract
Delivery of Herbarium	Explore alternative options to achieve this measure	<p><i>Not Achieved:</i> The trust has just reviewed the arboretum, in conjunction with the Windsor Park Reserve Management Plan, and an alternative method of delivery of the herbarium will be undertaken in 2022/23 as a result of the arboretum review.</p> <p>(2020/21 – Not achieved – The trust continue to look for an alternative arrangement to deliver the herbarium via a third party, it is expected that the herbarium will be delivered online in the 2021/22 year)</p>	To be reset following the conclusion of the 2021/22 review.

PERCY THOMSON TRUST – PERFORMANCE



PERCY THOMSON TRUST – PERFORMANCE



PERCY THOMSON TRUST – FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2022

	Note	Actual 2021/22 \$000	Budget 2021/22 \$000	Actual 2020/21 \$000
Revenue				
Funding from central or local government	1	50	95	50
Revenue from non-governmental sources for providing goods or services		44	63	44
Donations, fundraising and other similar revenue	1	13	-	13
Interest, dividends and other investment revenue		40	54	49
Other revenue	1	66	-	38
Total Revenue		212	212	194
Expenses				
Employee related costs	2	117	104	111
Costs related to providing goods or services	2	84	107	85
Other expenses	2	87	80	88
Total Expenses		288	291	284
Deficit from operations		(76)	(79)	(90)
Deficit for the year		(76)	(79)	(90)

Explanations of significant variances against budget are detailed in note 9.



B Ellis
CHAIRMAN



C Craig
TRUSTEE

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Actual 2021/22 \$000	Budget 2021/22 \$000	Actual 2020/21 \$000
Assets				
Current Assets				
Bank accounts and cash	3	275	34	132
Debtors and prepayments	3	4	10	3
Investments	3	275	250	300
Total Current Assets		554	294	435
Non-Current Assets				
Property, plant and equipment	4	1,832	1,897	1,907
Non-current investments	3	427	727	552
Total Non-Current Assets		2,259	2,624	2,459
Total Assets		2,813	2,918	2,894
Liabilities				
Current Liabilities				
Creditors and accrued expenses	3	9	5	15
Employee costs payable	3	6	2	6
Total Current Liabilities		15	7	21
Total Liabilities		15	7	21
Total Assets less Total Liabilities (Net Assets)		2,798	2,911	2,873
Accumulated Funds				
Capital contributed by owners or members	5	0.1	0.1	0.1
Accumulated Surpluses or (deficits)	5	1,591	1,704	1,666
Reserves	5	1,207	1,207	1,207
Total Accumulated Funds		2,798	2,911	2,873

The Trust Board is approved and authorised to issue the financial statements on 30 November 2022.



B Ellis
CHAIRMAN



C Craig
TRUSTEE

PERCY THOMSON TRUST – FINANCIAL STATEMENTS

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	Actual 2021/22 \$000	Actual 2020/21 \$000
Cash Flows from Operating Activities			
<i>Cash was received from:</i>			
Funding from central or local government		50	50
Receipts from non-governmental sources for providing goods or services		44	44
Donations, fundraising and other similar receipts		13	13
Interest, dividends and other investment revenue		40	48
Other revenue		17	38
Net GST		(2)	(1)
<i>Cash was applied to:</i>			
Payments to Suppliers and Employees		(213)	(203)
Net Cash Flows used in Operating Activities		(51)	(11)
Cash Flows from Investing and Financing Activities			
<i>Cash was received from:</i>			
Receipts from the sale of investments		199	125
<i>Cash was applied to:</i>			
Payments to acquire property, plant and equipment		(5)	(15)
Net Cash flow from Investing and Financing Activities		194	110
Net Increase in Cash		143	90
Add opening bank accounts and cash		132	41
This is presented by : Bank Accounts and Cash	3	275	132

PERCY THOMSON TRUST

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 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 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 initially recorded at cost or valuation, 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 1 January 2020 by Telfer Young (Taranaki) Ltd, independent valuers. Telfer Young have advised that COVID-19 had no impact on their assessment of valuations.

Revaluation increases and decreases will be transferred to equity.

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

Employee costs payable

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

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

Income tax

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

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

Budget figures

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

Tier 2 PBE Accounting Standards applied

The Trust has applied tier 2 accounting standards for asset revaluations only, in preparing its financial statements. This was to bring consistency in property revaluations between the Trust and its parent, the Stratford District Council.

CHANGES IN ACCOUNTING POLICIES

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

PERCY THOMSON TRUST – NOTES TO THE PERFORMANCE REPORT

1. Analysis of Revenue

	Actual 2021/22 \$000	Actual 2020/21 \$000
Funding from central or local government		
- Stratford District Council	50	50
Donations, fundraising and other similar revenue		
Grant - Taranaki Electricity Trust	-	3
Grant - Toi Foundation	-	10
Creative New Zealand Funding	12	-
Wages subsidy	1	-
Total donations, fundraising and other similar revenue	13	13
There are no unfulfilled conditions and other contingences attached to grants recognised.		
Other Revenue		
- Commission Sales	17	38
- Gain on sale of financial assets	49	-
Total Other Revenue	66	38

2. Analysis of Expenses

Analysis of Expenses

	Actual 2021/22 \$000	Actual 2020/21 \$000
Employee related costs		
Salaries and Wages	115	109
Kiwisaver Contributions	3	3
Decrease in Employee Entitlements	(1)	(1)
Total employee related costs	117	111
Costs related to providing goods or services		
Property expenses	18	20
Art Gallery expenses	43	43
Other operating expenses	23	22
Total costs related to providing goods or services	84	85
Other expenses		
Audit Fees for Financial Statement Audit	7	8
Depreciation	80	80
Total other expenses	87	88

PERCY THOMSON TRUST – NOTES TO THE PERFORMANCE REPORT

3. Analysis of Assets and Liabilities

Current Assets

Bank Accounts and Cash

Cheque Account - TSB

Debtors and Prepayments

GST Refundable

Sundry Debtors

Total Debtors and Prepayments

Investments

Bonds

Auckland International Airport - 4.28% - matures 09/11/2022

Fonterra Co-op Group - 4.33% - mature 20/10/2021

Other Investments

Term Deposit TSB Bank - 2.20% - mature 4/12/2022

Total Investments

Non-current Investments

Bonds

ASB Bank Ltd - 4.20% - matures 24/02/2022

Meridian Energy Ltd - 4.88% - matures 20/03/2024

Auckland International Airport - 4.28% - matures 09/11/2022

Other Investments

Proportionate Ownership - Albany, Auckland

Proportionate Ownership - Manukau, Auckland

Proportionate Ownership - Porirua, Wellington

Proportionate Ownership - Albany, Auckland

Proportionate Ownership - Tauranga

Proportionate Ownership - Henderson, Auckland

Total Non Current Investments

Creditors and Accrued Expenses

Creditors

Income received in advance

Accrued Expenses

Total Creditors and Accrued Expenses

Employee Costs Payable

Annual Leave

Total Employee Costs Payable

	Actual 2021/22 \$000	Actual 2020/21 \$000
Bank Accounts and Cash		
Cheque Account - TSB	275	132
Debtors and Prepayments		
GST Refundable	-	1
Sundry Debtors	4	2
Total Debtors and Prepayments	4	3
Investments		
<u>Bonds</u>		
Auckland International Airport - 4.28% - matures 09/11/2022	25	-
Fonterra Co-op Group - 4.33% - mature 20/10/2021	-	50
<u>Other Investments</u>		
Term Deposit TSB Bank - 2.20% - mature 4/12/2022	250	250
Total Investments	275	300
Non-current Investments		
<u>Bonds</u>		
ASB Bank Ltd - 4.20% - matures 24/02/2022	-	50
Meridian Energy Ltd - 4.88% - matures 20/03/2024	30	30
Auckland International Airport - 4.28% - matures 09/11/2022	-	25
<u>Other Investments</u>		
Proportionate Ownership - Albany, Auckland	50	50
Proportionate Ownership - Manukau, Auckland	50	50
Proportionate Ownership - Porirua, Wellington	72	122
Proportionate Ownership - Albany, Auckland	75	75
Proportionate Ownership - Tauranga	50	50
Proportionate Ownership - Henderson, Auckland	100	100
Total Non Current Investments	427	552
Creditors and Accrued Expenses		
Creditors	1	3
Income received in advance	-	1
Accrued Expenses	8	11
Total Creditors and Accrued Expenses	9	15
Employee Costs Payable		
Annual Leave	6	6
Total Employee Costs Payable	6	6

PERCY THOMSON TRUST – NOTES TO THE PERFORMANCE REPORT

4. Property, Plant and Equipment

Cost or Valuation	Buildings at	Land at	Plant and	Total
	revalued amount	revalued amount	Equipment at Cost	
	\$000	\$000	\$000	\$000
As at 1 July 2021	1,749	235	115	2,099
Additions	-	-	5	5
Disposals	-	-	-	-
Revaluation increase	-	-	-	-
As at 30 June 2022	1,749	235	120	2,104

Accumulated Depreciation	Buildings at	Land at	Plant and	Total
	revalued amount	revalued amount	Equipment at Cost	
	\$000	\$000	\$000	\$000
Balance at 1 June 2021	144	-	48	192
Eliminated on disposals of assets	-	-	-	-
Depreciation expense	73	-	7	80
Balance at 30 June 2022	217	-	55	272
Balance as at 30 June 2022	1,532	235	65	1,832
Balance as at 30 June 2021	1,605	235	67	1,907

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.

5. Accumulated Funds

	Actual 2021/22	Actual 2020/21
	\$000	\$000
Opening Equity		
Contributed Capital	0.1	0.1
Revaluation Reserve	1,207	1,207
Accumulated Surpluses	1,667	1,757
Total Opening Balance	2,875	2,965
Movements during the year		
Surplus (Deficit)	(76)	(90)
Revaluation during the year	-	-
Total	(76)	(90)
Closing Equity		
Contributed Capital	0.1	0.1
Revaluation Reserve	1,207	1,207
Accumulated Surpluses	1,591	1,667
Total Closing Equity	2,798	2,873

PERCY THOMSON TRUST – NOTES TO THE PERFORMANCE REPORT

6. Commitments and Contingencies

	Actual 2021/22 \$000	Actual 2020/21 \$000
Financial Commitments		
* Percy Thomson Trust will provide building space in the Complex for Sgt Peppers to operate, for the period to 1 June 2022, to 31 May 2023, with two further rights of renewal of one year each.	14	13
* Percy Thomson Trust will provide building space in the Complex for Juffermans Surveyors Ltd to operate, for the period to 12 April 2026, with two further rights of renewal of three years each.	68	86
* Percy Thomson Trust will provide land outside the Complex for NZ Post to use as a box lobby, for the period to 31 May 2024.	2	1
Total	84	100
Operating Leases as a Lessor		
Not later than one year	33	32
Later than one year and not later than five years	51	68
Later than five years	-	-
Total operating leases as a lessor	84	100

Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at balance date (last year – nil).

7. Related Party Transactions

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

Trustees that have a relationship with Stratford District Council:

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

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

	Actual 2021/22 \$000	Actual 2020/21 \$000
Stratford District Council		
Grant received from the Council	50	50
Rent received from Council for the Information Centre (lease terminated February 2021)	-	12
Fees paid to Council for administration services	21	21

8. Events After the Balance Sheet Date

There were no significant events after balance date.

9. Explanations of major variances against budget

Explanations for major variances from the Trust's budgeted figures in the 30 June 2022 Statement of Intent are as follows:

Statement of Financial Performance

- Revenue from gallery hire and commissions was slightly less than budget, however given the restrictions around Covid, this was expected.
- Revenue from interest income is less than budget, due to the very low market rates, also affected by the economy and Covid.
- Revenue from grants was less than budget due to the current market situation, however the Trust are pro-actively seeking alternative sources of grant funding.
- During the year the Trust sold a share in the Proportionate Ownership investment, which resulted in a net gain of \$49,000.

Statement of Financial Position

- The cash balance was higher than budget due to the maturity of bonds, and the sale of a share in the Porirua Proportionate Ownership investment.

10. Comparatives

There have been a number of prior period comparatives which have been reclassified to make disclosure consistent with the current year layout.



Independent Auditor's Report

To the readers of Percy Thomson Trust's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Percy Thomson Trust (the Trust). The Auditor-General has appointed me, Pam Thompson using the staff and resources of Deloitte Limited to carry out the audit of the financial statements and performance information of the Trust on her behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 10 to 20, that comprise the statement of financial position as at 30 June 2022, the statement of financial performance, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 6 to 7.

In our opinion:

- the financial statements of the Trust on pages 10 to 20:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard; and
- the performance information of the Trust on pages 6 to 7 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2022.

Our audit was completed on 30 November 2022. This is the date at which our opinion is expressed. The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trust Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Trust Board is responsible for the other information. The other information comprises the information included on pages 1 to 5, 8 to 9 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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



Pam Thompson
Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand