

13 February 2023

F16/1072-D23/5578

NOTICE OF MEETING

Notice is hereby given that the meeting of the Percy Thomson Trust will be held at the Council Chambers Stratford District Council, 63 Miranda Street, Stratford on **Thursday 16 February 2023**.

If you are unable to make it please notify myself no later than Wednesday 15 February 2023 on (06) 765 6099 or by email to creynolds@stratford.govt.nz.

Yours faithfully
B Ellis
CHAIRMAN

Per: Carissa Reynolds
HR and Governance Administrator

PERCY THOMSON TRUST MEETING

THURSDAY 16 February 2023

Held at the Stratford District Council, Committee Room at 4pm

F16/1072- D23/4034

AGENDA

1. **Opening Karakia**

2. **Announcements**

3. **Apologies**

4. **Presentation**

Justin Morgan and Andrew Black - Morgan and Black Co.

5. **Confirmation of Minutes**

Meetings - Thursday 8 December 2022

The minutes of the Ordinary Meeting are attached.

Recommendation

THAT the minutes of the Percy Thomson Trust Ordinary Meeting held on Thursday 8 December 2022 be confirmed.

6. **Correspondence**

Inwards

7. Email Marsh limited - Trustee Liability Insurance Policy Schedule 2022-2023

8. **Outwards**

None

Recommendation

THAT the inwards correspondence be received.

9. **Statement Of Intent 1 July 2023 - 30 June 2026**

The Report is presented for Trustee's consideration.

Recommendation

THAT the Statement of Intent for the period 1 July 2023 to 30 June 2026 be adopted.

10. **Six Monthly Report Period Ended 31 December 2022**

The Report is presented for Trustee's consideration.

Recommendation

THAT the Six-Monthly Report for the period ended 31 December 2022 be received.

11. **Financial Statements**

The financial statements for the months of November and December 2022 are attached.

Recommendation

THAT the financial statements for the months of November and December 2022 as presented, be received.

12. **Arboretum & Herbarium Report**

A verbal report will be presented.

Recommendation

THAT the arboretum and herbarium updates be received.

13. **Gallery Director's Report**

The Gallery Director's report is attached.

Recommendation

THAT the update be received.

14. **General Business**

10.1 Any other business

10.2 **Next Meeting**

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

15. **Closing Karakia**

2023 - Agenda - Percy Thomson Trust - February

16 February 2023 09:00 AM - 05:00 PM



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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.

MINUTES OF MEETING OF THE PERCY THOMSON TRUST HELD AT THE STRATFORD DISTRICT COUNCIL ON THURSDAY 8 December 2022 AT 4PM

PRESENT

Chairman Bruce Ellis and Trustees –Christine Craig, Jim Clarkson, Deborah Clough, Doug Robinson, and Gloria Webby.

IN ATTENDANCE

The Gallery Director – Laura Campbell, the HR and Governance Administrator – Carissa Reynolds (minute taker).

1. Announcements

There were no announcements

2. Apologies

Helen Cloke

3. Confirmation of Minutes

Meeting – Thursday 20 October 2022
D22/40868

The minutes of the meeting were attached.

Recommendation

THAT the minutes of the meeting of the Percy Thomson Trust held on Thursday 18 August 2022 be confirmed.

CLARKSON/CRAIG
Carried

Matters Arising

- It was noted the Property Officers is collating the requests for new roof quotes sent to them by Mrs Craig from the last meeting, this includes removing the skylight, minimal interruption to tenants and the contractor supplying their own scaffolding. It was also noted building consent is required for any work involving internal guttering, a gap analysis is required for the building consent, which has been complete. The gap analysis highlighted an issue with the roller door entrance to the Café. The Property Officer is requesting more information on the issue, and what needs to be resolved.
- The Property Officer is currently working on the request for tender, with tenders going out next week.
- The Gallery Director noted the 55 inch screen has arrived, but will not be able to be installed until the skylight is removed or covered. The Gallery Director noted she had discussed the issue with the Property Manager to find an interim solution, she has also sought a quote from a signwriter to tint the skylight.
- Mrs Clough questioned if Mrs Craig had enquired in regards to paying for google drive. Mrs Craig is still to confirm.
- The Gallery Director noted the current web provider was no longer fit for purpose. Permission was sought and granted to investigate new webpage providers.
- Mr Clough noted her concern on not receiving quotes for the Arboretum landscaping work, so farm estimates have only been received, her concern was the fact the price could increase by the time the project is complete.
- The Chair will discuss with Mrs Cloke to get the price of the landscaping as a quote.

4. Correspondence

Inwards

Nil

Outwards

Nil

5. Financial Statements

The payment list for the months of September and October 2022 is attached.

Recommendation

THAT the payment list for the months of September and October 2022 as presented, be received.

WEBBY/CRAIG
Carried

6. Arboretum and Herbarium Report

A verbal report was presented.

- Mr Clarkson acknowledged the work Mrs Cloke has completed.
- Mr Clarkson has found 6 different species of plants from 3 different nurseries, however he has gone to several other nurseries who have come back to say they do not have the plants he is requesting. Mr Clarkson has a total of 131 plants.
- It was noted the patch of Ivy is being worked on, with several woosacks already been removed. Mr Clarkson estimates another half a day to clear the remaining ivy.
- It was noted Downers is now catching the grass when cutting it, which has made a huge improvement in appearance.

Recommendation

THAT the report be received.

ROBINSON/CLARKSON
Carried

7. Gallery Director's Report

The Gallery Director's Report was attached.

Points noted:

- It was noted the amazing visitation numbers of around 1,200 over the Garden Festival.
- The Gallery Director suggested Improvements can be made website updates, or education initiatives which can get funding from Toi and support from council bringing people into the town.
- It was noted Govett Brewster have donated around \$8,000 worth of lights.
- Mr Ellis, Mrs Craig and the Gallery Director will work together to look at a separate marketing budget for the Gallery

Recommendation

THAT the Gallery Director's report be received.

ELLIS/CRAIG
Carried

8. General Business

10.1 Any other business

- It was noted that TSB now have debit cards, however this would require Percy Thomson Trust having a separate bank account, with a card in the Gallery Director's name, which would need to be topped up regularly.

- It was decided a card should be issued in the name of the Gallery Director – Laura Campbell with a limit of \$1,000. All receipts of purchased must be kept for card reconciliation.

Recommendation

THAT a Debit Card be issued in the name of Ms Laura Campbell with a limit of \$1,000.

WEBBY/CLOUGH
Carried

10.2 Next Meeting

The next meeting of the Percy Thomson Trust is to be held on Thursday 16 February 2023 at 4pm at the Stratford District Council.

Meeting closed at 4.45

B Ellis
CHAIRMAN



PERCY THOMSON TRUST

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

**STATEMENT OF INTENT
FOR THE PERIOD
1 JULY 2023 TO 30 JUNE 2026**

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 2023 to 30 June 2026 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.

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.

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
- Gloria Webby for a term expiring at the 2023 AGM
- Christine Craig for a term expiring at the 2023 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.

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.

RATIO OF CONSOLIDATED FUNDS

The ratio of the equity to total assets is 99.75%.

- 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 2024

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 1 January 2020 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 2022/23	Target Year 2 2023/24	Year 3 2024/25	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 2023

<u>2022/23</u>		<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
<u>Budget</u>		<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$		\$	\$	\$
	<u>PROPERTY</u>			
	Revenue			
14,100	Café Lease	14,100	14,100	14,100
1,320	Post Box Lobby Rental	1,320	1,320	1,320
18,000	Building lease	18,000	18,000	18,000
33,420	Total Property Revenue	33,420	33,420	33,420
	Expenditure			
82,000	Depreciation	84,050	84,050	84,050
8,500	Insurance	9,500	9,500	9,500
1,750	Rates (Services Only)	1,650	1,650	1,650
17,300	Repairs and Maintenance Building	17,300	17,300	17,300
10,000	Repairs and Maintenance Arboretum	5,000	5,000	5,000
1,000	Repairs and Maintenance Herbarium	1,000	1,000	1,000
120,550	Total Property Expenditure	118,500	118,500	118,500
(87,130)	Surplus (Deficit) from Property	(85,080)	(85,080)	(85,080)

PERCY THOMSON TRUST

<u>2022/23</u>		<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</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	10,000	10,000	10,000
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	32,600	32,600	32,600
	Expenditure			
350	ACC Levy	350	350	350
15,000	Energy Costs	15,000	15,000	15,000
1,700	Art Insurance	1,200	1,200	1,200
500	Miscellaneous	800	800	800
20,000	Programme	20,000	20,000	20,000
10,000	Major Exhibition	10,000	10,000	10,000
200	Publications & Subscriptions	200	200	200
107,000	Salary, Wages and Employment Related Costs	120,000	123,600	127,300
1,500	Staff Training	1,500	1,500	1,500
1,980	Telephone & Tolls	3,600	3,600	3,600
158,230	Total Art Gallery Expenditure	172,650	176,250	179,950
(125,630)	Surplus (Deficit) from Art Gallery	(140,050)	(143,650)	(147,350)

PERCY THOMSON TRUST

<u>2022/23</u>		<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
<u>Budget</u>		<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$		\$	\$	\$
<u>OTHER REVENUE AND EXPENDITURE</u>				
Other Revenue				
40,000	Interest	35,000	35,000	35,000
50,000	Stratford District Council Grant	50,000	50,000	50,000
73,000	External Funding	88,000	98,500	95,500
163,000	Total Other Revenue	173,000	183,500	180,500
Other Expenditure				
20,600	Administration	20,600	20,600	20,600
8,500	Audit Fees	8,500	8,500	8,500
2,200	Trustee Liability Insurance	2,400	2,400	2,400
300	Investment Expenses	300	300	300
31,600	Total Other Expenditure	31,800	31,800	31,800
131,400	Surplus (Deficit)	141,200	151,700	148,700

PERCY THOMSON TRUST

<u>2022/23</u>		<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
<u>Budget</u>		<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
\$		\$	\$	\$

SUMMARY COST OF SERVICE STATEMENT

<u>REVENUE</u>				
33,420	Property	33,420	33,420	33,420
32,600	Art Gallery	32,600	32,600	32,600
163,000	Other Revenue	173,000	183,500	180,500
229,020	Total Revenue	239,020	249,520	246,520
<u>OPERATING EXPENDITURE</u>				
120,550	Property	118,500	118,500	118,500
158,230	Art Gallery	172,650	176,250	179,950
31,600	Other Expenditure	31,800	31,800	31,800
310,380	Total Operating Expenditure	322,950	326,550	330,250
(81,360)	Operating Surplus (Deficit)	(83,930)	(77,030)	(83,730)
(81,360)	Net Operating Surplus (Deficit)	(83,930)	(77,030)	(83,730)
82,000	Add back depreciation (non-cash)	84,050	84,050	84,050
640	Cash Surplus (Deficit)	120	7,020	320

PERCY THOMSON TRUST

PERCY THOMSON TRUST PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE FOR THE THREE YEARS COMMENCING 1 JULY 2023

<u>2022/23</u> <u>Budget</u> \$000		<u>2023/24</u> <u>Forecast</u> \$000	<u>2024/25</u> <u>Projection</u> \$000	<u>2025/26</u> <u>Projection</u> \$000
Revenue				
50	Funding from central or local government	50	50	50
66	Revenue from non-governmental sources for providing goods or services	66	66	66
73	Donations, fundraising and other similar revenue	88	99	96
	Interest, dividends and other investment revenue			
40	Interest, Dividends and Other Investment Revenue	35	35	35
-	Other revenue			
229	Total Revenue	239	250	247
Expenses				
107	Employee Related Costs	120	124	127
121	Costs related to providing goods and services	119	119	119
82	Other Expenditure	84	84	84
310	Total Expenses	323	327	330
(81)	Operating Surplus/(Deficit) Before Tax	(84)	(77)	(84)
-	Share of Associate Surplus/(Deficit)	-	-	-
(81)	Surplus/(Deficit) Before Tax	(84)	(77)	(84)
-	Income Tax Expense	-	-	-
(81)	Surplus/(Deficit) After Tax	(84)	(77)	(84)

PERCY THOMSON TRUST

PERCY THOMSON TRUST

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

For the Three Years Ending 30 June 2023, 2024 and 2025

<u>2022/23</u>		<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
<u>Budget</u>		<u>Forecast</u>	<u>Projection</u>	<u>Projection</u>
<u>\$000</u>		<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
	<u>Assets</u>			
	Current Assets			
128	Bank Accounts and Cash	212	219	249
10	Debtors and Prepayments	10	10	10
250	Investments	250	250	250
388	Total Current Assets	472	479	509
	Non-Current Assets			
1930	Property, Plant and Equipment	1768	1684	1600
502	Other Financial Assets	502	502	472
2432	Total Non-Current Assets	2270	2186	2072
2819	TOTAL ASSETS	2742	2665	2582
	<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
2,812	Total Assets less Total Liabilities (Net Assets)	2,735	2,658	2,575
	<u>Accumulated Funds</u>			
0	Capital contributed by owners or members	0	0	0
1423	Accumulated Surpluses or (deficits)	1440	1363	1279
1389	Reserves	1295	1295	1295
2812	Total Accumulated Funds	2735	2658	2575
99.75%	Ratio of Trust Equity to Total Assets	99.75%	99.74%	99.73%
-		0	0	0

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 2023 - 2026 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 2022**

PERCY THOMSON TRUST

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PERCY THOMSON TRUST BOARD

Chairman: Bruce Ellis

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

PERCY THOMSON TRUST STAFF

As at 31 December 2022

Gallery Director – Laura Campbell
Gallery Assistant – Amy Taunt

Part-time Gallery Assistants

- Gayleen Schrider
- Carina McQueen
- Donna Hitchcock
- Jacqueline McCluggage
- Justin Morgan

PERCY THOMSON TRUST

On behalf of the Trust, it is my pleasure to present the report for the six months ended 31 December 2022.

We have continued to show improvement in visitor numbers to the gallery, following the trend since the covid closures.

Laura has now completed her first year as Gallery Director and has successfully transitioned from Rhonda's term, completing the programme already in place when she started and introducing new artists and exhibitions to the gallery. The forward plan looks good and enticing and should see the continued growth and reputation of the gallery – a real treasure for Stratford.

Planning work has continued to refresh the Arboretum with a focus on planting, signage, and an enhanced visitor experience. These will be finalised in this current six-month period.

Financials

The financials show a slight cash improvement on budget for the six months to 31 December, however the second six months looks tight with increasing employee costs, continued requirements to upgrade the gallery as a visitor experience, refurbishment of the gallery roof, and the tightness in the availability of grant funds. We anticipate that this could see some contribution from the Trust's reserves, however this is expected to be an enhancement of the overall Trust endowment.

Investment Funds

The Investment portfolio of the Trust is summarised as follows:

Category	Book Value as at 31 December 2022 (\$)	Book Value as at 31 June 2022 (\$)
Bank Balances	212,000	275,000
Trading Bank Term Deposits	250,000	250,000
Bonds	55,000	55,000
Commercial Property through Proportionate Ownership Schemes and Property Investment Funds	397,000	397,000
Total	\$914,000	\$977,000

There has been no change in the property investments in the past six months. The following figures are those reported in the 2022 Annual Report. For further comment see below the schedule.

The breakdown of these investments is:

Property	Original Investment (as per Statement of Financial Position)	Market Value (as at Balance Date of the investments of 31 March 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 15.4% - Hannah's 10.9% - Hexatronic 17.6% - Anderson & Flowers 10.9% - Mitsubishi Motors 13.3% - Fusion Interiors 12.3% - Conroy Removals 6% - Downer NZ 4.7% - NZ Post 4.5% - Free Kindergarten Association 4.2% - Other 0.2%
Cameron Road, Tauranga – Office building and retail	50,000	59,398	58,694	7.80%	- Tauranga City Council 49.8% - IRD 40.0% - Other (3) – retail & office 10.2%
Augusta Industrial Fund – light industrial mainly in Auckland	100,000	176,385 (Net tangible asset backing)	133,000	6.50%	The 48 tenants in 11 properties across three cities but weighted 73% to Auckland include Toll, Repco, Linfox, Fujitsu, Fletcher Building Steel Group, Macpac, Vulcan Steel, and Halls Refrigeration Transport (Icepak), D&H Steel Construction, Graphic Packaging, and TCI NZ. Overall occupancy is 96%.
Total	\$397,000	\$772,200	\$663,361	Average 7.61%	
		(16.4% increase)	(33.3% increase)		

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 overall conclusion is that this portfolio of investments continues to provide good security and investment returns for the Trust.

With the overall economic situation and increasing interest rates, the market values of the properties could be seen to be under some pressure as investors seek to maintain investment margins available through, for example, bank term deposits. The Trust has commenced discussions with a view to changing the management of the investment funds. It is expected to conclude these shortly at which time a further report will be presented for consideration.

Steps have been taken to sell some of the investments to crystallise capital gains for reinvestment by the Trust. This is a slow process and is a matter of balancing ongoing investment returns and preserving capital gains. The situation will be clearer when there is clearer outlook on the economy.

Building Works

Major work is required to preserve the Gallery roof. Tenders are currently been sought to ascertain the cost of replacing the roof and to review any design elements that could be improved at the same time.

Other Responsibilities

- **The Arboretum.** We have embarked on a landscaping project at the Arboretum with a goal to attracting more visitors and adding further to the Stratford Art and heritage trail. We have been successful in obtaining funding from the Taranaki Electricity Trust for the bulk of this work.
- **The Herbarium.** Work is continuing to enhance this part of the bequest with the New Zealand Plant Network. This is proceeding as part of the development work at the Arboretum.

Summary

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



Bruce Ellis
CHAIRMAN

PERCY THOMSON TRUST

PERCY THOMSON TRUST ENTITY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2022

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 1 January 2020 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 2022

	<u>Actual</u> <u>to 31 Dec 22</u>	<u>Budget</u> <u>to 31 Dec 22</u>	<u>Budget</u> <u>2022/23</u>	<u>Projected</u> <u>Year end</u>	<u>Actual</u> <u>to 31 Dec 21</u>
	\$	\$	\$	\$	\$
PROPERTY	-				
Revenue	-				
Café Lease	7,050	7,050	14,100	14,100	6,169
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	15,829
Expenditure					
Depreciation	39,922	41,000	82,000	82,000	39,977
Insurance	9,006	8,500	8,500	9,006	8,383
Rates (Services Only)	1,525	1,750	1,750	1,525	1,579
Repairs and Maintenance Building	6,385	8,650	17,300	17,300	4,859
Repairs and Maintenance Arboretum	-	-	10,000	10,000	-
Repairs and Maintenance Herbarium	-	-	1,000	1,000	-
Total Property Expenditure	56,838	59,900	120,550	120,831	54,798
	-				
Profit (Loss) from Property	(40,128)	(43,190)	(87,130)	(87,411)	(38,969)

	<u>Actual</u> <u>to 31 Dec 22</u>	<u>Budget</u> <u>to 31 Dec 22</u>	<u>Budget</u> <u>2022/23</u>	<u>Projected</u> <u>Year end</u>	<u>Actual</u> <u>to 31 Dec 21</u>
	\$	\$	\$	\$	\$
ART GALLERY	-				
Revenue					
Membership and "Friends" Donations	635	800	1,600	1,400	1,213
Rental/Hireage	5,965	5,000	10,000	11,000	4,344
Donation Box	1,201	1,500	3,000	2,200	996
Commission - Percy's Place	5,232	6,000	12,000	10,000	4,877
Commission - Gallery	2,150	3,000	6,000	7,000	3,390
Total Art Gallery Revenue	15,183	16,300	32,600	31,600	14,820
Expenditure					
ACC Levy	336	350	350	336	303
Energy Costs	5,025	7,500	15,000	15,000	6,426
Insurance	673	1,700	1,700	673	11
Miscellaneous	401	250	500	800	115
Printing & Stationery	2,084	-	-	2,500	257
Programme	12,335	10,000	20,000	20,000	11,245
Major Exhibition	6,567	5,000	10,000	10,000	3,940
Publications & Subscriptions	296	100	200	400	296
Staff training	-	750	1,500	1,500	-
Salary & Wages and Employee Costs	59,098	53,500	107,000	120,000	52,717
Telephone & Tolls	2,451	990	1,980	3,600	986
Total Art Gallery Expenditure	89,266	80,140	158,230	174,809	76,296
Profit (Loss) from Art Gallery	(74,083)	(63,840)	(125,630)	(143,209)	(61,476)

	<u>Actual</u> <u>to 31 Dec 22</u>	<u>Budget</u> <u>to 31 Dec 22</u>	<u>Budget</u> <u>2022/23</u>	<u>Projected</u> <u>Year end</u>	<u>Actual</u> <u>to 31 Dec 21</u>
	\$	\$	\$	\$	\$
<u>TRUST INVESTMENTS</u>	-				
Investment Revenue					
Interest	16,601	20,000	40,000	35,000	18,863
Stratford District Council Grant	-	-	50,000	50,000	-
External Funding	-	-	73,000	30,000	-
Creative New Zealand	-	-	-	-	11,745
Subsidies	600	-	-	600	-
Taranaki Foundation	10,000	-	-	10,000	-
Other grants and donations	4,000	-	-	4,000	-
Total Investment Revenue	31,201	20,000	163,000	129,600	30,608
Trust Investment Expenditure					
Administration	20,600	20,600	20,600	20,600	-
Audit Fees	65	-	8,500	8,500	-
Insurance - Trustees Liability	-	-	2,200	2,200	-
Investment Expenses	-	150	300	300	-
Total Trust Investment Expenditure	20,665	20,750	31,600	31,600	-
Profit (Loss) from Trust Investments	10,536	(750)	131,400	98,000	30,608

SUMMARY COST OF SERVICE STATEMENT FOR THE PERCY THOMSON TRUST

	Actual to 31 Dec 22	Budget to 31 Dec 22	Budget 2022/23	Projected Year end	Actual to 31 Dec 21
	\$	\$	\$	\$	\$
REVENUE					
Property	16,710	16,710	33,420	33,420	15,829
Art Gallery	15,183	16,300	32,600	31,600	14,820
Other Investments	31,201	20,000	163,000	129,600	30,608
Total Revenue	63,094	53,010	229,020	194,620	61,257
OPERATING EXPENDITURE					
Property	56,838	59,900	120,550	120,831	54,798
Art Gallery	89,266	80,140	158,230	174,809	76,296
Other Investments	20,665	20,750	31,600	31,600	-
Total Operating Expenditure	166,769	160,790	310,380	327,240	131,094
Net surplus (deficit) from operations	(103,675)	(107,780)	(81,360)	(132,620)	(69,837)
Transferred to Accumulated Surpluses	(103,675)	(107,780)	(81,360)	(132,620)	(69,837)
	-				
<i>Net Surplus (Deficit)</i>	<i>(103,675)</i>	<i>(107,780)</i>	<i>(81,360)</i>	<i>(132,620)</i>	<i>(69,837)</i>
<i>Add back depreciation (non-cash)</i>	<i>39,922</i>	<i>41,000</i>	<i>82,000</i>	<i>82,000</i>	<i>39,977</i>
<i>Cash Surplus (Deficit)</i>	<i>(63,753)</i>	<i>(66,780)</i>	<i>640</i>	<i>(50,620)</i>	<i>(29,860)</i>

PERCY THOMSON TRUST

PERCY THOMSON TRUST STATEMENT OF FINANCIAL PERFORMANCE FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2022

	<u>Actual</u> <u>to 31 Dec 22</u> \$000	<u>Budget</u> <u>to 31 Dec 22</u> \$000	<u>Budget</u> <u>2022/23</u> \$000	<u>Projected</u> <u>Year End</u> \$000	<u>Actual</u> <u>to 31 Dec 21</u> \$000
Revenue					
Funding from central or local government	-	-	50	50	-
Revenue from non-governmental sources for providing goods or services	32	33	66	65	31
Donations, fundraising and other similar revenue	14	0	73	44	12
Interest, dividends and other investment revenue	17	20	40	35	19
Total Revenue	62	53	229	194	61
Expenses					
Employee related costs	59	54	107	120	53
Costs related to providing goods or services	68	66	121	125	38
Other expenses	40	41	82	82	40
Total Expenses	167	161	310	327	131
Net Operating Surplus (Deficit) for the period	(104)	(108)	(81)	(133)	(70)

PERCY THOMSON TRUST

STATEMENT OF FINANCIAL POSITION FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2022

	<u>Actual</u> <u>Year to Date</u>	<u>Actual for</u> <u>the Six Months</u> <u>to 31 Dec 2021</u>	<u>Actual for the</u> <u>Year Ended</u> <u>to 30 June 2022</u>
	\$000	\$000	\$000
<u>Assets</u>			
Current Assets			
Bank Accounts and Cash	212	147	275
Debtors and Prepayments	9	2	4
Investments	250	300	275
Total Current Assets	471	449	554
Non-Current Assets	-		
Property, Plant and Equipment	1,804	1,867	1,832
Non-current investments	427	502	427
Total Non-Current Assets	2,231	2,369	2,259
Total Assets	2,702	2,819	2,813
<u>Liabilities</u>	-		
Current Liabilities	-		
Creditors and Accrued Expenses	1	9	9
Employee Costs Payable	6	6	6
Total Current Liabilities	8	15	15
Total Liabilities	8	15	15
Total Assets less Total Liabilities (Net Assets)	2,694	2,804	2,798
<u>Accumulated Funds</u>	-		
Capital contributed by owners or members	0	0	0
Accumulated Surpluses or (deficits)	1,487	1,597	1,591
Reserves	1,207	1,207	1,207
Total Accumulated Funds	2,694	2,804	2,798

PERCY THOMSON TRUST

STATEMENT OF CASHFLOWS

FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2022

	<u>Actual</u> <u>Year to Date</u>	<u>Actual for</u> <u>the Six Months</u> <u>to 31 Dec 2021</u>	<u>Actual for the</u> <u>Year Ended</u> <u>to 30 June</u> <u>2022</u>
	\$000	\$000	\$000
<u>Cash Flows from Operating Activities</u>			
<i>Cash was received from:</i>			
Funding from central or local government	0	0	50
Receipts from non-governmental sources for providing goods or services	28	31	44
Donations, fundraising and other similar revenue	14	12	13
Interest, dividends and other investment revenue	17	19	40
Other revenue	0	0	17
Net GST	0	0	(2)
<i>Cash was applied to:</i>			
Payments to Suppliers and Employees	(134)	(91)	(213)
Net Cash Flow from Operating Activities	(76)	(30)	(51)
<u>Cash Flows from Investing and Financing Activities</u>			
Receipts from Sale of Investments	275	300	199
Payments to acquire property, plant and equipment	(12)	(6)	(5)
Payments to Acquire Investments	(250)	(250)	-
Net Cash Flow from Investing and Financing Activities	13	44	194
Net (Decrease)/Increase in Cash for the period	(63)	15	143
Add opening bank accounts and cash	275	132	132
Closing Bank Accounts and Cash	212	147	275

PERCY THOMSON TRUST

OTHER EXPLANATORY NOTES AS AT 31 DECEMBER 2022

Note 1 Property, Plant and Equipment

Cost or valuation	Carrying Amount 1/07/22 \$000	Additions	Depreciation to 31/12/22 \$000	Carrying Amount 31/12/22 \$000
Building	1,483	-	(36)	1,447
Land	235	-	-	235
Arboretum	49	-	(1)	48
Plant and Equipment	65	-	(3)	62
Work in Progress	12	-	-	12
Total	1,844	-	(40)	1,804

PAYMENT LISTING - NOVEMBER AND DECEMBER 2022

<i>Payee</i>	<i>Description</i>	<i>Amount</i>
Five Star Liquor	Beverages	\$11.60
Laura Campbell	Claim for Expenses	\$349.99
Warehouse Stationery	Stationery	\$92.11
About Image Limited	Stationery	\$393.84
Stratford District Council	Spark, Meridian Genesis	\$4,109.13
Deloitte Limited	Audit fees	\$7,917.75
Paper Plus Stratford	Stationery	\$39.73
Abstract Signs	Wall Signs	\$402.50
Hannah Doherty	SAS Spring Exhibition	\$130.81
Toulouse Limited	Monitor	\$2,286.09
Warehouse Stationery	Stationery	\$87.50
About Image Limited	Business Cards	\$302.02
Stratford District Council	Spark - November	\$395.11
Harris Store Limited	Supplies	\$131.29
Mix Foundation Ltd	Sound System	\$3,612.80
Inland Revenue	PAYE	\$2,647.85
Masters Mitre 10	Painting Supplies	\$172.66
Masters Mitre 10	Supplies	\$67.20
Mediaworks Radio Limited Taranaki	Advertising	\$159.60
DIA - Charities Services	Annual return	\$51.11
Rocketspark Limited	Domain Name Registration	\$40.25
Harris Store Limited	Groceries	\$131.36
I&G Couriers 2019 T/A Aramex	Courier Fees	\$16.17
Phil Boyes Electrical (2019) Limite	Electrical work	\$228.86
Hannah Doherty	Design Work	\$130.81
Deloitte Limited	Audit fees	\$1,800.90
Warehouse Stationery	Stationery	\$191.86
Paper Plus Stratford	Stationery	\$7.49
Stratford District Council	Annual fee for financial services, and GAP Analysis report for roof	\$30,373.81
Laura Campbell	Claim for Expenses	\$36.74
Museums Aotearoa	Membership	\$282.90
About Image Limited	Minatures exhibition	\$92.00
Inland Revenue	PAYE	\$2,975.43
TOTAL		\$59,669.27

2023 - Agenda - Percy Thomson Trust - February - Financial Statements

PERCY THOMSON TRUST INVESTMENTS - as at 31 December 2022										
	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	\$211,528		Approx	\$1,000
			TSB Bank - Term investment	4.35%	4/06/2023	Maturity	\$250,000			\$10,875
							\$461,528	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							\$888,528	100.00%		\$41,374
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.										

Percy Thomson Gallery Director's Report

February 2023

General Comments

- Presentation by Justin Morgan and Andrew Black, from Morgan and Black. Both of them are well respected creatives in the industry, and I believe the Gallery will benefit from hosting their exhibition in August 2023. A new direction for our Regional Gallery to send high quality touring shows to other venues. Showcasing Taranaki and profiling our Gallery to the rest of the country.
- Present report for Visitor Numbers and sales for Taranaki Review in Miniature 2022.

Currently on at PTG

Ewan McDougall and Dwayne Duthie (3 – 26 February).

- Some really significant sales and feedback about this exhibition. Good for the Gallery to have a national touring exhibition alongside a Taranaki artist who is showing immense promise as a professional artist to look out for.

Exhibitions Up Next are:

- 3- 26 March ----- Professional Weavers Network National Touring Exhibition/ Daughters of Eve collective from Taranaki.
- 31 March – 30 April ----- Stratford Art Society
- 5 May – 23 June ----- Justin Morgan and I are co-curating an exhibition and are hopeful to visit Auckland – to ask Wallace Art Trust to loan artworks for an 8 week exhibition.

Gallery Operations:

Assessment of Gallery and its operational standards.

- New 55inch monitor for the foyer not installed due to the heat in the foyer. Also, the air conditioning system in the Gallery failed in late January (for 48 hrs), due to the heat on the roof. Need urgent timeframe

for the roof and whether I can get approval to go ahead with a short-term solution to the skylight.

- Seeking an update with regards to reviewing payment methods at the Gallery and a Debit Card to use for Online Marketing.
- New casuals – There is a need for more Casual contract employees to assist with installation periods, weekends (especially with Amy and other staff taking long holiday breaks and Arts Trail each year).
- Funding application to TET in February 2023 – Christine – deadline for them to receive this?
- Securing a dedicated Marketing budget of \$10,000 each financial year for the Gallery to advertise our brand and get better exposure.
- Better communication and advice needed on sending information to Friends of the Gallery. Review needed for our website design, methods of communications to visitors. At present, outdated and needs work by a marketing design consultant in New Plymouth. I am looking into what our options might be and will update at next meeting.



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.