

**PAPAIOEA
PALMERSTON
NORTH
CITY**

PALMERSTON NORTH CITY COUNCIL

**ATTACHMENT 2, ITEM 7
COUNCIL
LATE ITEM
UNDER SEPARATE COVER**

9AM, WEDNESDAY 9 NOVEMBER 2022

**COUNCIL CHAMBER, FIRST FLOOR
CIVIC ADMINISTRATION BUILDING
32 THE SQUARE, PALMERSTON NORTH**

COUNCIL MEETING

9 November 2022

LATE ITEM - Under Separate Cover

ATTACHMENT 2, ITEM 7

7. Te Manawa Museums Trust - Annual Report 2021-22

2. Unaudited Te Manawa Museums Trust - Annual Report 2021/22 -
including Finances Page 5

Reason for Lateness

The financial statements were mistakenly not included in Attachment 2 of the Te Manawa Museum Trust report (Item 7).

Reason for Urgency

In order to receive the Annual Report at this meeting, the Council must receive the Annual Report in its entirety.

He Pūrongo ā Tau Tuhinga Hukihuki

Draft Annual Report 2021/2022

JULY 2021 – JUNE 2022

TE MANAWA MUSEUMS TRUST

TE MANAWA MUSEUMS TRUST
PRIVATE BAG 11055 PALMERSTON NORTH 4442 | TEMANAWA.NZ


te manawa
TE PAPAIOEA PALMERSTON NORTH

Titiro ake rā ki te tihi o ngā pae maunga o Tararua rāua ko Ruahine, kauhoe atu i ngā ripo wai o Manawatū, e haumarū ai te Marae o Hine i ngā tangata katoa ko Rangitāne e tū nei.
Eke panuku, eke Tangaroa, haramai te toki – Hui e! Tāiki e!!

Tāngata Whenua

It is with great pleasure that this 2022 tāngata whenua report highlights a significant increase in the visibility of tāngata whenua and mana whenua at Te Manawa Museum. This, coupled with a more expansive approach to engagement with Māori across education, arts, heritage and society has served to deepen and strengthen community relationships.

With the disruptions caused by Covid-19, different approaches to visitor engagement were implemented. Cultural tours of Te Marae o Hine, Te Rangimarie Marae and Te Rangi Whenua Gallery were well supported, particularly by primary, intermediate and secondary schools for both student learning and principal and teacher professional development. Community participation was also high.

The redevelopment of Te Rangi Whenua Gallery is a significant project that needs funding. Funding opportunities continue to be actively pursued. The redeveloped space will let our local stories be shared by all communities, whānau, hapu and iwi.

Exhibitions and openings were also impacted by Covid-19. Exhibition openings and events were adapted by tāngata whenua to ensure the mana of the wairua was maintained. Tāngata whenua support was provided for Te Putahi-ā-toi graduates (*Matatau*), *Ngā Hau Ngākau*, *Iny People of Brazil*, *Edith and George*, the Coastal Arts Trail and others. Rangitāne have welcomed manuhiri and been the first voice they hear.

Te Tiriti training within Te Manawa was supported by Rangitāne as part of internal professional development. This provided an understanding on the Post-Settlement environment for Iwi.

The first Matariki public holiday of 2022 heralded a beginning in Aotearoa New Zealand, and new education pathways and relationships were established. The launch of educational resources for Punga through Te Kura Nui and Rangitāne o Manawatu was a particular highlight, and a huge step forward for providing additional resources that can be used within our whānau, Iwi, hapu and communities. Matariki Soup and Korero was an opportunity to welcome Tahuri Whenua – the National Māori Growers Collective, to create engagement around Matariki and Maramataka.

The Māori and Pasefika Tuakana – Teina Leadership Programme has been running since 2021 and is financially supported by Square Edge and Te Tihi o Ruahine. Under this programme Raukura and Mareikura developed their leadership skills through provision of assistance to teina for their NCEA commitments. This programme ran 2021 and again 2022. We value the development opportunities created by this programme, which has also been supported by whānau.

A busy event calendar also included working with Palmerston North City Council, the Library and others on several initiatives:

1. Ki Mua, Ki Muri – a central library initiative to open new pathways for sharing our own local histories;
2. Welcoming Communities events alongside Rangitāne and Palmerston North City Council and Te Ahi Kaea;

3. Te Manawa After Dark, with Manukura and Te Piringa Secondary school kapa haka in McDiarmid Gallery.

We farewelled Andy Lowe our outgoing CEO and his whānau and wish them well in Whanganui-ā-tara and welcomed our new CEO Susanna Shadbolt and her whānau back to Te Manawa.

Ngā manaakitanga

Nuwyne Te Awe Awe Mohi
Rongomau Productions Ltd.

Chairman

Once again, we have had a year dominated by events related to the COVID pandemic. The first six months of the year were overshadowed by closures, reduced activity and the need to keep up with, or ahead of the restrictions on visitor numbers, mask wearing and vaccination passports.

It's a credit to the team at Te Manawa that there were very few incidents in relation to the various restrictions. They navigated through this period with all its disruptions, working from home and the inability to have large events and exhibitions, keeping as resilient and flexible as possible.

Early in the new year Andy Lowe, our CEO, moved to Wellington to pursue new horizons. Andy had led Te Manawa for almost ten years, changing the organisation to become more outward facing and involved in the wider community of our region. The process of identifying Andy's successor resulted in a wide search and a number of highly targeted and skilled candidates were interviewed by the panel.

The search resulted in the appointment of Susanna Shadbolt, a former member of the Te Manawa Team. Susanna has been the Director of Aratoi Museum of Art and History, in Masterton.

As we moved through 2022, we were able to plan for new activities and the return of visitors to our facilities. The process of doing so was a challenge as many people were still a little reluctant to attend public gatherings, while others were ready and overdue to get back into the new form of reality.

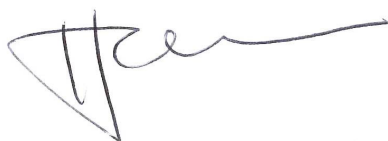
During the year our ongoing partnership with Rangitāne and Rongomau Productions Ltd assisted this revitalisation process, hosting many tours, classes and events.

As we built back momentum, there were some innovative ideas put forward. Who would have thought a visit from a herd of alpacas would result in queues at the door at opening time and over two thousand visitors over the two days of the event? This was backed up by live online learning delivered to schools as far afield as Auckland. The April/May school holidays saw the learning and events teams right back up to speed. Our Matariki programmes kicked off in June with pre-school and school visits, and outreach activities.

At the same time, our exhibitions team were preparing three concurrent exhibitions: *Ngā Hau Ngākau*, *The Inŷ People of Central Brazil* and *Edith and George in our Sea of Islands*. All three exhibitions, and the refresh of the collection space, have been well received.

As mentioned above, Rangitāne, our Iwi Partners, continue to guide us. Our societies continue to give valuable advice and to support us, particularly through our collections committee. The Regent and Globe theatres, the New Zealand Rugby Museum, Manawātū District Council and our many supporters, fellow CCOs and our sponsors also deserve our sincere thanks.

Finally, my thanks to PNCC, our core sponsors and our board for their support and guidance, especially during these strange times.



John Fowke

Chairman / Acting CEO Feb-Jul 2022

Statement of Service Performance

1. A Collaborative and future-focused organisation

Performance Measures	2021/2022 Target	Status	Result	Comments
Strength of relationship with strategic partners	Strategic relationships defined and identified as part of the Strategic Relationship Strategy. Relationship principles developed in conjunction with strategic relationship partners.	Achieved	Relationship Strategy finalised and approved	Relationship Strategy developed, and quality measures identified. A strategy team has been formed to develop an implementation plan with key milestones.
Revenue secured from sources outside PNCC	\$655,641	Not Achieved	External Revenue for year \$324,722(49.52% of target) (2020/21 achieved \$672,709 full year)	Additional Donation points installed. These have not been as effective as was anticipated. Online experiences for Airbnb commenced Te Manawa's funding agreement for LEOTC services to Ministry of Education ended 30 June 2022. Advice has been received from MOE that a follow-on funding agreement will be entered into.
Develop measures towards reduction of carbon emissions	Measure baseline carbon emissions	Achieved	Enviro report completed in August 2021 by Event Insights Qualmark Gold achieved	An Environmental Sustainability Committee has been set up, and a new policy is about to be approved by the Te Manawa board.

2. Innovative experiences that attract visitors

Performance Measures	2021/2022 Target	Status	Result	Comments
Likelihood of visitors to positively endorse Te Manawa to others	Highly likely	Achieved	Measure incorporated in visitor feedback questions from Dec 2021 315 surveys completed from Dec 2021 to Jun 2022. 90% were mostly, very often or always likely to recommend Te Manawa as a place to visit.	An additional report was commissioned by Te Manawa to assess its position in the cultural market (national and local contexts). This was completed by Morris Hargreaves McIntyre. The report has helped to develop benchmarks for future cultural market performance.
In-person visits to Te Manawa	150,000	Not Achieved	77,319 (target 150,000 (52%)). (2020/21 Not Achieved: 135,817 due to impact of COVID-19 alert levels during August 2020 and June 2021).	In-person visits were affected by Delta level 3 closures in Aug/Sep 2021, and subsequent COVID-19 Protection Framework requirements. Despite the imposition of both red and orange settings for the majority of the year, Te Manawa remained open to the public. The easing of public gathering sessions under orange has seen a promising bounce in monthly visitor numbers from the lows of March 2022.
Visits to Te Manawa experiences off-site	25,000	Not Achieved	8,537 (target 25,000 (34%)) (2020/21 Not Achieved: 38,715 against a target of 50,000)	This figure is a total visitor numbers to off-site events and exhibitions. Overall performance against this KPI was partly affected by Delta Level 3 closures in Aug/Sep 2021 and subsequent COVID-19 Protection Framework requirements. This caused the cancellation of a significant number of community events. <u>Note the result does not include digital visits.</u> There are currently no Te Manawa exhibitions touring nationally or internationally. The easing of public gathering sessions under orange has seen a recovery in visit numbers for off-site experiences commencing April 2022.

3. Enhanced Learning and Engagement

Performance Measures	2021/2022 Target	Status	Result	Comments
Visitor satisfaction (good/ very good/ excellent)	>96%	Achieved	100% rated good, very good or excellent (2020/21 Achieved: 100% against a target of >96%)	
Participation in learning programmes	24,000	Not achieved	13,391 (2020/21 22,551 - (99% of the revised target of 22,750))	Results reflect respective periods of closure across August and September 2021 during Delta lockdowns, and reduced visit experience offerings based on constraints on public gathering. Despite this, forward bookings for 2022/23 are promising, and Te Manawa has had verbal confirmation of a new three-year funding agreement with Ministry of Education for Enriching Learning Curriculum (formerly LEOTC), to commence 1 July 2022.
In person visits to Rangimārie activities	5,000	Not achieved	1069	Achieving full results under this category is dependent on refurbishment of Te Rangi Whenua Gallery. A project steering team has been set up to manage the project, and a funding application is to be submitted to Ministry of Culture and Heritage in July 2022.

COVID-19 Statement - Closures & Settings to manage COVID19 for FY2021/22

Level 4

Wednesday 18 August – Tuesday 31 August 2021

TM Closed/minimum approved staff onsite + working from home

Level 3

Wednesday 01 September – Tuesday 07 September 2021

TM Closed/all approved staff onsite + working from home

Level 2

Wednesday 08 September 2021 – Sunday 23 January 2022

TM Open with restricted numbers, social distancing, use of COVID app & increased hygiene (closed for COVID clean 12.30 pm – 1.30 pm daily)

Red – Phase 1

Monday 24 January – Tuesday 15 February 2022

Staff encouraged to work from home + TM Open with restricted numbers, social distancing, use of COVID app & increased hygiene

Red – Phase 2

Wednesday 16 February – Wednesday 23 February 2022

Staff encouraged to work from home + TM Open with restricted numbers, social distancing, use of COVID app & increased hygiene

Red – Phase 3

Thursday 24 February – Easter April 2022

Staff encouraged to work from home, visitor host team based in Te Rangahau Curiosity + TM Open with restricted numbers, social distancing, use of COVID app & increased hygiene (closed for COVID clean 12.30 pm – 1.30 pm daily)

Orange

April 2022 – present (to be reviewed late June by the Govt)

TM open, no restrictions on visitor numbers, mask wearing & increased hygiene

Other Progress/ Highlights

- *Curious Contraptions* has been well received with record numbers over July. Extended the exhibition period and moved to the Atrium in November.
- Palmerston North History Symposium Programme - Opening plus 'Publishing our stories – the written word' held at Te Manawa. Our Collections Manager, Cindy Lilburn, presented.
- Manawātū Wildlife Photography competition, run in association with Wildlife Photographer of the Year exhibition, winners selected, notified, and winning images loaded on TM website.
- Employed a part time Manager Sustainable Funding and Innovation.
- Gold Qualmark certification. Integral to that is the development and completion of a comprehensive Marketing Strategy and the Event Insights report on the environmental impact of Te Manawa, completed in September 2021.
- Provided online learning for Auckland primary schools, during COVID-19 level four lockdown, based on exhibitions and programmes. "Palmerston North museum reaches beyond boundaries to help Auckland schools with online learning" | Stuff.co.nz
- Economic Impact Report produced by Events Insights based on survey conducted on WPY exhibition attendees (see attached) and presented to Council
- Enviro survey carried out.
- Trialling Palmerston North Community Card as an initial trial with the other CCO's
- Draft 10 Year Business Plan presented to TM Board
- Statement of Intent 2022-24 presented and approved by Palmerston North City Council
- LEOTC Contract extended to June 2022. New tender round was applied for in September 2021 with outcomes expected to be announced early in the 2022/23 FY.
- Stakeholder interview with Lucy O'Connor from ARUP
- Episode of *What Now* filmed at Te Manawa
- Inclusion in arts and culture precinct workshops
- John Fowke - Civic Award 2021
- Leadership NZ training.
- Te Tiriti training. Centrepont staff included.
- Morris Hargreaves McIntyre visitor and market research report delivered to inform Te Awa development and upgrade, and analysis of Te Manawa's place in the national and local culture market
- Te Manawa Visitation report July 2015 – June 2022 produced by Event Insights
- New staff recruited – Nina Mercer to Programme Developer role, Talei Langley to Collection Manager Humanities (Arts)
- 15 exhibitions opened, 13 of which were art-focused. International exhibitions were *Curious Contraptions* (two venues at museum), from Cabaret Mechanical Theatre, U.K.; and *The Iny People of Central Brazil*, an international collaboration between Te Manawa, Massey University, and Museo do Indio, Brazil. National exhibitions were *Lauren Lysaght - Kutarere Sunrise and Trifecta*; Jack Trollove *Keening*; *Edith and George – in our sea of islands*; and *Ngā hau Ngākau*. Te Manawa collection-based exhibitions included *The Palmerston North Centenary Collection and Centenary Parade*; *Portraits*; and Te Manawa Art Society developed exhibition *Locals*. Local community-based exhibitions included *Town and Country – Stitched from the Embroidery Guild*; *Wananga o Aotearoa's Naku te kaupapa, Mau e Tāniko*; Massey University's annual Toioho ki Āpiti *Matatau* graduates' exhibition; UCOL's annual Bachelor Creative Media graduate exhibition *Constellate – where creatives gather*, and Manawātū Art Teachers Association annual secondary school graduate exhibition *Excellence*
- Major redevelopment of Te Awa long-term exhibition underway; Concept Description and Business Case approved by trust Board. The Dino Dig undergoing refreshment with a huge new mural featuring a Cretaceous Era marine scene completed.

Collections

- Launched the restored Falling Waters sculpture with PNCC and the Palmerston North Public Sculpture Trust. Creator of the work Fred Graham participated.
- Installed and launched new public sculpture *the Head of John Doe* with Palmerston North Public Sculpture Trust. Creator of the work Sean Crawford participated.
- Five pou whenua carved by John Bevan Ford in the collection conserved and restored; funded in part by a Lottery Board Grant.
- 420 items approved for acquisition by Te Manawa Trust Board. Highlights include Collinson and Cunninghame archives, collection of historic microscopes, huia beak brooch, World War II archives of Walter Gulliver and related objects, a hand blower for a World War II gas-powered car, artworks by John Ritchie, portrait of Joan Richardson by HL Richardson, a rāpaki titled *Hū, the stillness and peace found within* by Brenda Tuuta, and *Architect* painted by Jack Trollove.
- Loans of 4 artworks to other galleries – Pātaka, Whirinaki Expressions, Dunedin Public Art Gallery, and KW Institute of Contemporary Art, Berlin.
- Incoming loan of bones of moa (two species) and other birds (adzebill and N.I. Goose) recovered from a site on the new highway Te Ahu-a-Tūranga. TM was kaitiaki until a decision was made as to their final resting place. Scientific analyses undertaken and bones 3D scanned before they were returned to a site near the highway and reburied in December.
- Visit by Prime Television film crew to art collection store for forthcoming programme on contemporary visual art by tangata whenua (to be screened about June 2022). At Te Manawa the focus was on Greg Semu's *Kupapa Wars* photographic print, and Fiona Pardington's *Captive female huia*, which features a mounted female huia specimen and huia bird beak brooch in TM heritage collection.

Te Manawa Museums Trust

Statement of Comprehensive Revenue and Expense
For the Year Ended 30 June 2022

	Note	Actual 2022 \$	Budget 2022 \$	Actual 2021 \$
OPERATING REVENUE				
PNCC Operating Grant	4	3,264,227	3,264,227	3,231,908
MDC Operating Grant	4	20,000	20,000	20,000
Interest Revenue	4	8,192	5,400	6,922
Other Operating Revenue	3, 4	296,361	629,345	645,788
Total Revenue	4	3,588,780	3,918,972	3,904,618
OPERATING EXPENDITURE				
Employee Expenses	5	2,053,668	2,373,074	1,965,076
Other Operating Expenses	6	1,346,238	1,262,149	1,528,206
Depreciation and Amortisation Expense	7	279,984	291,600	265,037
Loss/(Gains) on Disposal of Property, Plant and Equipment		903	-	20,474
Impairment of Property, Plant and Equipment		-	-	32804
Total Operating Expenditure	2	3,680,793	3,926,823	3,811,597
Net Surplus/(Deficit) before Movement in Collection Assets		(92,013)	(7,851)	93,021
Movement in Collection Assets				
Revenue from				
Recognition of Donated Collection Assets	4	16,971	15,000	36,294
Recognition of Custodial Collection Assets	4	-	-	8,397
		16,971	15,000	44,691
less Expense from :				
Derecognition of Custodial Collection Assets		-	-	3,478
Derecognition of Owned Collection Assets		10	-	1,209
		10	-	4,687
Total Net Movement in Collection Assets		16,961	15,000	40,004
TOTAL REVENUE		3,605,751	3,933,972	3,949,309
TOTAL EXPENSE		3,680,803	3,926,823	3,816,284
Net surplus/(deficit) for the period		(75,052)	7,149	133,025
Other Comprehensive Revenue and Expense				
Revaluation of Owned Heritage Collection Assets		-	-	-
Revaluation of Custodial Heritage Collection Assets		-	-	-
Revaluation of Owned Art Collection Assets		-	-	574,030
Revaluation of Custodial Art Collection Assets		-	-	952,832
Other Comprehensive Revenue and Expense for the Period	19	-	-	1,526,862
Total Comprehensive Revenue and Expense for the Period		(75,052)	7,149	1,659,887

The accompanying accounting policies and notes form an integral part of these financial statements.

Te Manawa Museums Trust
Statement of Changes in Equity
For the Year Ended 30 June 2022

	Actual 2022 \$	Budget 2022 \$	Actual 2021 \$
Equity as at 1 July	18,515,876	18,134,313	16,855,988
Comprehensive Revenue and Expense			
Net Surplus / (Deficit) for the Period	(75,052)	7,149	133,025
Other Comprehensive Revenue and Expense	479	-	1,526,862
Total Comprehensive Revenue and Expense	(74,573)	7,149	1,659,888
Equity as at 30 June	18,441,303	18,141,462	18,515,876

The accompanying accounting policies and notes form an integral part of these financial statements.

Te Manawa Museums Trust

Statement of Financial Position
As at 30 June 2022

		Actual 2022 \$	Budget 2022 \$	Actual 2021 \$
	Note			
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	9	454,000	575,682	575,682
Receivables from Non-Exchange Transactions	10	1,071	50,000	27,121
Receivables from Exchange Transactions	11	2,968	1,600	1,856
Prepayments		77,211	57,000	9,726
Short Term Deposit	12	671,317	908,858	665,728
Inventories	13	33,508	45,000	36,043
Total Current Assets		1,240,075	1,638,141	1,316,157
NON CURRENT ASSETS				
Intangible Assets	17	8,148	20,112	8,346
Property, Plant and Equipment	18	891,753	708,783	992,111
Collection Assets	19	17,065,485	16,639,921	16,986,043
Total Non-Current Assets		17,965,386	17,368,817	17,986,499
TOTAL ASSETS		19,205,462	19,006,958	19,302,656
LIABILITIES				
CURRENT LIABILITIES				
Payables under Exchange Transactions	14	366,596	160,000	411,325
Deferred Non -Exchange Revenue	15	147,454	30,000	130,975
Provisions		-	55,000	-
Employee Benefit Liabilities	16	246,817	201,860	241,226
Total Current Liabilities		760,867	446,860	783,525
NON CURRENT LIABILITIES				
Employee Benefit Liabilities	16	3,292	3,265	3,255
Total Non-Current Liabilities		3,292	3,265	3,255
TOTAL LIABILITIES		764,160	450,125	786,780
NET ASSETS		18,441,303	18,556,833	18,515,876
TRUST EQUITY				
Contributed Capital		145,565	145,565	145,565
Retained Earnings		10,555,918	10,715,074	10,651,830
Reserves		7,739,821	7,276,617	7,718,482
TOTAL TRUST EQUITY	8	18,441,303	18,137,256	18,515,876

John Fowke
ChairmanCaroline Tate
Trustee

Date

The accompanying accounting policies and notes form an integral part of these financial statements.

Te Manawa Museums Trust
Statement of Cash Flows
For the Year Ended 30 June 2022

	Actual 2022 \$	Budget 2022 \$	Actual 2021 \$
Note			
Cash flows from operating activities			
PNCC grant	3,264,227	3,264,227	3,231,908
Interest received	8,192	5,400	7,088
Receipts from other revenue	316,361	599,454	720,174
Payments to suppliers	(1,439,707)	(2,373,074)	(1,439,707)
Payments to employees	(1,963,631)	(1,270,809)	(1,963,631)
Interest paid	-	-	-
Goods and services tax (net)	82,928	-	(69,217)
Net cash inflow/(outflow) from operating activities	268,370	225,198	486,615
Cash flows from investing activities			
Proceeds from Investments	0	(356,556)	614,245
Purchase of intangibles assets	-	(120,000)	-
Purchase of property, plant and equipment	(333,638)	(450,680)	(452,878)
Purchase of collection assets	(62,003)	(78,500)	(100,735)
Purchase of Investments	5,589	0	(665,728)
Net cash inflow/(outflow) from investing activities	(390,052)	(1,005,736)	(605,096)
Effect of foreign exchange rates on cash	-	-	-
Net (decrease)/increase in cash and cash equivalents	(121,682)	(780,538)	(118,481)
Cash and cash equivalents at the beginning of the year	575,682	1,064,963	694,163
Cash and cash equivalents at the end of the year	454,000	284,425	575,682
9			

The accompanying accounting policies and notes form an integral part of these financial statements.

**Te Manawa Museums Trust
Notes to the Financial Statements
For the Year Ended 30 June 2022**

1 Statement of Accounting Policies

Reporting entity

Te Manawa Museums Trust (the Trust) is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is controlled by Palmerston North City Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint more than 50% of the Board of Trustees.

The Trust was incorporated on 20 August 1999. From that date, the Trust assumed responsibility for art works and heritage assets transferred to its care but held on behalf of others. From 1 July 2000 the Trust commenced leasing the premises and managing the institution under agreements entered into with the Palmerston North City Council. The principal place of business is 326-336 Main Street, Palmerston North.

The primary objective of the Trust is to provide interactive experience in art, science and history through acquiring, conserving, researching, developing, communicating and exhibiting material evidence of people and their environment, rather than making a commercial return. Accordingly, the Trust has designated itself as a public sector public benefit entity for the purposes of Public Benefit Entity Accounting Standards (PBE Standards), in accordance with the Financial Reporting Act (2013).

The financial statements of the Trust are for the year ended 30 June 2022 and were approved by the Board of Trustees on 29 September 2022.

Basis of Preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of the Trust have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 2 public sector public benefit entities, for which all reduced disclosure regime exemptions, have been adopted.

The Trust qualifies as a Tier 2 Public Sector PBE reporting entity as it is not publicly accountable and not large, as for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure.

Measurement Base

The measurement basis applied is historical cost, modified by the revaluation of collection assets as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars (NZ\$).

Standards issued and not yet effective that have been early adopted

There are no standards early adopted this year.

Other changes in accounting policies

There have been no other changes in accounting policies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is measured at fair value of consideration received or receivable.
Revenue may be derived from either exchange or non-exchange transactions.

Revenue from Non-exchange transactions

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. In non-exchange transactions, the Trust either receives value from or gives value to another party without directly giving or receiving approximately equal value in exchange.

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arm's length commercial transaction between a willing buyer and willing seller. Many of the services that the Trust provides for a fee are charged at below market value as they are subsidised by Palmerston North City Council operational grant, sponsorship, government/non-government grants. Other services operate on a cost recovery or breakeven basis and are not considered to reflect a market return. Most of the Trust's revenue is therefore categorised as non-exchange.

This includes PNCC grants, transfers from government/non-government entities, donations, donated/vested and custodial collection items, sponsorship, "in kind" sponsorship, revenue from services supplied at subsidised price.

Specific accounting policies for major categories of revenue from non-exchange transactions are outlined below:

Grants

Grants received from PNCC are the primary source of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the Trust's trust deed.

Revenues from non-exchange transactions with Council/other government/non-government entities are measured at fair value and recognised when the event occurs and the asset recognition criteria are met, if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Trust and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount if conditions of the grant are not met, deferred income is recognised instead of revenue, and recognised as revenue when conditions of the grant are satisfied.

Rendering of services

Revenue from the rendering of services is recognised when the transaction occurs to the extent that a liability is not also recognised. For these transactions the revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

All revenues from rendering of services are non-exchange, with the exception of revenue from Venue Hire which is classified as exchange transaction.

Vested or donated physical assets

Where a physical asset is gifted to or vested in the Trust for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Such income is recognised when control over the asset is obtained, unless there is a use or return condition attached to the asset.

The fair value of vested or donated physical assets is determined by reference to the market value of comparable assets available.

'In Kind' Sponsorship

The Trust receives sponsorship 'in kind' by way of goods and services provided at discounted or nil charge. Where the fair value of these goods and services can be reliably measured, the income (and expense) is recognised as 'sponsorship - in kind' in the period in which the goods or services are received or there is a binding arrangement to receive the goods.

Volunteer Services

Volunteer services received are not recognised as revenue or expenditure as the Trust is unable to reliably measure the fair value of the services received.

Revenue from Exchange transactions***Sales of goods***

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Trust.

Interest Income

Interest income is recognised using the effective interest method.

Advertising Costs

Advertising costs are expensed when the related service has been rendered.

Borrowing Costs

Interest expense is recognised using the effective interest rate method. All borrowing costs are expensed in the period in which they are incurred.

Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

Leases***Finance Leases***

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Trust will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are presented within borrowings as a current liability in the statement of financial position.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of a receivable is established when there is objective evidence that the Trust will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of an impaired receivable is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Financial Assets

Financial assets are categorised into the following four categories: financial assets at fair value through surplus or deficit; held-to-maturity investments; loans and receivables; and financial assets at fair value through other comprehensive revenue and expense. The classification depends on the purpose for which each investment was acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

The fair value of financial instruments traded in active markets is based upon the quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows are used to determine fair value for the remaining financial instruments.

a) Financial Assets at Fair Value through Surplus or Deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading. After initial recognition they are measured at their fair values. Gains or losses due to change in fair value are recognised in the surplus or deficit.

Currently, the Trust does not hold any financial assets in this category.

b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

c) Held to Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Currently, the Trust does not hold any financial assets in this category.

d) Financial Assets at Fair Value through Other Comprehensive Revenue and Expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into this category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Currently, the Trust does not hold any financial assets in this category.

Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables, and held-to-maturity investments

Impairment is established when there is evidence that the Trust will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Property, Plant and Equipment

Items of property, plant and equipment are stated at historical or deemed cost, less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are presented net in the surplus or deficit.

Work in Progress

All assets constructed by Trust are initially recorded as work in progress. Work in progress is recognised at cost less impairment and it is not depreciated. Upon completion, these assets are transferred to their relevant asset class and depreciation commences.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised as an expense as they are incurred.

(a) Furniture, Equipment and Exhibits

Furniture, equipment and exhibits (excluding art and heritage collections) are valued at cost less accumulated depreciation and impairment losses.

Depreciation

Assets are depreciated on a straight-line basis at rates that will write off their cost less any estimated residual value over the expected useful life of the asset. The useful lives of major classes of assets have been estimated as follows:

Computer Hardware	1 to 5 years
Exhibitions	2 to 10 years
Furniture & Fittings	4 to 10 years
Leasehold Improvements	4 to 10 years
Office Equipment	4 to 10 years
Plant and Equipment	4 to 20 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

(b) Collection Assets

As the Heritage Collection and Art Collection assets are intended to have an indefinite life, they are held in trust in perpetuity for the benefit of the public.

The Heritage Collection and Art Collection have not been depreciated, as it is the Trust's policy to maintain the collections in their current state, in accordance with the Trust's Collection Policies.

All additions to the Heritage and Art Collection are recorded at cost. These additions will be revalued in accordance with the Trust's Valuation Policy. Donated objects are recorded at fair value, or depreciated replacement cost, or nil value if considered unrealisable or irreplaceable.

Custodial Collection Assets are objects within the Heritage and Art Collections not formally owned by the Trust, where the Trust has assumed all the rights and obligations of ownership. Within the Heritage Collection this is limited to items on loan for an indefinite period, excluding works on loan from other Museums and Cultural organisations. In relation to the Art Collection, the nature of artworks and anecdotal evidence suggests that there is a high likelihood of request for return of loaned assets, irrespective of the loan period, therefore only items on loan from the Te Manawa Art Society Inc. are recognised as custodial assets. These assets are held and maintained by the Trust by agreement with the owners.

Revaluation

The Art Collection assets are revalued to fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by *Art + Object* Auckland as at March 2021. The Trust's policy is to revalue the Art Collection assets every three years.

The Heritage Collections assets are revalued to fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by *Ashley Associates* Auckland at March 2020. Trust's policy is to revalue the Heritage Collection assets every five years to ensure that their carrying amount does not differ materially from fair value.

All other asset classes are carried at depreciated historical cost.

Accounting for Revaluations

The results of revaluing are credited or debited to an asset revaluation reserve. Where this results in a debit balance in the asset revaluation reserve, this balance is charged to the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in a previous year surplus or deficit, will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve.

Intangible Assets*Recognition and measurement*

Intangible assets are initially measured at cost, except for Intangible assets acquired through non-exchange transactions (measured at fair value).

All of the Trust's intangible assets are subsequently measured in accordance with the cost model, being cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment, except for the items which are not amortised and instead tested for impairment such as Intangible assets with indefinite useful lives, or not yet available for use. The Trust has no intangible assets with indefinite useful lives.

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Trust's website are recognised as an expense when incurred.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in surplus or deficit as incurred.

Amortisation

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each amortisable intangible asset. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of.

The estimated useful lives are as follows:

Software	1 to 7 years
Website	3 to 5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment of property, plant and equipment and intangible assets

For the purpose of impairment of Property, plant and equipment and intangible assets, which are carried at cost less accumulated depreciation and impairment losses, the Trust classifies its items of property plant and equipment and intangibles as non-cash generating assets, as these are not held

with the primary objective of generating a commercial return, but rather for service delivery purposes and to deliver to Trust's public benefit objectives. Property, plant, and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use for non-cash-generating assets

For Trust's non-cash generating assets, value in use is determined based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows. The Trust does not currently hold property plant and equipment and intangible assets in this category.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

Creditors and Other Payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs, if any. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after balance date or if the borrowings are not expected to be settled within 12 months of balance date.

Employee Entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to, but not yet taken at balance date. Sick leave has not been included, as the amount of accumulated sick leave that is anticipated to be taken in future periods is not considered to be material.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in 'finance costs'.

Foreign currency transactions

PBE IPSAS 4.24,32 Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ\$ (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for trade receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

The Trust is exempt from Income Tax by virtue of its charitable status.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Trust's contributed capital;
- Retained earnings;
- Restricted reserves;
- Collections revaluation reserve;

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Trust.

Restricted reserves include those subject to specific conditions accepted as binding by the Trust and which may not be revised by the Trust without reference to the Courts or a third party (i.e. endowment funds). Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by the Trust's decision. The Trust may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Trust.

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 NZ GAAP, using accounting policies that are consistent with those adopted by the Board of Trustees in preparing these financial statements

Critical Accounting Estimates and Assumptions

In preparing these financial statements, the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, Plant and Equipment Useful Lives and Residual Values

The Trust reviews the useful lives and residual values of its property, plant and equipment annually. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Trust to consider a number of factors including the physical condition of the asset, expected period of use of the asset by the Trust, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit and the carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Trust has not made significant changes to past assumptions concerning useful lives and residual values.

Critical Judgements in applying the Trust's accounting policies

There have been no specific areas requiring management or Trustees to exercise critical judgement in applying the Trust's accounting policies for the period ended 30 June 2022.

Te Manawa Museums Trust
Notes to the Financial Statements
For the Year Ended 30 June 2022

2 Summary of Operating Expenses by Activity	Actual 2022	Actual 2021
	\$	\$
Assets & Systems:		
Employees' Costs	214,597	182,585
Other Operating Costs:		
- Facilities	250,421	274,110
- Corporate Services	177,647	180,600
	<u>642,665</u>	<u>637,295</u>
Concepts & Engagement:		
Employees' Costs - Collections & Exhibitions	447,547	435,317
Collection Operating Costs	137,034	161,857
Exhibitions Operating Costs	318,342	460,747
	<u>902,923</u>	<u>1,057,921</u>
People & Partnerships:		
Employees' Costs	854,108	835,763
Other Operating Costs:		
- Education	25,390	21,957
- Public Programmes and Events	20,005	38,400
- Communications/Advertising	93,333	108,899
- Sponsorship	16,537	0
- Visitor Hosting and Shop	50,450	65,910
- Volunteers	0	264
	<u>1,059,823</u>	<u>1,071,193</u>
Executive:		
Employees' Costs	537,415	511,411
Other Operating Costs	257,079	215,462
	<u>794,495</u>	<u>726,873</u>
Depreciation/Amortisation	279,984	265,037
Loss (Gain) on Disposals of Fixed Assets	903	20,474
Impairment of Fixed Assets	0	32,804
Total Operating Expenditure	<u><u>3,680,793</u></u>	<u><u>3,811,597</u></u>

3 Other Operating Revenue	Actual 2022 \$	Actual 2021 \$
<i>From Exchange Transactions</i>		
Merchandise / Shop	44,273	68,509
Venue Hire	3,020	9,885
Sundry Income Public Programmes Events and Activities	19,362	72,765
Other	21,607	3,562
Other Operating Revenue (from Exchange Transactions)	88,262	154,721
<i>From Non-Exchange Transactions</i>		
Admission Fees - General	-	-
Bequests & Distributions	24,191	90,000
Community Grants	106,810	281,361
Donations - General	9,987	24,596
Education Programme Fees	7,608	29,030
Sponsorship	5,000	5,000
Hire of Education Kits	471	966
Ministry of Education LEOTC	60,114	60,114
Public Programmes, Events & Activities	4,727	-
Touring Revenue	3,466	-
Other	-	-
Other Operating Revenue (from Non-Exchange Transactions)	222,374	491,067
Total Other Operating Revenue	310,636	645,788

4 Revenue Classification in accordance with PBE IPSAS:	Actual 2022		
	Non-Exchange Transactions \$	Exchange Transactions \$	Total Revenue as per Statement of Comprehensive Revenue and Expense \$
Revenue from:			
Palmerston North City Council Operating Grant	3,264,227	-	3,264,227
Manawatu District Council Operating Grant	20,000	-	20,000
Interest Revenue	-	8,192	8,192
Other Operating Revenue (refer Note 3 above)	222,374	88,262	310,636
Subtotal Operating Revenue	3,506,601	96,454	3,603,055
Revenue from Donated/Custodial Collection Assets			
Recognition of Donated Collection Assets	16,971	-	16,971
Recognition of Custodial Collection Assets	-	-	-
Total Revenue classified as Revenue from:	3,523,572	96,454	3,620,026

	Actual 2021		
	Non-Exchange Transactions \$	Exchange Transactions \$	Total Revenue as per Statement of Comprehensive Revenue and Expense \$
Revenue from:			
Palmerston North City Council Operating Grant	3,231,908	-	3,231,908
Manawatu District Council Operating Grant	20,000	-	20,000
Interest Revenue	-	6,922	6,922
Other Operating Revenue (refer Note 3 above)	491,067	154,721	645,788
Subtotal Operating Revenue	3,742,975	161,643	3,904,618
Revenue from Donated/Custodial Collection Assets			
Recognition of Donated Collection Assets	36,294	-	36,294
Recognition of Custodial Collection Assets	8,397	0	8,397
Total Revenue classified as Revenue from:	3,787,666	161,643	3,949,309

	Actual 2022 \$	Actual 2021 \$
5 Employee Expenses		
Salaries and Wages	2,004,797	1,900,139
Employer Contributions to Kiwisaver	52,817	54,825
Employee Entitlements Increase / (Decrease)	(3,946)	10,112
Total Employee Expenses	2,053,668	1,965,076
	Actual 2022 \$	Actual 2021 \$
6 Other Operating Expenses		
Fees to Audit New Zealand for audit of financial statements	38,130	42,165
ACC	6,572	6,263
Advertising & Promotion	93,333	80,224
Collection Revaluation Fees	850	4,488
Computer & IT Support	53,066	54,742
Communication/Social Media	12,006	14,501
Contractors	324,415	306,837
Cost of Sales - Merchandise	25,797	45,013
Freight	9,456	17,062
Hire fees - Exhibitions	80,346	144,842
Insurance - Material Damage	20,568	19,167
Insurance - Collections	31,508	29,286
Inventory Write Down	3,054	13,229
Legal Fees	8,775	3,962
Materials/Consumables	81,740	100,810
Occupancy Costs	156,633	169,841
Repairs & Maintenance	38,436	81,266
Subscriptions	6,714	15,105
Training & Travel	13,393	54,319
Trust Board Remuneration	28,510	21,378
Trust Board Expenses	4,099	588
Operating Leases	55,738	55,738
Other Operating Expenses	253,099	247,380
Total Other Operating Expenses	1,346,238	1,528,206
	Actual 2022 \$	Actual 2021 \$
7 Depreciation and Amortisation		
Depreciation expense	275,451	260,670
Amortization expense	4,533	4,387
Total Depreciation and Amortisation	279,984	265,057

	2022 \$	2021 \$
8 Equity		
Contributed Capital		
Balance at Beginning of Year	145,465	145,465
Capital Contribution	100	100
Balance at End of Year	145,565	145,565
Retained Earnings		
Balance at Beginning of Year	10,651,830	10,561,326
Net Surplus/(Deficit) for the year	(75,052)	133,025
Transfers to Retained Earnings from:		
Exhibition Development Reserve	-	-
Collection Development Fund	-	-
Heritage revaluation Reserve	-	-
Transfers from Retained Earnings to:		
Endowment Fund	-	-
Collection Development Fund	12,002	(9,661)
Exhibition Development Reserve	(32,863)	(32,860)
Balance at End of Year	10,555,917	10,651,830
Revaluation Reserve - Heritage Collection		
Balance at Beginning of Year	143,180	143,180
Revaluation Reserve on disposals	-	-
Revaluation of Collection Assets	-	-
Balance at End of Year	143,180	143,180
Revaluation Reserve - Art Collection		
Balance at Beginning of Year	7,183,788	5,656,926
Revaluation of Collection Assets	479	1,526,862
Balance at End of Year	7,184,267	7,183,788
Endowment Fund		
Balance at Beginning of Year	10,873	10,873
Transfer from Retained Earnings	-	-
Balance at End of Year	10,873	10,873
Collection Development Fund		
Balance at Beginning of Year	26,023	16,362
Transfer from Retained Earnings	(12,002)	9,661
Transfer to Retained Earnings	-	0
Balance at End of Year	14,021	26,023
Historic Building Maintenance Reserve		
Balance at Beginning of Year	22,082	22,082
Endowment for maintenance of historic	-	-
Balance at End of Year	22,082	22,082
Exhibition Development Reserve		
Balance at Beginning of Year	332,535	299,674
Transfer from Retained Earnings	32,863	32,861
Balance at End of Year	365,398	332,535
Total Reserves	7,739,821	7,718,481
Total Equity	18,441,303	18,515,875

	2022	2021
9 Cash and Cash Equivalents	\$	\$
Cash at bank and on hand	317,317	439,816
Short Term Investments with maturity up to 90 days	136,683	135,866
Total Cash and Cash Equivalents	454,000	575,682

The carrying value of cash at bank and short -term deposits with maturities less than three months approximates their fair value. The weighted average of interest rate applicable to cash and cash equivalents is 0.085% (2021: 0.121%)
There are no restrictions over any cash and cash equivalents held by the Trust.

	2022	2021
10 Receivables from Non-Exchange Transactions	\$	\$
Non - Exchange Receivables	1,071	27,121
Related Party Receivables	-	-
Provision for Doubtful Debts	-	-
Interest Receivable	-	-
Total Receivables from Non-Exchange Transactions	1,071	27,121

	2022	2021
11 Receivables from Exchange Transactions	\$	\$
Trade Receivables	-	-
Related Party Receivables (Note 22)	-	-
Interest Receivable	2,968	1,856
Receivables from Exchange Transactions	2,968	1,856

Fair Value

The carrying value of Receivables from Exchange transactions approximates their fair value.

Impairment

Receivables written off during the period amounted to nil. (2020:nil)

	2022	2021
12 Short Term Investments	\$	\$
Term deposit with maturity less than 12 months	671,317	665,728
	671,317	665,728

The carrying value of the short -term deposit approximates its fair value.

The term deposits have a six months maturity with interest rate from 0.45 % to 0.85%(2020: 3.45%)

	2022	2021
13 Inventories	\$	\$
Commercial Inventories – Items held for resale	33,508	36,043
Total Inventories	33,508	36,043

Inventory was written down during the period by \$3,054 (2021: \$13,229).

There were no reversals of previously written down inventory items (2021 :Nil).

There are no items of inventory pledged as security.

	2022	2021
	\$	\$
14 Payables under Exchange Transactions		
Trade Creditors	266,334	267,335
Related Party Payables (Note 22)	21,706	21,938
Accrued Expenses	40,174	47,484
GST Payable	36,617	74,568
Other Payables	1,765	-
Total Payables under Exchange Transactions	366,596	411,325

As at 30 June 2022, there is a credit card facility in place with Westpac for a limit of \$2,000 (2021: limit of \$10,000).

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms.

Therefore, the carrying value of creditors and other payables approximates their fair value.

	2022	2021
15 Deferred Non -Exchange Revenue		
Revenue Received in Advance	147,454	130,975
Total Deferred Non -Exchange Revenue	147,454	130,975

	2022	2021
	\$	\$
16 Employee Benefit Liabilities		
Current Portion		
Accrued Salaries and Wages	69,023	59,447
Annual Leave	168,678	171,741
Long Service Leave	9,117	10,038
Total Current Portion of Employee Benefit Liabilities	246,817	241,226
Non-Current Portion		
Long Service Leave	3,292	3,255
Total Employee Benefit Liabilities	250,109	244,481

17 Intangible Assets

	Website \$	Software \$	Work in Progress \$	Total \$
Cost				
At 1 July 2020	10,000	97,519	-	107,519
Additions - Purchased	-	-	-	-
Disposals/Work in Progress transferred to Intangible Assets	-	(8,760)	-	(8,760)
At 30 June 2021	10,000	88,759	-	98,759
Additions - Purchased	-	4,335	-	4,335
Disposals/Work in Progress transferred to Intangible Assets	-	(8,760)	-	(8,760)
At 30 June 2022	10,000	84,334	-	94,334
less Accumulated Amortisation and Impairment Losses				
At 1 July 2020	10,000	84,806	-	94,806
Amortisation Expense	-	4,367	-	4,367
Impairment	-	-	-	-
Accumulated Amortisation on Disposals	-	(8,760)	-	(8,760)
At 30 June 2021	10,000	80,413	-	90,413
Amortisation Expense	-	4,533	-	4,533
Impairment	-	-	-	-
Accumulated Amortisation on Disposals	-	-8,760	-	-8,760
At 30 June 2022	10,000	76,186	-	86,186
Carrying Amounts				
As at 30 June 2021 and 1 July 2021	-	8,346	-	8,346
As at 30 June 2022	-	8,148	-	8,148

There is no work in progress at balance date (2021: \$nil).

There are no intangible assets pledged as security over the Trust's liabilities (2021: \$nil).

19 Collection Assets 30 June 2022	Opening Balance 1 July 2021	Acquisitions	Donated/Custodial Collection Assets	Revaluations	Deaccessions	Closing Balance 30 June 2022
Art						
Owned	5,155,167	58,333	4,330	478	-	5,218,308
Custodial	7,849,254	-	-	-	-	7,849,254
Total Art	13,004,421	58,333	4,330	478	-	13,067,562
Heritage						
Owned	2,786,761	3,670	12,641	-	(10)	2,803,062
Custodial	1,194,861	-	-	-	-	1,194,861
Total Heritage	3,981,622	3,670	12,641	-	(10)	3,997,923
Total Collection Assets	16,986,043	62,003	16,971	478	(10)	17,065,485
Owned Collection Assets						8,021,370
Custodial Collection Assets						9,044,115
Total Collection Assets 30 June 2022						17,065,485

30 June 2021	Opening Balance 1 July 2020	Acquisitions	Donated collection	Revaluations	Deaccessions	Closing Balance 30 June 2021
Art						
Owned	4,487,732	92,063	1,343	574,030	-	5,155,167
Custodial	6,892,944	6,956	4,330	952,832	(3,478)	7,849,254
Total Art	11,380,676	99,019	5,673	1,526,862	(3,478)	13,004,421
Heritage						
Owned	2,752,743	276	34,951	-	(1,209)	2,786,761
Custodial	1,193,421	1,440	-	-	-	1,194,861
Total Heritage	3,946,164	1,716	34,951	-	(1,209)	3,981,622
Total Collection Assets 30 June 2021	15,326,840	100,735	40,624	1,526,862	(4,687)	16,986,043
Owned Collection Assets						7,941,928
Custodial Collection Assets						9,044,115
Total Collection Assets 2021						16,986,043

Valuation

Heritage Collection

The Trust's policy is to revalue the heritage collection every five years. The owned and custodial heritage collections were independently valued in May 2020 at \$2,740,094 for the owned heritage collection, and \$1,193,422 for the custodial heritage collection. The revaluation was undertaken by Ashley and Associates Auckland. The collection was valued based on fair value at the date of revaluation, by reference to price in an active market.

Art Collection

The Trust's policy is to revalue the art collection assets every three years. The owned and custodial art collections were independently valued at 30 March 2021 at \$6,324,699 for the owned art collection and at \$9,002,141 for the custodial art collection. The revaluation was undertaken by Art+ Object Auckland. The collection was valued based on fair value at the date of revaluation, by reference to price in an active market.

No Collection assets are pledged as security as at 30 June 2022(2021: \$nil).

18 Property, Plant and Equipment

	Computer Hardware	Exhibitions	Furniture & Fittings	Leasehold Improvement	Office Equipment	Plant & Equipment	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
At 1 July 2020	119,186	2,047,515	496,929	424,022	23,280	892,395	61,809	4,065,136
Additions	35,525	188,212	25,916	2,431	-	39,454	223,149	514,687
Disposals/Work in Progress transferred to Property Plant & Equipment	(10,406)	(193,257)	(38,429)	(21,623)	(2,497)	(79,699)	(61,809)	(407,720)
At June 2021	144,305	2,042,470	484,416	404,830	20,783	852,150	223,149	4,172,103
Additions	17,709	6,280	25,149	-	-	307,908	-	357,046
Disposals/Work in Progress transferred to Property Plant & Equipment	-	(13,782)	-	-	-	(28,317)	(181,049)	(223,148)
At 30 June 2022	162,014	2,034,968	509,565	404,830	20,783	1,131,741	42,100	4,306,001
less Accumulated Depreciation and Impairment Losses								
At 1 July 2020	81,229	1,763,486	434,857	356,885	23,280	571,701	-	3,231,438
Depreciation Charge for the year	18,807	103,399	20,729	19,016	0	98,719	-	260,670
Impairment	-	989	-	-	-	-	-	989
less Accumulated depreciation on disposals	(10,393)	(160,852)	(38,429)	(21,274)	(2,497)	(79,660)	-	(313,105)
At 30 June 2021	89,643	1,707,022	417,157	354,627	20,783	590,760	-	3,179,992
Depreciation Charge for the year	26,877	92,919	18,500	11,326	-	125,830	-	275,452
Impairment	-	-	-	-	-	-	-	-
Accumulated depreciation on disposals	-	(13,782)	-	-	-	(27,414)	-	(41,196)
At 30 June 2022	116,520	1,786,159	435,657	365,953	20,783	689,176	-	3,414,248
Carrying Amounts								
As at 30 June 2021 and 1 July 2021	54,662	335,448	67,259	50,202	0	261,391	223,149	992,111
As at 30 June 2022	45,494	248,809	73,908	38,877	-	442,565	42,100	891,753

No items of Property, Plant and Equipment are pledged as security as at 30 June 2022 (2021: \$nil).

20 Commitments**Lease of the premises from the Council – Period of Agreement**

The Trust has a contract with Palmerston North City Council to lease the premises in which its activities are situated, effectively on a rent-free basis. The term of the lease has been renewed for a period of nine years, starting with 1 July 2018, with a variation to allow sub-leasing to New Zealand Rugby Museum subject to Palmerston North City Council consent.

Other Non- Cancellable Operating Leases as a lessee

The Trust leases property, plant and equipment/has non-cancellable operating contracts for service as part of the normal course of its business. The majority of these leases have a non-cancellable term between 12 and 48 months. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	2022	2021
	\$	\$
Within 1 year	2,990	50,780
Within 1 – 2 years	49,286	49,286
Within 2 – 5 years	-	-
	<u>52,276</u>	<u>100,066</u>
	2022	2021
	\$	\$
Capital Commitments		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment:	-	-

21 Contingencies

The Trust Board has no contingent liabilities at 30 June 2022. (2021: \$nil).

Related Party Transactions

22 Controlling Entity

The Trust is a Council Controlled Organisation, controlled by Palmerston North City Council (PNCC).

Te Manawa Museums Trust is a Council Controlled Organisation as defined in the Local Government Act 2002, accountable to the Palmerston North City Council. Under the Trust Deed the Board shall consist of not less than five or more than nine Trustees, of which Council may appoint up to five, Tangata Whenua may appoint up to two and the Board may co-opt up to two.

Transactions carried out with PNCC are as follows:	2022	2021
Received from PNCC	\$	\$
Operating Grant	3,264,227	3,231,908
Venue Hire	-	331
Purchased from PNCC		
Water Rates	2,116	1,496
Rental Vehicles	24,328	23,938
Hosting of Vernon Systems	5,000	5,000
Computer Support	21,000	21,000
Internet Usage	3,000	3,000
Telephone Support	31,913	31,800
Assets Purchased	13,979	27,150
Other Services	4,871	3,141
Electricity and gas	121,002	129,244
Owing to PNCC at 30 June 2022	21,706	21,938
Owing from PNCC at 30 June 2022	-	-

Te Manawa provided free venue hire to PNCC Library and Community services with a market value of nil (2021:nil)

Disclosure of arms length transactions

PBE IPSAS 20 only requires disclosure for transactions that are not at arms length. Te Manawa has made extra disclosures for the sake of transparency. Water rates are paid at market rates and are disclosed for transparency purposes.

SLA Agreement for provision of IT services

While Te Manawa pays for this service (29k p/a), Te Manawa cannot establish that it was paid at arms length given that the service was provided due to the parent/ CCO relationship, e.g. Te Manawa did not go out to the market to tender for the service.

In addition to the above transactions, the premises occupied by The Trust are owned by Palmerston North City Council and effectively provided by Palmerston North City Council as an additional grant. The market value of this Grant/Rent is \$1,094,233. In addition, PNCC provides human resources advisory services free of charge to Te Manawa with a market price of \$24,000.

(ii) Key Management Personnel

The Trust classifies its key management personnel into:

- Trustees in the Board of Trustees as the governing body
- Chief Executive and his advisors, as members of the Leadership Team

The Trustees are paid honoraria for each Board of Trustees meeting attended during the period.

Members of the Leadership Team are employed as employees of the Trust, on normal employment terms.

The aggregate level of remuneration paid and number of persons (measured in "people" for the Trustees and "full time equivalent" (FTE's) for the members of the Leadership Team in each class of key management personnel is presented below:

	2022		2021	
	Remuneration	Number of persons	Remuneration	Number of Persons
Trustees	28,510	9*	21,378	7*
Leadership Team	457,916	4.2	478,701	4.2
Total Key Management Personnel Compensation	486,426		500,079	

* Due to the difficulty in determining the full-time equivalent for Trustees, the figure is taken as the number of Trustees.

The full-time equivalent for the Leadership Team is determined on the basis of a 40-hour working week.

(iii) Other Related Parties

Related Parties	Goods/Services provided	Market Value of Goods Services
Palmerston North City Council	Free Venue Use	\$193(2020/21: \$596)
Resonant Consulting Limited. (Adrian van Dyk - Trustee of Te Manawa Museums Trust and General Manager of Resonant.)	Free Venue Use	\$210(2020/21 :\$nil)
The Science Centre Inc. (Geoffrey Jameson - Trustee of Te Manawa Museums Trust and member of The Council of Science Centre Inc.)	Free Venue Use	\$414(\$2020/21 \$1,863)
S+art (Janet Ellery- PPE Leader at TeManawa Musuems Trust at Te Manawa)	Free Venue Use	\$nil(2020/21 \$207)
Rangimārie(Nuwynne Te Awe Awe Mohi- Trustee of Te Manawa Museums Trust and Member of Rangimārie marae)	Free Venue Use	\$5,236(2020/21:\$3,834)
Rongomau Productions Limited employs Nuwynne Te Awe Awe Mohi- Trustee of Te Manawa Museums Trust	Kaihautū Services	\$110,000 (2020/21:\$55,000)
John Fowke- Trustee of Te Manawa Museums Trust	Acting CEO	\$34,175 (2020/21:\$nil)

23 Events After The Balance Sheet Date

There were no significant events after the balance sheet date. (2021:nil)

24 Categories of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities are as follows:

	2022	2021
	\$	\$
Loans and Receivables:		
Cash and Cash Equivalents (Note 9)	454,000	575,682
Debtors and Other Receivables (Note 10 & 11)	4,039	28,977
Short term deposits (Note 12)	671,317	665,728
Total Loans and Receivables	1,129,356	1,270,387
Financial Liabilities Measured at Amortised Cost:		
Creditors and Other Payables (Note 14)	366,596	411,325
Total Financial Liabilities Measured at Amortised Costs	366,596	411,325

Financial Instruments Risks

The Trust is risk averse and seeks to minimise the exposure from its treasury activities. There has been no change in the assessment of risk from prior years

Market Risk

The interest rates on the Trust's investments are disclosed in notes 9 and 12.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to fair value interest rate risk is limited to its fixed interest borrowings (30 June 2022: \$nil) and bank deposits. However, because these borrowings and bank deposits are not accounted for at fair value, fluctuations in interest rates do not have an impact on the surplus / deficit of the Trust or the carrying amount of the financial instruments recognised in the statement of financial position.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Trust to cash flow interest rate risk.

The Trust currently has no variable interest rate debt.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. From time to time the Trust enters into contracts for exhibitions which require payment in overseas currency, which present limited exposure to changes in exchange rates.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Trust, causing the Trust to incur a loss. Due to the timing of its cash inflows and outflows, the Trust invests surplus cash with registered banks. Financial instruments, which potentially subject the Trust to credit risk, consist of bank balances and the current account balance with the Palmerston North City Council. No particular management strategy is in place in respect of amounts owed by Palmerston North City Council, after having regard to its financial strength as a body empowered to levy rates.

The Trust's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 9), short term investments and debtors and receivables (note 10 and note 11). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Trust has no significant concentrations of credit risk, as it has small numbers of typically low value credit customers (predominantly schools) and only invests funds with registered banks which have a Standard and Poor's credit rating of at least A --.

Cash on call and term investments were placed with Westpac New Zealand Limited. The credit ratings for Westpac and BNZ at 30 June 2022 were AA- from Standard & Poor's (2021: AA-).

There are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings.

Liquidity Risk

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Trust aims to maintain flexibility in funding by maintaining sufficient short term investments.

Contractual maturity analysis of financial liabilities

The Trust's financial liabilities are limited to creditors and other payables (*Note 14*) these are payable in less than one year. The contractual cash flow is equal to the carrying amount.

25 The Effects of Covid 19

Te Manawa was closed under COVID-19 level 4 from 18 August until 31 August 2021.

Te Manawa also operated at level 3 from 1 to 7 September 2021. The facility was closed with minimal staff working on site.

Te Manawa was open at Level 2 from 8 September 2021 until 23 January 2022.

Visitor numbers were restricted per Government guidelines.

During the red phase from 26 January to Easter the museum and gallery were open with restricted numbers permitted on site.

Since the orange phase commenced in April the facilities have been open with no restrictions on numbers.

Cancelled venue hire amounted to \$7,236.

Capital Management

The Trust's capital is its equity, which comprises Trust capital and retained surpluses. Equity is represented by net assets.

The Trust Deed requires the Board of Trustees to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently.

The Trust's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and all financial dealings.

There were no externally imposed capital requirements during the period (2021: \$nil).

The objective of managing the Trust's equity is to ensure the Trust effectively achieves its objectives and purpose, while remaining a going concern.

Explanation of Major Variances Against Budget

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

Statement of Comprehensive Revenue and Expenses**Revenue**

Other Operating Revenue is \$362,984 less than budget.

Reduced visitor numbers resulting from Covid restrictions contributed to lower revenue from the shop, and income from venue hire and attendance at paid events.

Revenue from Non Exchange transactions was \$264,094 less than the previous year; the result of reduced activity and the consequent reduction in grant income.

Expenses

Payroll was less than budget by \$319,406 as the result of vacant positions.

Other Operating Expenses were \$84,089 over budget as the result of contracting resources to cover vacancies.

Recognition / (Derecognition) of Collection Assets

Donated assets amounted to \$16,971 which is \$1,971 better than budget.

Statement of Changes in Net Assets/Equity

There is a decrease in the actual net equity compared to the budget as the Trust incurred a deficit.

Statement of Financial Position

The budgets for the Statement of Financial Position for receivables and payables are set on base numbers.

The actual balance can be highly variable depending on the content and timing of scheduled activities.

The most significant movements are:

Receivables from Non Exchange transactions are less than budget, as there were few debtors outstanding at balance date.

Short term deposits are \$237,541 less than budget. Cash and cash equivalents are also below budget, reflecting a combination of the operating loss

and capital expenditure. Overall, there has been a reduction of \$116,093 in the combination of cash and cash equivalents and short term deposits over the financial year.

Statement of Cash Flows

The variances in the Statement of Cash Flow are a direct result of the items mentioned above.

Breach of Trust Deed

Section 7.3 of the Trust Deed requires the Trust to hold an Annual General Meeting prior to 30 September in each year.

As a result of the Covid 19 changes in alert levels the Auditor-General had to seek an extension to statutory time frames for organisations with balance date of 30 June 2022 that report under the Local Government Act 2002.

This altered the time frame for the holding of the Annual General Meeting.