

globe theatre

Annual Report to
Palmerston North City Council from the
Globe Theatre Trust Board

June 2018





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These are summary accounts which exactly reflect the audited annual accounts submitted to Palmerston North City Council by 30 September 2018.

A full set of signed accounts with the auditors unmodified opinion is available upon request from Denise Servante on 06 351 4409 or by emailing info@globetheatre.co.nz



CHAIRPERSON'S REPORT

Our Statement of Intent for 2017/18 focussed on establishing the Globe as the vibrant hub for performing arts in the City. We committed ourselves to:

- Extend collaborative and partnership programmes with local community, education and business organisations to increase use of both auditoria and the foyer.
- Increase marketing to the database of theatre-goers that our ticketing system has captured to encourage and support a theatre-going culture in the City.
- Enter into more co-sponsorship agreements with professional companies to bring their performances to our City.
- Provide drive and leadership to a co-operative approach with the City's other cultural organisations to complement each other and grow the vibrancy of the arts sector in the City.
- Bring other services and activities into the Theatre complex, so increasing the foot traffic into the precinct of Te Manawa, the Rugby Museum and the Globe Theatre (initially though opening the café during the day-time as well as during evening shows).

I am pleased to report that there has been significant progress in all these areas – this is detailed below and in the report from our Manager.

During the year, the Globe was again delighted to host a number of new and returning hirers to one of our two auditoria. Regular users included the Manawatu Performing Arts Competition Society, the Michelle Robinson Dance School in July, Tall Poppies Drama Collective senior production and end of year show, the Manawatu Theatre Society's Christmas show, *Are you being served?* in November/December, and its spring show, *The Nether*, the Massey University Drama Societies annual show, Palmerston North Dance Association and the Manawatunes' Music and Magic Show.

The Jazz Festival in May/June was an exceptional line-up this year - congratulations to all who supported the 2018 festival whether in the organisation, on stage or as patrons in the audience.

The Trust Board has also encouraged an outreach programme with communities in Palmerston North that have not traditionally used the theatre.

During the year, we were delighted to host meetings and celebrations for the Chinese, Bhutanese and Congolese communities, the Latina America and Spain Film Festival, a "Bollywood" evening as part of the Festival of Cultures and the Network of Skilled Migrants (Manawatu).

A number of touring groups and shows came to the Globe through a new venture to trial a 'risk-share' approach. The Board entered into a box-office split arrangement for the following events; The East Pointers/Mel Parsons, The Frank Burkitt Band, The Spooky Men's Chorale, blues maestro Darren Watson, comedian Wilson Dixon, Bloom singing the Adele and Amy Songbook and from South Africa, Zulu Love. In addition, we were pleased to welcome back professional touring shows Footnote New Zealand Dance Company, Wanderlust Theatre with the *Marriage of Figaro* and Little Dog Barking puppet shows for the pre-school audiences. Importantly, the first Chamber Music New Zealand concert on October 2017 successfully secured four bookings annually for Chamber Music New Zealand provincial tours.

The Trust Board has extended the number of MOU arrangements to increase the number of community users who view the Globe Theatre as home. As well as renewing the MOU with our resident theatre company, Manawatu Theatre Society, and with Musica Viva to host monthly Sunday Matinee concerts, new relationships have been developed to establish the Theatre complex as "home" for a new dance studio (The Rose Academy) offering a range of dance genres but particularly the only school in Palmerston North offering training in acrobatic dance, to offer a "home" to the JorrJazz Dance Crew, a weekly dance and drama session for young adults with learning disabilities, and to host the monthly French Film Night and bi-monthly Café Scientifique sessions regular provided by Alliance Francaise.

The opening of the café is another exciting development and it has been great to see Councillors and Council staff as well as the other CCOs and cultural organisations rally round the Encore Café team to ensure that it is possible for them to take on the challenge. The café is a fabulous asset to the theatre daytime operation and in 2018, the services were extended to evenings and to ticket sales – extending box office to a seven-day operation.

The theatres benefited from several capital grants. The sound system in Globe 1 has been completely revamped and updated. Thanks to the Central Energy Trust for their support for this project and to Audio Progress for undertaking the installation.

The second projector was purchased with funds from Pub Charity Ltd and the Mainland Foundation and installed by Lamberts. This means that both auditoria now have fixed projection facilities – this has enabled us to promote the venues much more widely for conferences, film shows and presentations.

A new piano stool was purchased to enable full use of one of our City's Steinway Grand Pianos which now lives in Globe 1 - this was supported by the Lion Foundation.

I would also like to thank COGS for their support for the Board's strategic planning and outreach project. The Manager's report below contains more details. The Lottery Community Fund has provided funding for 2018 to implement some of the outcomes of this through subsidising hire and/or promotion costs for new groups. A grant from the NZ Guardian Trust enabled us to host the Sunday Matinee concerts during the 2017/18 season.

I would like to thank the Palmerston North City Council for its ongoing support for the fabric of the building. Particularly, the Council's Asset Managers have worked with our staff to address urgent and immediate health and safety issues in Globe.

Finally, I would like to thank my fellow Board members, Russell Harris, Gerard Hudson, Margaret May and Phil Monk. Their unfailing support and commitment to our vision and mission has been inspirational. I also welcome John Adams as a new Board member, appointed at the end of May and attending his first Board meeting in July 2018. I am sure he has much to contribute. I would also like to thank our manager, Denise Servante, and the team that has supported her - Brayden Cowie, Virginia Warbrick, Jonathan Toomey, Jeremy Hunt, Nathan Mudge and Lilian Blencoe. The team at Encore Cafe, particularly Toni, Nathan and Jacqui, and the bar volunteers from the Manawatu Theatre Society, particularly Barbara and Maggie, have also added their commitment and energy to provide exceptional service to our hirers and patrons at the cafe/bar.

We have grown a team of Front of House volunteers who have been on hand to support our hirers on the day of their event. Thanks are due to all but perhaps, particularly to Jude Weavers, who has also stepped in to cover our box office during staff holidays, and to Bruce Warwick, who delivers our posters around the CBD. Doug Wilson from One Night Only has been unfailingly supportive in ensuring that our technical inventory has been able to cope with the demands placed on it through his generous hires of equipment and loans of expertise.

It has been a great year for the Globe Theatre and we are confident that we can build on several initiatives and partnerships to cement progress made and grow our family of hirers and patrons. We look forward to continuing to contribute to the City's aspiration to be an Arts Powerhouse.

Maxine Dale, Chairperson
September 2018

TRUST DETAILS AS AT 30 JUNE 2018

Nature of Business	Theatre
Establishment Date	15 April 2002
Trustees	M Dale (Chairperson) R Harris G Hudson M May P Monk D Servante (until 26/11/2017)
Treasurer	G Hudson
Secretary	M May
Address	312 Main Street PO Box 132 Palmerston North Telephone: (06) 351 4409
Bankers	Bank of New Zealand
Solicitors	Cooper Rapley
Registered Office	C/ Palmerston North City Council Civic Administration Building The Square Palmerston North
Incorporation Number	1206039
Inland Revenue Number	43-006-495



MANAGER'S REPORT

The focus for 2017/18 has been to lay the groundwork to deliver on all the strategic priorities in the 2017/18 Statement of Intent and to establish an ambitious and future-focussed programme of work for the 2018/19 Statement of Intent.

Strategic priorities from the 2017/18 Statement of Intent were:

Strategic Priority 1: Complete the Theatre's Redevelopment Plans to ensure that the Theatre remains a first class Theatre for hire, providing a quality and accessible resource for community and professional hirers.

Update:

The building continues to perform well, and visitors and hirers are always complementary about the venue as a community theatre. Council is aware of long-standing issues, but progress has been good in addressing these during the year. Particularly in Globe 1:

- Improving access to Globe 1: the middle walkway has been extended in Globe 1 to accommodate wheelchair users along the whole row of seats and enable access to people from each side. The project also enabled the Board and Council to ensure that the front half of Globe 1 is entirely compliant with the new building codes that will be required once any work requiring consent is undertaken in the complex.
- Structural integrity of Globe 1 rigging: Council staff commissioned a Theatre Systems designer to work with the Council engineer to develop plans for a new, future-proofed rig design that can be put in place once the structural integrity of Globe 1 is addressed. It is anticipated that Globe 1 will be closed for January 2019 whilst this work is undertaken. A grant has been secured from Central Energy Trust to fund a new rig.
- The leaking roof over the rehearsal room has been fixed and the whole back section is in the process of being relined and repainted. This work will be completed in early 2018/19 and will make a huge difference to hirers using the backstage areas of Globe 1.
- The hot weather in the summer of 2017/18 highlighted that the air conditioning in Globe 1 is not capable of maintaining a healthy temperature during hot spells. Council staff have responded by scheduling this work in for 2018/19 - hopefully before the summer.

The more fundamental issue over the general care and maintenance of Globe Theatre assets has been addressed through developing a fully funded renewals programme via an increase in the Council operating grant from 2018/19 onwards.

Strategic Priority 2: Develop the relationship with key stakeholders to promote partnerships; increase the usage of the Globe Theatre Complex; ensuring it is accessible, inclusive and user-friendly.

Update:

Funding from COGS in the first half of 2017/18 supported an outreach programme, specifically to seek hirer and patron feedback into the Globe Trust Board's review of its strategic plan. This involved several initiatives, including

- an online survey of audiences from 2014 – July 2017 and then monthly thereafter,
- workshops with stakeholders and ongoing dialogue with key users and partners,
- engagement with patrons and audiences through special events and regular newsletters
- analysis of historical data around income, type of hirer and type of hire

In the latter half of 2017/18, several collaborative and partnership programmes with local community, education and business organisations have been developed to increase use of both auditoria and the foyer. Specific examples are:

- worked with the City Library community team and events team to outreach to communities in Palmerston North that have not traditionally used the theatre
- worked on some joint marketing initiatives, such as with the City Library team to promote NZ Music Month with a range of free/low cost events during the month of May 2018 and with Centrepunt Theatre and Te Manawa to promote a family festival in July 2018
- worked with Centrepunt Theatre and the Regent Theatre to provide input into the City Council's Arts Powerhouse Steering Committee
- worked with Centrepunt Theatre, Square Edge, the Regent and PNCC to develop the first Palmy Fringe Festival (due to take place in October 2018)





Strategic Priority 1. Complete the Theatre's Redevelopment Plans to ensure that the Theatre remains a first-class Theatre for hire, providing a quality and accessible resource for community and professional hirers.

Planned activities	Outputs (KPIs)	
	2017/18 target	Outcome 2017/18
On-going fundraising for outstanding priorities.	Working with partners to secure funding for refurbishment of Globe 1 (technical equipment) and marketing bollard.	Partly achieved: Sound system in Globe 1 commissioned in July 2017. Theatre designer commissioned by PNCC Asset Manager to prepare a plan for fixing the structural integrity of Globe 1 to support rig, and design lighting/curtain rigging for replacement. CET confirm funding available for this and work is scheduled for early 2019.
Review and monitor the technical inventory to prioritise further development	Monitor refurbishment of Globe 1 technical inventory. Ongoing review and implementation	Partly achieved for Globe 1 as above. Other capital assets added to asset register this year are: <ul style="list-style-type: none"> • Piano stool for Steinway Grand in Globe 1 • Projector for Globe 2 • Hoist to enable access to lighting bar for front of house in Globe 1 • Trolley and barrier as part of the upgrade to improve accessibility to Globe 1 • Completing fitout of café/bar (plumbing/electrics to enable barista coffee and additional café furniture) <p>Asset register reviewed and updated. Renewal and maintenance programme put in place and funding secured through Ten Year Plan submission process.</p>
Prepare the Business Plan for 2018/28 onwards	Develop new Business plan for input into 2018-28 Long Term Plan.	Achieved: Stakeholder meetings with hirers, funders and patrons to refresh strategic plan for 2018 onwards. Input into Statement of Intent for 2018/19 and passed through PNCC Ten Year Plan. Stakeholders meetings to input into design of new rig for Globe 1. New business plan was developed.

Strategic Priority 2. Develop the relationship with key stakeholders to promote partnerships; increase the usage of the Theatre; ensuring the Theatre is accessible, inclusive and user-friendly

Planned activities	Outputs (KPIs)	
	2017/18 target	Outcome 2017/18
Continue to renew and develop the Memorandum of Understanding with the Manawatu Theatre Society	Maintenance of Memorandum of Understanding, continued bookings from the Manawatu Theatre Society	<p>Achieved: MOU with Manawatu Theatre Society was renewed for 2017/18.</p> <p>Manawatu Theatre Society presented their Xmas show, "Are you being served?" and April show, "The Nether". Rehearsals for "Grease" took place at the Globe whereas performances were at the Regent.</p> <p>MTS sponsored Manawatu Youth Theatre to produce Seussical to show in July 2018 – rehearsals have taken place at the Globe during April - June 2018.</p>
Develop a Memorandum of Understanding arrangement with regular users and key community groups	Maintenance of Memorandum of Understanding arrangements, increasing the number as opportunities arise	Achieved: MOU with Women in Business finished in December 2017 and has been renewed for latter part of 2018 and 2019 onwards. MOU with Sunday Matinee Series continues. MOU established with the Rose Academy of Performing Arts for a resident dance school from February 2018. Arrangement with Alliance Francaise to run monthly Cine Club and bi-monthly Café Scientifique meetings to be converted to an MOU in early 2018/19.
Seek new and regular hirers for both Theatres.	Total number of hirers, number of new hirers (cumulative)	<p>87 hirers, of whom 45 were new hirers. 42 hirers returned to the Globe for multiple bookings. Of the new hirers, 9 returned for multiple bookings.</p> <p>38 hirers hired the venue on one occasion, whereas the 6 most frequent hirers used the venue on 298 occasions (or 58% of total usage)</p>
Customer satisfaction - hirers	Benchmark established	<p>Achieved: Survey Monkey sent to hirers upon receipt of payment. The benchmark was set at 31 May to enable it to be input into the SOI 2018/19. 32/33 (97%) responses rated the Globe as Excellent. At that point 49 surveys had been sent out and 33 responses received of which 32 rated the Globe as Excellent. This gives a satisfaction rating of 97%.</p> <p>As at 30 June 2018, 55 hire events had received the survey and 35 responses received. Of these 91% (n=32) rated the experience of hiring the Globe as excellent and 9% (n=3) as good. 88% would be very likely to recommend the Globe as a venue for hire and 12% would be likely to do so.</p>
Customer satisfaction - audiences	Benchmark established	<p>Achieved: A survey monkey has been sent to ticket-buyers with emails captured in our ticketing database. The database of all ticket buyers from 2014-2017 was used to establish the benchmark with an overall satisfaction rating of 78% (n=171).</p> <p>As at 30 June 2018, following surveys of 22 ticketed shows, the overall satisfaction rating for the Globe was 79% (n=255).</p>

Strategic Priority 3. Achieve growth to meet usage/performance nights and rental income targets

Planned activities	Outputs (KPIs)	
	2017/18 target	Outcome 2017/18
Fostering a sense of community by encouraging youth, assisting amateurs and promoting participation, delivering outstanding customer service	At least 60% community usage	Achieved: 83% community use. 85 Professional uses (the performers are paid, or the hirer is a company/institution) 429 Community uses (the performers are not paid, or the hirer is a community organisation)
Delivering all services to the agreed budget	Services delivered within +10% variance	Not achieved overall given that the Trust anticipated a \$73,000 net profit and is recording an actual deficit. This is primarily because of the deferral of the major capital programme to introduce electric winches in Globe 1. Within general budget headings there is less variation but there is greater variation in specific budget headings because of the restructure in mid-2017 and subsequent review of strategic plan and priorities. See note 20 to the Financial Statements.
Ongoing promotion and monitoring of usage	165 performance nights and 250 usage nights	Achieved: 514 usage nights and 175 performance nights (with an audience of any description). Definitions: "Usage" is when a space in the theatre is set aside for a specific event, activity or exclusive use and "performance" is when the usage involves an audience of any description. Note: The Theatre has two auditoria, the foyer and a rehearsal room which are all available for hire. Thus, there may be multiple uses, both across hireable spaces and of single hire spaces – for example morning and evening use in the same space - in any one day
Computerised database of Theatre hirers, including details of technical requirements etc	System further developed as necessary	Achieved and ongoing: All hirers are now included in the main database and regularly contacted with e-newsletters etc. The value of storing information about the technical and equipment requirements of previous hires in computerised form may not merit the investment in this capability at this point. More important is to ensure that all hirers are engaged in developing the Trust Board's plans so ensuring that the equipment that is supplied is relevant and up-to-date.
Computerised database of Theatre audience/patrons	Increase in the number of theatre-goers on the database, and increasing satisfaction of these theatre-goers with the Globe Theatre	Achieved: all databases have been integrated with the Patronbase ticketing database and exported to Mailchimp as a segmented list. The total subscribers to this list is 2,400. 1055 Facebook followers as at 30 June 2018.
Website includes computerised booking and ticketing functions	Review and update website to ensure it meets needs of users and management	Achieved: Website information was comprehensively updated in July/August 2017 and regularly since. New information added regarding support for event promotion and updated equipment inventories.

Strategic Priority 3. / continued

Planned activities	Outputs (KPIs)	
	2017/18 target	Outcome 2017/18
Continue to organise and promote one-off events to market the theatre to existing and new user groups	At least two events organised and promoted through the Trust Board	<p>Achieved: The Trust Board organised, promoted or co-hosted 29 events during the year.</p> <p>The Board continued to sponsor The Globe Matinee Series (11 events during the year) and in addition sponsored the Latin American and Spain Film Festival in October/November with 11 film showings.</p> <p>For the first time the Board entered risk sharing with touring companies and co-hosted 7 events:</p> <p>The East Pointers/Mel Parsons (January), Spooky Men's Chorale (March), the Frank Burditt Band Raconteur album release tour (April), the Adele and Amy Songbook, Darren Watson Too Many Millionaires album release tour, Wilson Dixon What a Country tour and Zulu Love South African harmonies (May).</p>

Strategic Priority 3 Achieve growth to meet usage/performance nights and rental income targets

Update:

In July 2017, the Board was emerging from the restructure process and the new staff team needed to get established. A supported programme of outreach and stakeholder engagement has led to several changes in the way that the theatre is managed both to improve the experience for the hirer and to encourage and support more groups (local and national) to bring their events to the theatre and the City. This includes:

- Developing the service that is offered to hirers, including the provision of technical and promotional support for events as part of the hire fee
- Increasing the Globe's communication with the wider community in Palmerston North – improved website, Facebook pages and media presence and a monthly e-newsletter to a wider subscription base
- Entering into more risk-share agreements with smaller, experimental, professional touring companies to bring their performances to our City. Specifically, risk-sharing contracts have been in place for seven touring shows to come to Palmerston North.
- Trialling a co-sponsorship arrangement with Palmerston North City Council to enable celebrated contemporary dance company, Footnote New Zealand Dance, to come to Palmerston North and provide two free performances for residents and a free masterclass workshop to local high school students.

The outcome is a doubling of usage figures and an increase of 20% in performance nights compared to 2016/17. Some of this usage is at very low cost to encourage first time community users to bring their cultural and other events to the Globe. However, the reduced hire fees have been offset by increased usage and overall hire income has been maintained at the aspirational budget level.

Denise Servante, Manager

September 2018.



THE GLOBE THEATRE TRUST FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Statement of Responsibility

We are responsible for the preparation of the Globe Theatre Trust's financial statements and statement of performance, and for the judgements made in them. We are responsible for any end-of-year performance information provided by the Globe Theatre Trust under section 19A of the Public Finance Act 1989. We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of the Globe Theatre Trust for the 12 months ended 30 June 2018.

Entity information for the year ended 30 June 2018

LEGAL NAME, TYPE OF ENTITY AND LEGAL BASIS

The Globe Theatre Trust (the Trust) is a 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 (PNCC) 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 the Board of Trustees.

THE TRUST'S PURPOSE OR MISSION

The primary objective of the Trust is to promote the arts within Palmerston North by catering for a variety of local and touring arts and cultural events such as drama, comedy, musical theatre, dance and musical recitals, public artistic competitions, conferences and seminars, rather than making a financial return.

STRUCTURE OF THE TRUST'S OPERATIONS, INCLUDING GOVERNANCE ARRANGEMENTS

The Globe Theatre is a Council-owned venue that is managed by a Trust Board comprising 5 Council-appointed trustees and up to 2 trustees co-opted by these appointees.

MAIN SOURCES OF THE TRUST'S CASH AND RESOURCES

The Trust Board manages the theatre complex as multi-purpose venues for hire. Principally, the venues are for the performing arts with two theatres; one a 200-seat proscenium theatre and one is a flat-floor performance space with an option of up to 100 proscenium layouts. The Trust Board also hires the foyer/cafe-bar area separately as a meeting space. The Trust Board maintains an asset register of equipment, including a projector for film viewings.

The Globe Theatre complex primarily serves the community performing arts in Palmerston North with an operating subsidy from the City Council which ensures that the complex is affordable for amateur and community arts groups. Particularly, the Theatre was developed in 1982 as a partnership project between the City Council and the Manawatu Theatre Society and this relationship remains enshrined on the Board's Trust Deed.

The theatre provides a quality experience that is also available to professional organisations for hire.

Finally, the Trust Board raises funds to maintain its equipment and asset register to ensure that it can continue to offer that quality experience to all its clients. As part of this, the Trust Board also promotes shows to raise funds for this purpose.



16th

**LATIN AMERICA
& SPAIN
FILM FESTIVAL 2017**

Statement of Financial Performance for the year ended 30 June 2018

	Notes	Actual	SOI Budget	Actual
		2018	2018	2017
Income				
Donations, Fundraising and other similar revenue	2	40,540	128,663	43,343
Council Funding	3	76,582	76,582	75,080
Investment Revenue		105	115	118
Sales of Goods and Services	4	64,401	70,563	57,326
Total revenue		181,628	275,923	175,867
Expenditure				
Costs related to providing goods and services	5	17,720	9,615	13,612
Employee and contractor costs	6	93,880	88,205	72,689
Administration and Overhead	7	34,524	42,272	39,570
Other Expenses	8	25,388	16,474	17,202
Asset Write-offs		182	-	-
Depreciation		37,905	45,800	34,334
Total Expenditure		209,599	202,366	177,407
Net Surplus/(Deficit)		-27,971	73,557	-1,540

Statement of Financial Position for the year ended 30 June 2018

	Notes	Actual	SOI Budget	Actual
		2018	2018	2017
Assets				
Current Assets				
Bank Accounts and Cash	9	32,909	25,312	31,990
Debtors and Prepayments	10	9,882	11,826	16,053
Total Current Assets		42,790	37,138	48,043
Non-Current Assets				
Property, Plant and Equipment	11	228,051	365,916	246,779
Total Non-Current Assets		228,051	365,916	246,779
Total Assets		270,841	403,054	294,822
Liabilities				
Current Liabilities				
Creditors and Accrued Expenses	12	26,359	11,826	28,246
Employee costs payable	13	16,150	2,912	4,550
Unused Grants and Donations with Conditions	14	500	-	6,224
Total Current Liabilities		43,010	14,738	39,020
Non-Current Liabilities				
Total Non- Current Liabilities			-	-
Total Liabilities		43,010	14,738	39,020
Net Assets		227,831	388,316	255,802

Trust Equity as at 30 June 2018

	Notes	Actual	SOI Budget	Actual
		2018	2018	2017
Trust Equity				
Contributed capital		100	100	100
Retained surpluses		227,731	388,216	255,702
Total Trust Equity		227,831	388,316	255,802

Statement of changes in accumulated funds for the year ended 30 June 2018

	Notes	Actual	SOI budget	Actual
		2018	2018	2017
Balance at 1 July		255,802	348,310	257,343
Current Period Surplus/(Deficit)		-27,971	40,005	-1,542
Balance at 30 June	15	227,831	388,315	255,802

Statement of cash flows for the the year ended 30 June 2018

	Notes	Actual	SOI Budget	Actual
		2018	2018	2017
Cash Flows from Operating Activities				
Receipts of Council Grants		76,582	76,582	75,080
Donations, Fundraising and other similar revenue		34,516	128,663	48,416
Receipts from sale of goods and services		69,769	70,564	60,517
Interest Received		105	115	118
Payments to Suppliers		-157,266	-156,566	-134,888
Goods and Services Tax (net)		223	104	1,320
Net Cash Flows from Operating Activities		23,930	119,462	50,563
Cash Flows from Investing & Financing Activities				
Purchase of Fixed Assets		-23,011	-118,663	-36,935
Net Cash Flow from Investing & Financing Activities		-23,011	-118,663	-36,935
Net Increase/(Decrease) in Cash		919	708	13,628
Opening Cash Balance		31,990	24,514	18,362
Closing bank accounts and cash	9	32,909	25,312	31,990

Notes to the financial statements

1. Statement of Accounting Policies

REPORTING ENTITY

The financial statements for the Trust are for 12 months ended 30 June 2018 and were approved by the Board of Trustees on 26 September 2018.

BASIS OF PREPARATION

The Trust has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that it does not have public accountability as defined and has total annual expenses of equal to or less than \$2,000,000. All transactions in the performance report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

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 generally accepted accounting practice in New Zealand (NZ GAAP).

Measurement base

The financial statements have been prepared on a historical cost basis.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Policies

There have been no changes to accounting policies this year.

GST

The Trust is registered for GST. All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

Sale of goods

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

Sale of services

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

Theatre Hire

Charges for Theatre Hire are recognised when the Theatre is hired to the customer.

Interest Revenue

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

Grants

Grants received from the Palmerston North City Council 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.

Council, government, and non-government grants are recognised as revenue when they are received unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Fundraising and Donations

Fundraising and donations are recognised as revenue when cash is received, unless the donations have a "use or return" condition attached. If there is such a condition, then the donation is initially recorded as a liability on receipt and recognised as revenue when conditions of the donation are met.

Donated assets revenue

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

Advertising, marketing, administration, overhead and fundraising costs

These are expensed when the related service has been received.

Bank Accounts and Cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with

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

Debtors and other receivables

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

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.

Property, plant, and equipment

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

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

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
Theatre Equipment 10 years (10%)
Computer Equipment 5 years (20%)
Furniture & Fittings 10 years (10%)

Creditors and other payables

Creditors and accrued expenses are measured at the amount owed.

Employee and contractor costs

Wages, salaries and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries and leave entitlements. Independent contractor costs are also included where at the discretion of management these services could equally have been delivered by an employee.

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

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

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. A liability and expense for long service leave and retirement gratuities is recognised when the entitlement becomes available to the employee.

Provisions

The Trust recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation because of a past event, it is probable that expenditure will be required to settle the obligation and a₁₃ reliable estimate can be made of the amount of the obligation.

Notes to the financial statements continued

Income Tax

The Trust has been granted Charitable Status by the Inland Revenue Department and therefore is exempt from income tax.

Accumulated Funds

Accumulated Funds are measured through the following components:

- Retained Earnings
- Contributed Capital

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 the following Tier 2 Accounting Standards in preparing its financial statements.

Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the Globe Theatre Trust has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Grants Approval Committee and the approval has been communicated to the applicant. The Globe Theatre Trust's grants awarded have no substantive conditions attached.

2. Donations, Fundraising and Other Similar Revenue

	Actual 2018	Budget	Actual 2017
		SOI 2018	
Donations and Fundraising	2,994	10,000	741
Other	37,545	118,663	42,602
Total Donations and Fundraising Revenue	40,540	128,663	43,343

"Other" fundraising comprises:

	Actual 2018	Actual 2017
NZ Guardian Trust	1,750	1,150
Palmerston North City Council	8,804	953
Central Energy Trust	5,459	22,121
Community Organisation Grants Scheme	4,600	-
Lottery Community Fund	7,500	-
Mainland Foundation	4,487	526
Pub Charity Ltd	3,751	6,207
Infinity Trust		4,916
Lion Foundation	1,195	4,918
Other		1,811
Total Donations and Fundraising Revenue	37,545	42,602

Revenue with conditions that has not been recorded as a liability:

Description	Original Amount	Not fulfilled amount	Purpose and nature of conditions
Lottery Community Fund	\$7,500	\$3,454	The grant requires the Trust to spend the funds on developing usage with new and diverse hirers, using subsidised hireage, additional promotional support and different hire arrangements, between February and September 2018. Although this grant is for this specific purpose, there are no "use or return" conditions and so no liability has been recorded for the unspent amount.

3. Council Funding

	Actual 2018	Budget SOI 2018	Actual 2017
PNCC grant	76,582	76,582	75,080
Total grants revenue	76,582	76,582	75,080

4. Sales of Goods and Services

	Actual 2018	Budget SOI 2018	Actual 2017
Foyer rental	3,401	7,000	-
Theatre Hire	44,226	46,948	44,521
Recoverable income	4,658	5,167	5,581
Sales	703	1,715	184
Ticket Sales (commission and show)	11,415	9,733	7,040
Total Sales of Goods and Services	64,401	70,563	57,326

5. Costs relating to providing Goods and Services

	Actual 2018	Budget SOI 2018	Actual 2017
Project Expenses	4,385	-	3,302
Recoverable expenses	4,574	4,379	5,284
Shows Expenses	8,761	5,236	5,026
Total Costs of Goods Sold	17,720	9,615	13,612

Project Expenses was previously recorded in Administration Costs and Overheads. These costs have only been incurred directly through shows where the expenses are covered specifically by grant income or other donations, they are more properly recorded as costs relating to goods and services. Similarly, Recoverable Expenses was previously recorded under Other Expenses. These costs are directly reimbursed through Recoverable Income and therefore are more properly recorded as a Cost relating to the provision of goods and services.

6. Employee and contractor related costs

	Actual 2018	Budget SOI 2018	Actual 2017
Salaries, wages and employment related costs	87,871	85,961	70,605
Contractor costs	3,960	-	-
KiwiSaver Employer Contributions	2,048	2,244	2,084
Total Employee Related Costs	93,880	88,205	72,689

7. Administration and Overheads

	Actual 2018	Budget SOI 2018	Actual 2017
Cleaning	3,382	3,629	3,567
Hire of Plant and Equipment	1,170	865	479
Light, heating and power	14,209	13,809	12,441
Marketing	4,788	5,121	5,202
Repairs and Maintenance	6,628	12,603	12,127
Office Costs	133	3,218	2,631
Postage, Printing and Stationery	1,648	704	833
Telephones and Internet	2,565	2,323	2,290
Total Administration and Overheads Costs	34,524	42,272	39,570

8. Other expenses

	Actual 2018	Budget SOI 2018	Actual 2017
Audit Fees	8,449	7,666	8,335
Bank Charges	41	141	50
Consulting and Accountancy	2,147	2,315	2,294
General Expenses	3,226	1,637	1,500
Insurance	2,394	2,242	2,577
Legal expenses	4,760	104	-
Professional Development	912	-	35
Provision for impairment	-287	-232	-43
Security	562	731	961
Subscriptions and compliance costs	2,220	682	569
Waste Disposal	965	1,188	924
Total Other Expenses	25,388	16,474	17,202

9. Banks accounts and cash

	Actual 2018	Actual 2017
Cash on hand	457	458
Non-profit current	28,714	29,286
Rapid Save (donations)	3,738	2,247
Total Cash and Cash Equivalents	32,909	31,990

10. Debtors and prepayments

	Actual 2018	Actual 2017
Accounts Receivable	9,882	16,340
Less provision for impairment	-	(287)
GST Receivable	-	-
Prepayments	-	-
Sundry Debtors Accruals	-	-
Total Debtors and Other Receivables	9,882	16,053

11. Property, plant and equipment

	Furniture and Fittings	Theatre Equipment	Computer Equipment	Total
Cost				
Balance at 1 July 2017	\$39,680	\$454,763	\$6,226	\$500,669
Additions	\$1,694	\$17,665	-	\$19,359
Disposals	-	-\$15,445	-\$2,727	-\$18,174
Balance at 30 June 2018	\$41,374	\$456,981	\$3,499	\$501,854
Accumulated Depreciation and Impairment Losses				
Balance at 1 July 2017	\$9,017	\$240,867	\$4,006	\$253,890
Depreciation Expense	\$4,658	\$32,548	\$700	\$37,905
Impairment Losses	-	-	-	-
Disposals	-	-\$15,446	-\$2,546	-\$17,992
Balance at 30 June 2018	\$13,675	\$257,970	\$2,160	\$273,804
Carrying Amount	\$27,699	\$199,012	\$1,339	\$228,050

The above carrying value includes Work in Progress of \$0 as at 30 June 2018 (2017: \$3,968). There are no restrictions over the title of the Trust's property, plant, and equipment; nor is any pledged as security for liabilities.

12. Creditors and accrued expenses

	Actual 2018	Actual 2017
Accrued Expenses	11,686	19,790
Revenue in Advance	0	300
PAYE Payable	1,451	1,096
Creditors	12,935	4,980
GST Payable	287	2,080
Total Creditors and Other Payables	26,359	28,246

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.

13. Employee Costs Payable

	Actual 2018	Actual 2017
Annual Leave	3,200	-
Wages and bonus accrual	12,950	4,550
Total Employee Costs Payable	16,150	4,550

14. Unused donations and grants with conditions

Grants received in advance relate to funding received for the provision of specific development where conditions of the grant have not yet been satisfied, and conditions include a "use or return" clause.

	Actual 2018	Actual 2017
Mainland Foundation	-	4,474
Lions Club of Middle Districts	500	-
NZ Guardian Trust	-	1,750
Total Unused Donations and Grants with Conditions	500	6,224

15. Accumulated surpluses

	Actual 2018	Actual 2017
Contributed Capital		
Balance at 1 July	100	100
Capital Contribution		-
Balance at 30 June	100	100
Retained Surplus		
Balance at 1 July	255,702	257,243
Surplus/(Deficit) for the Year	(27,971)	(1,542)
Balance at 30 June	227,731	255,702
Total Equity	227,831	255,802

16. Capital Commitments and Operating Leases

The Trust has no capital commitments and no operating lease commitments (2017 \$nil).

17. Contingencies

CONTINGENT LIABILITY

The Trust has no contingent liabilities. In 2017, claims for compensation from ex-employees over an employment issue was resolved with no ongoing liability.

CONTINGENT ASSETS

The Trust has no contingent assets (2017 \$nil).

18. Related Party Transactions

The Trust was settled by The Palmerston North City Council and receives a significant amount of operating grants from the Council to deliver its objectives as specified in the Trust deed. In addition, the Trust does not pay for a lease to use the Council building. The Palmerston North City Council is the ultimate controlling party of the Trust.

The following transactions were carried out with related parties during the year:

Palmerston North City Council

The total amount of operating grants received from the Council is disclosed in the statement of financial comprehensive income, being \$76,582 (2017 \$75,080). Council also provided a one-off grant of \$1,500 towards costs associated with community performances (2017 nil). There is no outstanding balance at balance date (2017 nil).

\$7,304 capital contributions were received from the Council (2017 \$953).

Goods and services of \$2,131 (excl GST) (2017 \$3,015) were purchased from the Council relating to gas, insurance, rates and telephone services. At balance date the amount outstanding is \$460 (2017 \$149).

Goods and Services of \$3,852 (2017 \$2,170) were supplied to the Council on normal commercial terms. At balance date, there was \$1,877 owing (2017 nil).

The Trust provided a venue for no charge to PNCC on one occasion, valued at \$60 at community rates (2017 \$130).

No reimbursement of prior costs was received from Palmerston North City Council (2017 \$2,508)

Key management personnel

Goods and services of \$6,298 were supplied to the Manawatu Theatre Society (2017 \$14,675), a society in which Trustee M Dale is a member, on normal commercial terms. At balance date, there was \$834 owing (2017 \$6,342).

Goods and services (booking fees/ticketing commission) of \$1,995 (2017 \$1,738) were purchased from the Manawatu Theatre Society, a society in which Trustee M Dale is a member, on normal commercial terms. At balance date, there was nil owing (2017 nil). The Trust has no outstanding accruals owing to the Manawatu Theatre Society, a society in which Trustee M Dale is a member (2017 \$7,470).

Goods and services of \$220 (2017 \$565) were purchased from Trustee Phil Monk relating to reimbursement of building materials. At balance date, there was \$nil owing (2017 nil).

Goods and services of \$135 (2017 \$171) were purchased from Trustee Russell Harris relating to reimbursement of building materials. At balance date, there was \$nil owing (2017 nil).

No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2017 nil).

Trustees are not paid any remuneration. All remuneration paid to the staff is disclosed in Note 6. No other benefits were provided.

The Key Management Personnel is made up of six Trustees, including the Chairperson, Treasurer and Board Secretary, 1 full-time Manager.

Other related parties

The Regent on Broadway hired rehearsal space at the Globe amounting to \$1,261 (2017 nil).

19. 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 general financial dealings.

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

20. Explanation of major variances against budget

Revenue

Donations, Fundraising and other similar revenue: When the SOI was prepared in June 2016, the Board had anticipated raising funds to contribute towards an upgrade of the lighting rig and lighting equipment in Globe 1. During the year, the Board was advised by specialists that the structure would require additional strengthening to be compliant with any additional equipment. The work has therefore been postponed whilst engineers' drawings and theatre systems design work was undertaken by PNCC. The work is now scheduled for January 2019 and \$70,000 raised from Central Energy is being held over for this project.

Sale of Goods and Services: The Board set aspirational targets in its SOI budget for theatre hire of 120% achieved in 2016/17. During the review of the strategic plan, it was acknowledged that this was stretch too far, particularly if it was also to meet aspirational targets around usage, and especially community usage. Nonetheless, income from the sale of goods and services has increased during the year from the actual in 2016/17.

Expenditure

Costs related to goods and services is higher than the budgeted figure. This is due to an increase in the number of risk-share shows that the Board has supported during the year with associated increases in costs. These shows have also contributed to the increase in income from sales of goods and services compared to last year.

Employee and contractor costs are a little above budget. This reflects transition costs to the new management structure but also reflects use of contractors and casual staff to bring additional support in when needed by the much increased level of theatre usage.

Administration and Overheads: Expenditure is significantly lower, particularly in repairs and maintenance. A new supplier was secured to undertake PAT on all electrical equipment at a greatly reduced cost and servicing of the seating in Globe 2 was deferred to July 2018. This reduced costs against budgeted expenses relating to these two items was about \$4,600. The remainder of the shortfall against budgeted expenditure simply relates to fewer repairs than were necessary the preceding year. The Board does not consider it prudent to reduce this budgeted amount in the future in order to retain provision for unexpected repairs and maintenance. Office costs previously included subscription to, for example, Microsoft Office. These expenses have been more properly allocate to Other Expenses.



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Notes to the financial statements continued

Other Expenses: Expenditure is higher than budget mainly relating to increased use of technical support for hirers, one-off legal expenses associated with the restructure in late 2016/17. In addition, subscriptions have been maintained to Mailchimp (list size over 2,000), Survey Monkey and Microsoft. General expenses are higher than budget and are associated with additional costs incurred during the strategic plan review involving several stakeholder engagements. General expenses have also been used to complete the acknowledgement of donors/sponsors process following the redevelopment in 2014 (named seats and an acknowledgement board).

Depreciation is lower than expected because the anticipated capital assets were not bought during this year. The Trust intends to complete the project to refurbish the rigging/lighting in Globe 1 during 2018/19.

Balance sheet

The Bank accounts and cash balance is higher than budgeted primarily because opening balance used per budget being \$8k less than 2016/17 actual.

Non-current assets have not been developed as much as anticipated because of the delay in the project to refurbish the rig and lighting in Globe 1 (see above).

Creditors and accrued expenses includes about \$10,000 in ticketing money held on behalf of hirers for shows in late June or early July. The amount is unknown until year-end so cannot be confidently predicted in the budget. The creditors also include several large amounts to suppliers such as for cleaning/toilet supplies, replacement bulbs and some costs associated with the accessibility project.

Liabilities for employment costs have increased due to holiday pay liability to staff. This is likely to clear during the first quarter of 2018/19.

21. Events after Balance Date

There were no events after balance date that require disclosure.

22. Ability to continue operating

The Trust intends to continue operating in future periods.

