



Globe Theatre Trust Board  
Statement of Intent  
For 2019/20, 2020/21, 2021/22

Presented to  
Palmerston North City Council  
24 May 2019

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## Contact details

Registered Office:	PO Box 132	Legal Status:	The Globe Theatre Trust is a Council Controlled Organisation for the purposes of the Local Government Act 2002 and operates as a Charitable Trust under the Charitable Trusts Act 1957 and Charities Act 2005.
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## Introduction

The Globe Theatre Trust Board is pleased to present its draft Statement of Intent for the three-year period from July 2019. The Board continues to be driven by its vision of the Globe Theatre as a thriving hub for community performing arts in the cultural heart of the City. The Board has identified three strategic priorities to help it achieve this.

As primarily a venue for hire, the first strategic priority is, unsurprisingly, to increase the number of times that the venues are hired. Since the redevelopment in 2014, use of the complex has continued to grow. The Board is hopeful that this will continue but is mindful that this growth is unlikely to remain on its current steep trajectory. It therefore welcomes the opportunity to broaden its aspirations beyond maximising useage.

The provision of a first-rate community theatre in Palmerston North contributes significantly to Council's vision of a small city with big ambition, particularly through the goal of a creative and exciting city. The Board's second and third strategic priorities relate particularly to maintaining this "first-rate community theatre".

The second strategic priority relates to the "community" aspect. The Board aims to continue to build the relationship between the theatres and the many communities that call Palmerston North home. The focus remains on performing arts and the Board will work to ensure that, with the diversity of the Palmerston North communities, all are equally able to access the theatres for their cultural and celebratory events.

The third strategic priority relates to the "theatre" aspect. The Board has developed a robust capital and renewal programme and is working to ensure that this is fully funded and implemented. The programme takes a proactive approach to developing the equipment and technologies that are available to our hirers, whilst recognising that there is still a need to ensure that existing equipment is well-maintained and functional.

The Board remains grateful that the Council Asset Managers have worked closely with us to ensure a complete understanding of where each organisation's responsibilities in asset management start and finish and where we may each add value in the areas that overlap. We look forward to ongoing progress with the Globe 1 refurbishment in the next year or so.

The Council's leadership in identifying the encompassing vision of "small city benefits with big city ambition" is to be commended. We expect that leadership to continue to support the close and co-operative partnership that has developed between Council (elected members and staff), the Theatre Management (Board and staff) and other cultural organisations in the City.

Globe Theatre Trust Board,  
May 2019

# Background Information

## Purpose of the Statement of Intent

This Statement of Intent is presented by The Globe Theatre Trust in accordance with the requirements of s 64(1) of the Local Government Act 2002.

In accordance with the Local Government Act 2002, this annual Statement of Intent (SOI) publicly states the activities and intention of The Globe Theatre Trust for the next three years, and the objectives to which those activities will contribute.

This SOI takes shareholder comments into consideration and includes performance measures and targets as the basis of organisational accountability.

## Governance Statements

The Globe Theatre Trust is established and governed by the Globe Theatre Trust Deed, available on request from the contact officer.

## Objectives of Globe Theatre Trust Deed

The objectives of the Trust Deed provide the framework for the Trust to control, develop, promote, enhance and maintain the Globe Theatre so that it may be used and enjoyed by the inhabitants of the Manawatu area including:

- Securing the future of the Globe Theatre.
- Preparing, in consultation with the Council, a Strategic Plan and an Annual Plan for attaining these objectives.
- Acknowledging the Globe Theatre as the home of the Manawatu Theatre Society.
- Ensuring the Globe Theatre remains accessible to the community (both physically and financially).
- Fostering a sense of community by encouraging youth, assisting amateurs, and promoting participation.

The primary objective of the Trust is to promote the performing 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 and governance

The Board of up to seven Trustees (5 appointed by Palmerston North City Council and up to 2 co-opted Trustees) is responsible for the strategic direction and control of The Globe Theatre Trust's activities. The Board guides and monitors the business and affairs of the Trust, in accordance with the Trustee Act 1956, the Local Government Act 2002, the Trust Deed and this Statement of Intent. The Board's approach to governance is to adopt "good practice" with respect to:

- the operation and performance of the Board, including being a good employer
- managing the relationship with the Theatre Manager
- being accountable to the community and reporting to the Palmerston North City Council

The Theatre Manager is responsible for the day-to-day operations of the Globe Theatre, engaging and oversight of staff/volunteers and reporting to the Trustees on performance against The Trust's objectives.

## Extract from the Globe Theatre Trust Board strategic plan

### CORE PURPOSE

- That the Globe Theatre is “home” to the local performing arts community within a City-wide cultural precinct.

### VISION

- A dynamic, bustling, vibrant centre for the performing arts community in Palmerston North.

### MISSION

- To be recognised as the most collaborative and co-operative organisation amongst the city’s cultural organisations.

### VALUES

- Customer Focus – we listen and understand the interests and important concerns of our internal and external stakeholders and business partners (patrons, hirers, suppliers).
- Teamwork – we work cooperatively with others to produce innovative solutions that meet the needs of all.
- Respect for others – we listen and respond constructively and promptly, we try to understand alternative points of view and accommodate these into our core business.
- Accountability – we focus on making things happen fast - solving problems and getting work done, we identify what needs to be done and take action before being asked or the situation requires it.
- Honesty and integrity - we will be straightforward in conducting ourselves and our business, we will be trustworthy, loyal, fair and sincere.

## Contribution to small city benefits, big city ambition

Palmerston North is the heart of the Manawatū region within central New Zealand - a small city with a lot to offer, and ambitious about where it’s going. The City Council vision is Palmerston North: Small city benefits, big city ambition.

Council has identified five strategic goals for achieving this vision and the Globe Theatre Trust contributes primarily to Goal 2: A creative and exciting city. Council has developed strategies to support achievement of its goals, and the Globe Theatre Trust contributes primarily to the Creative and Liveable Strategy. Within this Strategy, Council has identified priorities and the Globe Theatre Trust contributes primarily to Priority 3, to develop the city into an arts powerhouse with a national reputation for creativity and the arts, and to a lesser but still significant extent, Priority 4, to develop a national and international reputation as an exciting city with plenty to do at night and on weekends.

The Globe Theatre Trust also has a part to play in Goal 4: An eco-city, particularly in Priority 2 to work with Council to reduce carbon emissions.

The Globe Theatre Trust believes that its contribution to the Council’s vision, strategic goals and underpinning strategies can be realized as it works towards its vision to deliver a dynamic, bustling, vibrant centre for the performing arts community in Palmerston North. It has in turn developed strategic objectives and strategies to support it to achieve this within the framework of its Trust Deed.

## The Globe Theatre Trust's Strategic Objectives

The Trust Board has identified three strategic objectives which describe the change that it will endeavour to bring about to support the Council to develop the City into an arts powerhouse with a national reputation for creativity and the arts.

Firstly, it will ensure that there are more, and more visible, arts and activities at the Globe that contribute to the Council's aspirations as an arts powerhouse.

Secondly, it will support the local performing arts community to showcase their diverse talents at the Globe.

Thirdly, it will maintain and develop facilities that enable our communities to produce and enjoy the very best performing arts that can be offered, ensuring that the Globe remains a cutting edge, visible and resilient cultural institution/facility. In addition, the Board will encourage and support Council, as asset manager, to ensure that these developments incorporate incremental sustainability and environmental improvements to contribute to the reduction in CO2 emissions.

## Nature and scope of activities of the Trust Board – what we do

To achieve its objectives, the Trust Board aims to:

1. Increase the number of events that take place at the Globe Theatre and the number of people who are involved in these events (actively organising or participating in a performance or performing art).

This will entail:

- Providing a seamless, customer-focused hire service that is responsive to the needs of hirers and is enabling and supportive.
- Ensuring that there are friendly, helpful and knowledgeable staff/volunteers who can support our hirers in delivering a successful event, whether it is negotiating an appropriate contract, advising on promotion, securing front of house/ushering volunteers or providing technical support.
- Encouraging national and international visiting productions and artists to perform at the venue.

2. Maximize the use of the venues by local community performing arts groups and events and to represent the diversity of the Palmerston North community.

This will entail:

- Undertaking community outreach and collaborating with other agencies and organisations to demonstrate how the Globe may contribute to their aspirations to showcase and develop their cultural heritage.
- Working particularly with community hirers to support them to showcase their cultural and performing arts heritage, ensuring that the venues are available and accessible for them and encouraging them to become regular users of the theatres.

3. Maintain the fixtures, fittings and theatre equipment to ensure it continues to offer a professional experience to all its clients/customers/users.

This will entail:

- Working with the local performing arts community to identify future needs and advancing technologies to support developing performing arts practice.
- Working closely with PNCC as the building owner, local suppliers with theatre specialisms and local philanthropic organisations which contribute necessary funding.
- Encouraging and supporting PNCC as the building owner, working closely with local suppliers with theatre specialisms and local philanthropic organisations, to incorporate low carbon choices.

## How we operate

The team at the Globe Theatre are a passionate group of people driven to grow and develop the performing arts in the City and wider region. We recognise, and take responsibility for, our role in contributing to the common vision to develop the City into an arts powerhouse with a national reputation for arts and creativity. We will work to:

- Increase the culture of supporting performing arts events from the local community (residents and businesses) to grow the sector.
- Collaborate with all cultural organisations to support each other's contribution towards the common vision.
- Liaise effectively with a city council committed to and contributing to the common vision.
- Participate in decision-making – governance and operational – that is co-creational building trust and capacity within and between each collaboration partner.

In keeping with best management practice, The Globe Theatre Trust aims to operate efficiently and effectively, reducing any adverse impacts on the natural and built environment. The Theatre management will work towards zero waste in its operations and in developing technologies and processes which reduce the carbon footprint of the theatre's day-to-day operations.

As a future-focused organisation, we aim to promote the social and cultural well-being of our communities through participation in the arts. The Trust regularly reviews its internal processes, seeking continuous improvement in order to deliver value for money to the shareholders and the rate payer. As a Council Controlled Organisation (CCO), the Trust is also aware that much of its funding is derived from public monies and therefore all expenditure should be subject to a standard of probity and financial prudence that is to be expected of a CCO and be able to withstand public scrutiny. The Trust recognises the principles of the Treaty of Waitangi and acknowledges the importance of partnering with local Iwi and recognition of Tangata Whenua in the region.

The Trust is committed to the health and safety of all workers, volunteers, visitors and the public across its premises by undertaking all measures reasonably practicable to provide a safe working environment. The Trust believes that creating and maintaining a healthy work environment is a shared, co-operative venture, where employees, volunteers and employers have roles and responsibilities, including the maintenance of a balance between work and non-work activities. As such, the Trust will ensure it meets its obligations with respect to New Zealand laws and regulations and will undertake annual reviews based on established best practice guidelines.

## Working together

### HALF-YEARLY REPORT

By the end of February each year, The Globe Theatre Trust will provide the Council with a half-yearly report complying with s 66 of the Local Government Act 2002. The report will include the following information:

- Theatre Manager's commentary on operations for the relevant six-month period.
- Comparison of The Globe Theatre Trust's performance to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly financial statements incorporating a statement of financial performance, statement of financial position, statement of changes in equity and statement of cashflows.

### ANNUAL REPORT

By 30 September each year, The Globe Theatre Trust will provide the Council with an annual report complying with ss 67–69 of the Local Government Act 2002. Financial statements and audit clearance will be provided in early August to ensure timely availability of PNCC's annual report.

The annual report will contain the information necessary to enable an informed assessment of the operations of The Globe Theatre Trust, and will include the following information:

- Commentary on operations for the year.
- Comparison of The Globe Theatre Trust's performance to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Financial statements incorporating a statement of financial performance, statement of financial position, statement of changes in equity, statement of cashflows, statement of accounting policies and notes to the accounts.
- Auditor's report on the financial statements and the performance targets.
- Any other information that the Trustees consider appropriate.

This Statement of Intent was approved by the Globe Theatre Trust Board on 20 May 2019.

Signed:



Maxine Dale,  
Chairperson,  
Globe Theatre Trust Board

# Performance Measures

## DEFINITIONS

### USER GROUPS

**MOU Group** – has an MOU arrangement with the Globe Theatre, is performance-based, may be a community group or professional group

**Art School** – is performance based, where the performance is delivered by students whether or not the organisation is a commercial company

**Community Group** – the hirer is a community organisation, may or may not be performance based

**Professional Group** – the hirer is a professional performing arts practitioner, a private individual or a commercial company (may or may not be performance based)

**Community Festival** – the Globe Theatre participates in a city-wide/cultural precinct-wide series of events that form part of a festival. May or may not be performance based, may or may not attract a hire fee

### USAGE AND PERFORMANCE

**Usage** – A space in the theatre is set aside for a specific event, activity or exclusive use by a hirer.

**Performance** – The “usage” involves an audience of any description

### PERFORMANCE BASED USEAGE:

**Theatre Performance** – a dramatic or dance performance on stage to an audience, open to the public, may be ticketed or not, or a rehearsal towards a performance in front of an audience

**Musical Performance** – a musical performance on stage to an audience, open to the public, may be ticketed or not, or a rehearsal towards a performance in front of an audience

**Film Performance** – a film show to an audience, open to the public, may be ticketed or not

### NON-PERFORMANCE BASED USEAGE:

**Conference** – a presentation on stage to an audience, may be open to the public or may be pre-registered delegates, may be ticketed or not

**Celebration** – a ceremony, party or other festive event, may be open to the public or not, may involve a “performance” to an audience, may be ticketed or not

**Misc meeting** – anything else!

### HOURS OF USE BY HIRERS

Approximate length of each usage from pack in to pack out (does not include box office or café opening hours)

### NO. OF DISCREET PARTICIPANTS

People taking part in multiple “usages” for a single event are counted only once. For example, a play that is rehearsed at the Globe and shown at the Globe with 10 participants is only counted as 10 participants although each rehearsal and performance is a separate hire or “usage”

### NO. OF VISITORS/AUDIENCE MEMBERS

People participating at the Globe as an audience member/attending an event but not as an organiser or performer. For example, someone who has been to multiple events at the Globe as an audience member would be counted for each event they attend. It does not include people visiting the box office or café.

## Strategic Priority 1: Ensure that there are more, and more visible, arts and activities at the Globe that contribute to the Council’s aspirations as an arts powerhouse.

Performance measure	Actual		Target		
	2017/18	at 31 Dec18	2019/20	2020/21	2021/22
Number of usages	Result as at 31 Dec 2017 = 190 Result as at 30 June 2018 = 514	326	550 Commentary on issues	600 Commentary on issues	650 Commentary on issues
Number of performances	Result as at 31 Dec 2017 = 78 (41% of total usage) Result as at 30 June 2018 = 175 (34% of total usage)	123 (38% of total usage)	185 Commentary on issues	200 Commentary on issues	220 Commentary on issues
Hours of Use by Hirers	New measure Benchmarks to be established in 2018/19	1,268	2,200 Commentary on issues	2,400 Commentary on issues	2,600 Commentary on issues
No. of discreet participants	New measure Benchmarks to be established in 2018/19	878	1,400 Commentary on issues	1,600 Commentary on issues	1,750 Commentary on issues
No. of visitors/audience members	New measure Benchmarks to be established in 2018/19	10,860	22,000 Commentary on issues	24,000 Commentary on issues	26,000 Commentary on issues

## Strategic Priority 1 continued.

Performance measure	Actual		Target		
	2017/18	at 31 Dec 2018	2019/20	2020/21	2021/22
Maintain or improve satisfaction ratings of hirers	Result as at 30 June 2018 = 91% (n=35)	81% (n=22) record an excellent rating, 15% good and 4% fair.	2019/20 result maintained or improved – commentary on issues	2020/21 result maintained or improved – commentary on issues	2021/22 result maintained or improved – commentary on issues
Maintain or improve satisfaction ratings of visitors (audiences)  Benchmark established for visitors up to July 2017 = 78%	Result as at 30 June 2018 = 79% (n=255)	85% (n=62).	Provide annual result and commentary on any issues	Provide annual result and commentary on any issues	Provide annual result and commentary on any issues
Number of national and international visiting productions performing at the Globe	New measure	11	10	12	15

## Strategic Priority 2: Support the local performing arts community to showcase their diverse talents at the Globe, and working to ensure our users represent the diversity of the Palmerston North community.

Performance measure	Actual		Target		
	2017/18	at 31 Dec 2018	2019/20	2020/21	2021/22
Proportion of use driven through MOU arrangements.	New measure: Result at 31 May 2018 (11 months) = 51%	47%	65%	70%	70%
Proportion of MOU-driven use that is performance-based	92%	96%	95%	95%	95%
Proportion of overall usage from established community users (Note 1)	New measure: Result at 31 May 2018 (11 months) = 31%	33%	2019/20 result maintained or improved – commentary on issues	2020/21 result maintained or improved – commentary on issues	2021/22 result maintained or improved – commentary on issues
Proportion of overall usage from new community groups (Note 2)	New measure: Result at 31 May 2018 (11 months) = 3.5%	7.5%	2019/20 result maintained or improved – commentary on issues	2020/21 result maintained or improved – commentary on issues	2021/22 result maintained or improved – commentary on issues

Note 1: The target will be to reduce this proportion, aiming to convert regular community users to MOU arrangements

Note 2: Note will be made of the ethnic and cultural origin of users to monitor success in outreach programmes

**Strategic Priority 3: Maintain and develop facilities that enable our communities to produce and enjoy the very best performing arts that can be offered, ensuring that the Globe remains a cutting edge, visible and resilient cultural institution/facility.**

Performance measure	Actual		Target		
	2017/18	at 31 Dec 2018	2019/20	2020/21	2021/22
Carry out capital development programme	Fixed projector facilities in both theatres	Globe 1: New rig installation imminent	Globe 1: Digital lighting system.	Globe 1: New Roller door/backstage storage	Investigate digital signage options
Funding capital renewal programme from depreciation fund	New measure	New measure: Reforecast budget indicates 73% depreciation costs available for capital renewal	67% depreciation costs available for capital renewal	68% depreciation costs available for capital renewal	60% depreciation costs available for capital renewal

## Forecast financial statements

Statement of financial performance for the years ended 30 June 2020, 2021, 2022

	Actual 2018	Reforecast 2019	Indicative 2020	Indicative 2021	Indicative 2022
			2% inflation adjustment	2% inflation adjustment	2% inflation adjustment
<b>Revenue</b>					
<b>Donations, fundraising and other similar income</b>	40,540	80,996	97,601	20,000	16,500
<b>Council funding</b>	76,582	113,368	115,635	117,948	120,307
<b>Investment income</b>	105	297	300	350	400
<b>Sales of Goods and Services</b>	64,401	69,617	71,342	72,889	74,413
<b>Total Revenue</b>	181,628	264,278	284,878	211,187	211,620
<b>Expenditure</b>					
<b>Costs related to providing goods and services</b>	17,720	15,793	16,600	16,970	17,346
<b>Administration and Overhead Costs</b>	34,524	44,786	44,814	45,710	46,624
<b>Employee, Trustee and Contractor Costs</b>	93,880	88,336	98,250	100,215	102,219
<b>Other Expenses</b>	25,388	18,662	19,602	19,995	20,394
<b>Asset Write offs</b>	182	0	0	0	0
<b>Depreciation</b>	37,905	50,535	58,722	68,501	71,332
<b>Total Expenditure</b>	209,599	218,113	237,988	251,390	257,917
<b>Net surplus/(Deficit) Note 1</b>	-27,971	46,165	46,890	-40,203	-46,297

Note 1: Funding for capital additions and renewals is recorded as income whilst the corresponding expenditure is recorded as an increase in assets. Large capital programmes in 2019 and 2020 are reflected in the Net surplus in those years and consequently (through increased depreciation) in the Net deficit in the 2021 and 2022 financial years. The Globe Theatre Trust has traditionally not funded depreciation but is moving towards partially funding depreciation through this SOI period.

## Statement of financial position for the years ended 30 June 2020, 2021, 2022

	Actual 2018	Forecast 2019	Indicative 2020	Indicative 2021	Indicative 2022
<b>Assets</b>					
<b>Bank</b>					
Cash and Cash Equivalents	32,908	14,005	15,443	15,421	19,446
<b>Total Bank</b>	32,908	14,005	15,443	15,421	19,446
<b>Current Assets</b>					
Accounts Receivable	9,882	16,699	17,000	17,000	17,000
Provision for impairment	0				
Accrued Revenue	0	0	0	0	0
GST Receivable	0	0	0	0	0
Prepayments	0	1,108	1,200	1,200	1,200
Sundry debtor accruals	0	0	0	0	0
<b>Total Current Assets</b>	42,790	31,813	33,643	33,621	37,646
<b>Fixed Assets</b>					
<b>Property, Plant and Equipment</b>					
Value of equipment purchased	501,854	501,854	584,330	688,505	716,824
Less accumulated depreciation	-273,805	-324,340	-383,063	-451,563	-522,896
New Capital purchase		70,928	84,601	5,000	1,500
Renewals		11,547	19,574	23,319	19,510
<b>Total Property Plant and Equipment</b>	228,049	259,989	305,442	265,261	214,938
<b>Total Fixed Assets</b>	228,049	259,989	305,442	265,261	214,938
<b>Total Assets</b>	270,839	291,802	339,085	298,882	252,584
<b>Liabilities</b>					
<b>Current Liabilities</b>					
<b>Creditors and Other Payables</b>					
Accounts payable	12,935	16,699	17,000	17,000	17,000
Income in advance	0	0	0	0	0
Grants in advance	500	0	0	0	0
Accrued Expenses	11,686	0	0	0	0
PAYE Payable	1,451	1,107	1,199	1,199	1,199
GST	287	0	0	0	0
<b>Total Creditors &amp; Other Payables</b>	26,859	17,806	18,199	18,199	18,199
<b>Employee Costs Payable</b>					
Holiday pay liability	3,200	0	0	0	0
Wages accrual	12,950	0	0	0	0
<b>Total Employee Costs Payable</b>	16,150	0	0	0	0
<b>Total Current Liabilities</b>	43,008	17,806	18,199	18,199	18,199
<b>Total Liabilities</b>	43,008	17,806	18,199	18,199	18,199
<b>Net Assets</b>	227,831	273,996	320,886	280,683	234,385

## Statement of Changes in Accumulated funds for the years ended 30 June 2020, 2021, 2022

	Actual 2018	Forecast 2019	Indicative 2020	Indicative 2021	Indicative 2022
Opening balance as at 1 July	255,802	227,831	273,996	320,886	280,683
Comprehensive Income					
Surplus/(Deficit)	-27,971	46,165	46,890	-40,203	-46,297
Balance at 30 June	227,831	273,996	320,886	280,683	234,385

## Statement of cashflow for the years ended 30 June 2020, 2021, 2022

	Actual 2018	Forecast 2019	Indicative 2020	Indicative 2021	Indicative 2022
<b>Cash Flows from Operating Activities</b>					
Donations and Fundraising	34,516	80,996	97,601	20,000	16,500
Receipts from Council grants	76,582	113,368	115,635	117,948	120,307
Receipts from sale of goods and services	69,769	79,499	71,342	72,889	74,413
Interest Received	105	297	300	350	400
Payments to Suppliers & staff	-157,266	-210,587	-179,266	-182,890	-186,584
Goods and Services Tax (net)	223				
Net Cash Flows from Operating Activities	23,929	63,573	105,612	28,297	25,035
<b>Cash Flows from Investing Activities</b>					
Purchase of Fixed Assets	-23,011	-70,928	-84,601	-5,000	-1,500
Renewals	0	-11,547	-19,574	-23,319	-19,510
Sales of Fixed Assets	0	0	0	0	0
Net Cash Flow from Investing Activities	-23,011	-82,476	-104,175	-28,319	-21,010
Net Increase/(Decrease) in Cash and Cash Equivalents	918	-18,903	1,437	-22	4,025
Cash and Cash Equivalents at the start of the Year	31,990	32,908	14,005	15,443	15,421
Cash and Cash Equivalents at the End of the Year	32,908	14,005	15,443	15,421	19,446

# 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.

## Summary of significant accounting policies continued

### **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 a reliable estimate can be made of the amount of the obligation.

### **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.