

He Pūronogo ā Tau

Draft Annual Report 19/20

Prepared October 2020

TE MANAWA MUSEUMS TRUST

Chairman's Report Pūrongo Mana Whakahere

As many organisations will be commenting, the 2019 – 20 year has been dominated by the COVID crisis and its aftereffects. Te Manawa is no exception to this. We remain in a state of uncertainty as to the final effect of this pandemic and its ramifications for New Zealand and Palmerston North. One thing we have in our favour is that the leadership of our country and city rose to the occasion, regardless of politics and individual interest.

For Te Manawa that meant that, although we were required to close for a considerable time, our team were able to work on projects remotely and also keep our facilities safe and ready to re-open when able. We owe our team a sincere vote of thanks for their efforts during this time and in the re-opening period.

Andy will expand on the activities we have been able to engage in and deliver both prior to and subsequent to 'lock down' and I don't propose to repeat those. The restricted level of activity we were able to deliver has however had a significant financial effect. While visitor income was of course down, expenditure was also, as a number of projects have been delayed in to the 2020 – 21 year. This is reflected in the bottom-line surplus we are reporting for this year and subsequently in the projections for 2020-21.

PNCC initiated improvements to the Letter of Expectation and Statement of Intent process which culminated in a very productive workshop with Councillors and Officers. We are pleased that this process clarified the areas that we are to concentrate on into the future and the clear guidance given to us. Areas the councillors highlighted were:

- Supporting inclusivity in our community
- Getting the collections out – using the assets we have
- Maintaining a turnover of exhibitions to engage our audiences
- Reviewing and publishing the exhibition programme – local, national and international
- Growing physical and digital visitation numbers
- Maintaining and enhancing connections and relationships
- Working with the Ministry of Education on the future of the LEOTC programme and its funding
- Sourcing sustainable external funding for programmes and exhibitions

Our new SOI reflects these aims as we move forward. We have also begun a planning process within the Trust Board with the aim of initially clarifying our overall vision statement and then engaging in a strategic planning process leading into our business plan later in the year. I am conscious that, in asking our Trust Board to participate in this level of detail, we must remember that these are volunteer members and they give freely of their time for the good of the organisation. We must never take that for granted.

With respect to the team at Te Manawa, a new wellbeing committee has been formed reporting through to the Audit and Risk committee. This group has the objective of checking in on and monitoring staff wellbeing generally and its first action has been to initiate a regular staff survey so team members can give confidential feedback to the organisation, and the leadership team in particular. We will watch its progress closely.

The Science, Art and Museum societies now have full representation on our collection committee and increased communication with all three is critical as we move forward and revitalise our exhibition

programme. Their joint and individual input remains an asset to us and helps maintain the intellectual independence so important to our success.

Rangitāne, our Iwi partners, continue to guide us and work closely with us and there are developments in the planning phase for the next few years that will further enhance this as the vision for 'Rangimārie', the cultural centre within Te Manawa comes to realisation.

Again, I must acknowledge our team and volunteers at Te Manawa – particularly in the strange and new COVID environment we found ourselves in they continued to remain committed to Te Manawa. We could not function as we do without them. Our societies, our funders at PNCC, the New Zealand Rugby Museum, Manawatu District Council, Globe theatre, Centrepoint and our many sponsors and fellow CCOs continue to support us and offer encouragement and advice.

We thank you all and hope for a better and more prosperous financial year for all of us moving forward.

A handwritten signature in black ink, appearing to read 'John Fowke', with a stylized, sweeping flourish extending to the right.

John Fowke
Chair
Te Manawa Museums Trust Board

Chief Executive's Report Pūrongo Tumuaki

COVID-19

Resilience in extraordinary times!

Visitor numbers to Te Manawa started to decrease from January 2020 onwards as news of COVID-19 spread on an international scale.

As well as this, some of the national venues that were confirmed to take our own touring exhibitions like Ashburton Museum and the Forrester Gallery had to pull out. All large events, exhibitions and functions that were planned from Feb – June 2020 were cancelled or postponed until further notice. Our online reach increased from 634,221 in 18/19 to 664,932 19/20 which was an indication of our strong online presence particularly with innovative learning programmes delivered digitally during the lockdown.

As museums closed and continue to close around the world due to COVID-19 we are fortunate to continue to be supported by the Palmerston North City Council and I want to acknowledge the Council for their support in particular over the lockdown March 20th - May 18th 2020. The communication and interest in the well-being of our staff was noted and appreciated.

TE PAPA CONNECTION

I was appointed to the Te Papa Trust Board, which is an acknowledgement of the work the Te Manawa team has been doing especially around inclusivity on the international stage. The results of this work can be seen in various ways such as the Santa's Cave exhibition being presented in sign language to members of Deaf Aotearoa (Manawatū), NOA open studio artist Malachi Oldridge being selected as a finalist in the IHC art awards and, the Nga Toa Patrick Bronte interviews. Exhibitions we have developed in response to COVID-19 pandemic like "*Common...Pause*" are also breaking new ground.

EXHIBITIONS

22 exhibitions opened over the year including *Colin McCahon - 100 years* (part of National McCahon commemorative trail); Award winning nano science focussed exhibition '*Mighty Small Mighty Bright*' developed by MOTAT in Auckland; *Te Hā-o-Hine-Ahu-One* (Palmerston North Women's Health Collective) –fundraiser exhibition (art auction proceeds around \$25k); Ngā Kete Toi- Wānanga exhibition; Eileen Mayo; Melissa Laing- *Controlled Environment Laboratory*; *Mirror Magic*; United Arab Emirates; Animalia and Ngā Toa. The first stage of the refresh of the ever popular KidsTM space was completed with funds donated by a range of local companies.

COLLECTION

The Collection continues to grow and gather support from our community. We were excited to receive a 100-year-old time capsule from St Paul's Methodist Church, a significant financial donation from an anonymous donor for a sculptural work for Te Manawa and the offer of a significant art collection from a private donor. Manawatū sculpture *Falling Waters* (Fred Graham) was refurbished and installed on the Conference & Function Centre, a joint project between PNCC, the Sculpture Trust and Te Manawa – a real asset for the City!

EVENTS

Over 100 events both on site and off site enabled communities to interact with Te Manawa in different ways including Māori Language week; Chamber Music NZ; Haunted Museum at the

Esplanade; Te Manawa after Dark; Laser Tag, Nerf Wars, Spotlight; Family Festival; Te Manawa Takeover- collaboration with Centrepoint, and scientist and heritage displays and talks.

LEARNING

Despite the ongoing impacts of Covid-19 on engagement of face-to-face learning experiences, we had a strong year with a total of 21,316 people participating in learning programmes and activities. We had visitors travel to attend learning experiences from Feilding, Levin, Pahiatua, Whanganui, Masterton, Dannevirke, Waikanae, Halcombe, Marton, Taihape and our local Palmerston North area.

VISITORS

End of year visitor numbers still achieved over 100,000 visitors through the door, which is quite extraordinary given that numbers decreased or were non-existent for half of the year – January to June.

FEEDBACK

In feedback collected from our visitors during the 2018/19 year, 99 per cent rated their Te Manawa experience “Excellent” or “Good”.

ENHANCING PARTNERSHIPS AND BUILDING PROFILE

It was excellent to see some of the projects in which Te Manawa was instrumental in the early stages like large scale street art and Urban Eels came to fruition. Partnerships were strengthened with our tertiary sector - UCOL, Massey University, Te Wānanga o Aotearoa and IPU; and our community sector - Alzheimers NZ, Red Cross Manawatu Association, Manawatu Multicultural Society, Skilled Migrants Network, Deaf Aotearoa (Manawatu), Rainbow Tick NZ, Idea Services, Women’s Art Initiative (WAI), Manawatu Refugee Voice and, MALGRA.

HOW DID WE PERFORM IN A NUTSHELL?

- Te Manawa awarded accreditation as an organisation ‘Working towards Becoming Dementia Friendly’ believed to be the first NZ museum to have such recognition from Alzheimers NZ.
- Physical Visitor numbers were severely impacted from January 2020 as news of COVID-19 spread. Many projects that Te Manawa was working on were postponed or cancelled due to COVID including off-site events and touring exhibitions.
- Tamariki exhibition first stage refresh completed end of June - funds donated by a range of companies including Beca. Second stage will take place late in the year with Westpac donating \$20k.
- Budget: the operating surplus, after collection movements for the 12 months until end of June is \$278,102 compared with a budgeted surplus of \$109,144. This was due to roles not being filled and projects not being able to be carried out due to COVID-19.
- Feedback – 99 per cent good to excellent
- Significant Manawatu sculpture *Falling Waters* (Fred Graham) refurbished and installed on the Conference & Function Centre – joint project between PNCC, Sculpture Trust and TM
- Te Manawa ran a fundraiser art auction with proceeds (around \$25k) going to Te Hā-o-Hine-ahu-one/ The Palmerston North Women’s Health Collective
- 100-year-old time capsule from St Paul’s Methodist Church came to TM
- Significant financial donation received from an anonymous donor(\$30k) for an Andrew Drummond sculptural work for TM
- Significant collection of art offered by a private collector.
- Street Prints Papaeoia project - There was a loop back to the beginning of large-scale street art in Palmerston North with the inclusion of the original designer Ariana Te Aweawe, Neil Wallace and Te Arohanoa artists who created the TM Courtyard mural 7 years ago.

Heneriata Te Whata worked with the artists which enabled the work to be finessed and augmented.

We are grateful for the support of Te Manawa Museum Society Inc, Science Centre Inc, Te Manawa Arts Society and the Collections Committee.

We thank Rangitāne Iwi, PNCC and our many collaborators, supporters, sponsors including Westpac, YORB, Inspire Net, FMG, Vitae Services, the Crozier family, artists and volunteers, UCOL, Massey University, Te Wānanga o Aotearoa, IPU, DOC and community organisations.

I want to thank the Te Manawa team for their commitment and creativity over the past year.

PLANNING

Te Manawa has come through some lengthy review processes and will now be focussing on developing a robust Business Plan to include solid stakeholder relationship management and inclusion, fundraising and a 3 year and onward programme of exhibitions, upgrades and key events supported by innovative learning programmes.

Te Manawa has some exciting family friendly and interactive exhibitions coming up and is planning to connect into PN150, Massey Māori Arts Toioho-ki-Apiti 25th year anniversary with a particular focus on science, technology and the environment.

FUTURE

The future impact of COVID-19 on arts and cultural facilities across the world and the country is not yet known. We do know that there will be an increased focus on the local, regional and national markets.

Apart from the times we host exhibitions from international venues, and in the case of the Dinosaurs exhibition from London when we saw visitors came from Bluff to Kaitaia; the primary visitor demographic is local and regional.

With the severe reduction in international exhibition movement there are opportunities to collaborate with other facilities and organisations both national and regional. This is the time when the experimental and collaborative drivers of the Museum without Boundaries concept will be at the forefront of thinking in museums. There is general acceptance in museum circles that things are going to have to be done differently. The United Nations has listed anti-racism, increasing marginalisation, loneliness and climate change as key challenges for our world. Museums need to be acutely aware of these as we move forward.

Te Manawa's awareness of the potential for ongoing COVID-19 related issues has called for more urgent pivoting towards digital experiences and towards new opportunities that arise from the community needing human connection and optimism, and a trusted place to go for information.

Naku noa



Andy Lowe
Chief Executive

Statement of Service Performance Paeru Mahi

1. Te Manawa's profile as a place to visit is maintained

Performance Measures	2019/2020 Target	Status	Result	Comments
<ul style="list-style-type: none"> A high number of visitors to Te Manawa experiences 	170k	Not achieved	<p>100,599 (59% achieved against the annual target).</p> <p>As a result of COVID-19 anticipated visits of 2,573 were cancelled for March 2020</p> <p>(See notes on Covid 19 effect on visitors on attached note below)</p> <p>(2018/2019: Not Achieved - 126,666 visits in person against a target of 178,000)</p>	<p>Mighty Small Mighty Bright visits 16,124 1 Nov 19 – 30 June 20.</p> <p>13,281 visits measured to the Art Gallery against an annual target of 15,000 (88% achieved)</p> <p>LEOTC contracted service levels for Sci Tech Maths and Art Health PE were achieved for the 2019 calendar year.</p> <p>Total Learning visits: 21,316 against an annual target of 30,755 (70% achieved)</p> <p>Total onsite event visits YTD: 9,870 against an annual target of 7,000 (140% achieved)</p> <p>*Measured electronically</p> <p>Covid-19 affected visitor numbers Jan-Jun 2020</p>

<ul style="list-style-type: none"> Exhibitions and products increase Te Manawa's profile across New Zealand and the world 	50k	Not achieved	<p>16,303 (33% achieved against the annual target).</p> <p>No further venues took up the offer of Topp Twins and due to COVID-19 multiple events, functions and programmes that were booked to be held at or with Te Manawa were cancelled by external organisers.</p> <p>Venues that were supposed to take our other touring exhibitions were cancelled due to COVID-19</p> <p>(2018/2019: Achieved - 103,589 against a target of 100,000)</p>	<p>This category includes visit numbers for touring exhibitions, off-site events, and other Te Manawa activities occurring off-site</p> <p>Topp Twins Exhibition was at Ashburton Museum</p> <p>TM CEO selected for Te Papa Trust Board in recognition of work TM does</p> <p>Te Manawa awarded accreditation as an organisation 'Working Towards Becoming Dementia Friendly' – believed to be the first museum in New Zealand to have such recognition from Alzheimer's New Zealand</p> <p>Renewed membership to international change network OFBYFOR ALL</p>
<ul style="list-style-type: none"> On-line presence attracts increasing interest 	400k	Achieved	<p>664,932 (166% achieved against the annual target)</p> <p>Shows the potential of ON-LINE engagement</p> <p>(2018/2019: Achieved - 634,221 against a target of 200,000)</p>	Total e-visits 54,544 against an annual target of 60,000
TOTAL VISITS to TM Experience	620k	Achieved	<p>781,834 (126% achieved against the annual target)</p> <p>(2018/2019: Achieved - 864,476 against a target of 478,000)</p>	

2. Te Manawa's relationship with Rangitāne is a priority

Performance Measures	2019/2020 Target	Status	Result	Comments
<p>Partner with Rangitāne to create more opportunities for Rangitāne with Te Manawa</p> <p>Develop Rangimārie (a Māori tourist attraction based on stories of Rangitāne told and performed at Te Manawa and marae)</p>	2,000 visitors to Rangimārie activities	<p>Achieved</p> <p>Not measured 2019/20</p>	<p>2 Rangitāne members on TM Board</p> <p>(Not measured: 2018/2019)</p>	<p>UAE exhibition opened on 15 Nov in Te Rangi Whenua and closed 31 Jan 2020.</p> <p>Rangimārie Project Plan in development and PGF proposal brief submitted.</p> <p>Marae activities</p>

3. Third party revenue and visitor satisfaction ratings underpin Te Manawa's reputation and activities

Performance Measures	2019/2020 Target	Status	Result	Comments
Develop and implement a strategy to increase third party revenue	\$651k	Not achieved	Achieved \$337,060 for twelve months to 30 June 2020 (51.78% of end of year target). (2018/19: Not achieved)	Projects cancelled due to COVID-19 Venue hire of \$7,159 cancelled because of TM closure during Covid
Maintain high levels of visitor satisfaction	>96% satisfied	Achieved	99% Good/Very Good/Excellent) (2018/2019: Achieved 99% against a target of >96%)	Example comments include: <ul style="list-style-type: none"> • "It's (Gallery 4) a very cool little immersive room" • "Staff are very friendly and approachable. Areas are very clean and tidy. 10/10" • "It's a really great space, so great for kids" • "We didn't realise how great this museum was for kids! Way better than a museum with only old things to look at" • "Loved the Sue Cooke exhibition and the spinning chairs" • "Visiting from Scotland. Great collection" • "Love that you got toys outside as well to keep kids occupied. Such a cool museum" • "The water room was a real hit" • "The students work is really amazing" (Top Art exhibition)

5. Staff development is a priority

Performance Measures	2019/2020 Target	Status	Result	Comments
Develop and manage Human Resource systems aligning with and supporting the Te Manawa model and culture	All appropriate staff have annual Performance Reviews and agreed Development Plans for 2019/2020 in place	Achieved	Development plans for 20/21 are under way (2018/2019: Achieved)	Completed
Provide Te Reo Māori training	Provide Te Reo Māori training	Achieved	 (2018/2019: Achieved)	Weekly Te Reo Sessions for all staff Weekly Waiata Sessions for all staff
Provide contemporary museum training	Provide contemporary museum training	Achieved	5 staff members are completing Service IQ training in: <ul style="list-style-type: none"> NZ Cert in Business Level 3 (Intro to Team Leadership) x3 pers NZ Cert in Retail Level 3 x1 per NZ Cert in Tourism (Visitor Experience) Level 3 – x1 per Conferences and meetings attended include: <ul style="list-style-type: none"> Museum Educators Forum – New Plymouth July 2019. All TM Educators attended Symposium on community and commercial crafting of textiles, old and new. Attended by Collections Manager (Heritage) OFBYFORALL Third Wave Registration	Marking delayed during COVID19 and practical assessments could not be carried out.

			<p>Training completed for Front-of-House staff in the following areas:</p> <ul style="list-style-type: none"> • Vulnerable Children’s Act, and the impacts on interactions with Visitors • Conflict Resolution • Dementia Awareness (completed by all Te Manawa Staff) <p>(2018/2019 Achieved)</p>	
Strengthen Staff engagement	Staff engagement survey carried out	Achieved	<p>Staff survey carried out June 20</p> <p>(2018/2019: Not measured)</p>	

COVID-19 Statement

Visitor numbers to Te Manawa started to decrease from January 2020 onwards as international news spread of COVID-19.

As well as this, some of the New Zealand museums that had confirmed or were considering hiring Te Manawa developed touring exhibitions revoked their requests e.g. Forrester Gallery, Oamaru and Nelson Museum.

All large and many smaller events, exhibitions and functions that were planned from 1 February until 20 March 2020 were cancelled or postponed until further notice. Examples of these include: Museum After Dark (estimated numbers 600-1200); Alzheimers NZ run Dementia friendly accreditation event (estimated numbers 200)

The museum closed on 20 March and reopened at Level 3 on the 18 May. Visitors were slow to return until the end of June.

Due to the variation year to year in Te Manawa’s offer visitor numbers can fluctuate, so it can be challenging to try to compare year against year. With the number of planned events that were cancelled from Jan- June 2020, visitor numbers should have been tracking higher this year than they did last year over this period.

We have however tried to estimate the effect on visitor numbers as per below:

	2018-19			2019-20			
Monthly Visit Counts*	Physical TM visits	Off-site Physical	Total	Physical TM visits	Off-site Physical	Total	Difference (=2019-2020)
Mar	7,379	2,069	9,448	4,465	1,102	5,567	3,881
Apr	10,546	1,775	12,321	0	0	0	12,321
May	8,297	808	9,105	1,051	0	1,051	8,054
Jun	9,185	1,938	11,123	5,206	0	5,206	5,917
TOTAL			41,997			11,824	30,173

*Excludes on-line

Financial Statements Te Tāhua

Statement of Comprehensive Revenue and Expense For the Year Ended 30 June 2020

	Note	Actual 2020 \$	Budget 2020 \$	Actual 2019 \$
OPERATING REVENUE				
PNCC Operating Grant	4	3,199,909	3,199,909	3,131,026
MDC Operating Grant	4	20,000	20,307	20,360
Interest Revenue	4	15,486	6,236	13,892
Other Operating Revenue	3, 4	301,577	640,890	415,924
Total Revenue	4	3,536,972	3,867,342	3,581,202
OPERATING EXPENDITURE				
Employee Expenses	5	2,017,312	2,239,966	2,091,061
Finance Costs		-	-	-
Other Operating Expenses	6	1,010,251	1,273,280	1,341,677
Depreciation and Amortisation Expense	7	259,017	269,952	267,885
Loss/(Gains) on Disposal of Property, Plant and Equipment		615	-	(1,017)
Impairment of Property, Plant and Equipment		-	-	-
Total Operating Expenditure	2	3,287,195	3,783,198	3,699,605
Net Surplus/(Deficit) before Movement in Collection Assets		249,777	84,144	(118,403)
Movement in Collection Assets				
Revenue from				
Recognition of Donated Collection Assets	4	28,419	20,000	74,426
Recognition of Custodial Collection Assets	4	-	5,000	-
		28,419	25,000	74,426
less Expense from :				
Derecognition of Custodial Collection Assets		-	-	-
Derecognition of Owned Collection Assets		184	-	115
		184	-	115
Total Net Movement in Collection Assets		28,235	25,000	74,311
TOTAL REVENUE		3,565,391	3,892,342	3,655,628
TOTAL EXPENSE		3,287,379	3,783,198	3,699,720
Net surplus/(deficit) for the period		278,012	109,144	(44,092)
Other Comprehensive Revenue and Expense				
Revaluation of Owned Heritage Collection Assets		(1,094,239)	-	-
Revaluation of Custodial Heritage Collection Assets		(178,845)	-	-
Revaluation of Owned Art Collection Assets		-	-	-
Revaluation of Custodial Art Collection Assets		-	-	-
Other Comprehensive Revenue and Expense for the Period	19	(1,273,084)	-	-
Total Comprehensive Revenue and Expense for the Period		(995,072)	109,144	(44,092)
The accompanying accounting policies and notes form an integral part of these financial statements.				

Statement of Financial Position

As at 30 June 2020

		Actual 2020 \$	Budget 2020 \$	Actual 2019 \$
	Note			
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	9	694,163	411,151	582,450
Receivables from Non-Exchange Transactions	10	6,095	45,000	1,106
Receivables from Exchange Transactions	11	6,436	1,600	13,625
Prepayments		8,125	57,000	63,767
Short Term Deposit	12	614,245	282,988	150,000
Inventories	13	51,472	50,000	50,070
<i>Total Current Assets</i>		1,380,536	847,739	861,018
NON CURRENT ASSETS				
Intangible Assets	17	12,713	27,752	15,777
Property, Plant and Equipment	18	833,696	920,479	964,533
Collection Assets	19	15,326,839	16,598,615	16,542,055
<i>Total Non-Current Assets</i>		16,173,249	17,546,846	17,522,365
TOTAL ASSETS		17,553,785	18,394,585	18,383,383
LIABILITIES				
CURRENT LIABILITIES				
Payables under Exchange Transactions	14	371,902	160,000	292,166
Deferred Non -Exchange Revenue	15	82,858	30,000	35,873
Provisions		-	55,000	-
Employee Benefit Liabilities	16	239,573	195,619	199,140
<i>Total Current Liabilities</i>		694,333	440,619	527,179
NON CURRENT LIABILITIES				
Employee Benefit Liabilities	16	3,464	3,266	5,144
<i>Total Non-Current Liabilities</i>		3,464	3,266	5,144
TOTAL LIABILITIES		697,798	443,885	532,324
NET ASSETS		16,855,988	17,950,700	17,851,059
TRUST EQUITY				
Contributed Capital		145,565	145,565	145,565
Retained Earnings		10,561,326	10,507,774	10,343,695
Reserves		6,149,096	7,297,361	7,361,795
TOTAL TRUST EQUITY	8	16,855,988	17,950,700	17,851,056
John Fowke	Geoffrey Jameson			
Chairman	Trustee			Date

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

Statement of Cash Flows

For the Year Ended 30 June 2020

		Actual 2020 \$	Budget 2020 \$	Actual 2019 \$
	Note			
Cash flows from operating activities				
PNCC grant		3,199,909		3,131,026
Interest received		16,191		14,129
Receipts from other revenue		349,862		395,647
Payments to suppliers		(875,274)		(1,164,417)
Payments to employees		(1,978,563)		(2,085,662)
Interest paid		-		-
Goods and services tax (net)		19,198		14,793
Net cash inflow/(outflow) from operating activities		731,323		305,516
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		0		0
Purchase of intangibles assets		(3,345)		0
Purchase of property, plant and equipment		(122,386)		(212,656)
Purchase of collection assets		(29,634)		(31,369)
Purchase of Investments		(464,245)		167,275
Net cash inflow/(outflow) from investing activities		(619,610)		(76,750)
Effect of foreign exchange rates on cash		-		-
Net (decrease)/increase in cash and cash equivalents		111,713		228,766
Cash and cash equivalents at the beginning of the year		582,450		353,684
Cash and cash equivalents at the end of the year	9	694,163		582,450
The accompanying accounting policies and notes form an integral part of these financial statements.				

Notes to the Financial Statements

Notes to the Financial Statements For the Year Ended 30 June 2019

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 2020 and were approved by the Board of Trustees on XXXXXX

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

Impairment of Revalued Assets

In April 2017, the XRB issued Impairment of Revalued Assets, which now scopes in revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards. PBE IPSAS 21.83.5 The Trust has early adopted this amendment in preparing its 30 June 2019 financial statements. From the 30 June 2019 year onwards, the Trust is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, the Trust is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. The Trust can therefore impair a revalued asset without having to revalue the entire class of asset to which the asset belongs.

Standards issued and not yet effective, and not early adopted

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Trust plans to apply this standard in preparing its 30 June 2022 financial statements. The Trust has not yet assessed the effects of the new standard.

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 include 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 January 2018. 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 *Webb's* Auckland as at 30 June 2015. Trust's policy is to revalue the Heritage Collection assets every four 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 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 2020.

2 Summary of Operating Expenses by Activity	Actual	Actual
	2020	2019
	\$	\$
Assets & Systems:		
Employees' Costs	461,497	414,812
Other Operating Costs:		
- Collection	149,022	133,614
- Facilities	238,326	242,267
- Corporate Services	173,231	168,827
	1,022,076	959,520
Concepts & Engagement:		
Employees' Costs	315,001	446,337
Exhibitions Operating Costs	164,285	366,961
	479,286	813,298
People & Partnerships:		
Employees' Costs	815,397	744,658
Other Operating Costs:		
- Education	21,513	28,113
- Public Programmes and Events	29,140	27,820
- Communications/Advertising	73,442	76,882
- Sponsorship	3,810	10,013
- Visitors' Host	34,620	42,317
- Volunteers	215	850
	978,137	930,653
Executive:		
Employees' Costs	425,417	485,253
Other Operating Costs	122,647	244,012
	548,064	729,265
Depreciation/Amortisation	259,017	267,885
Loss (Gain) on Disposals of Fixed Assets	615	-1,017
Impairment of Fixed Assets	0	-
Total Operating Expenditure	3,287,195	3,699,605

	Actual		Actual
3 Other Operating Revenue	2020		2019
	\$		\$
<i>From Exchange Transactions</i>			
Merchandise / Shop	42,643		50,031
Venue Hire	6,546		8,242
Sundry Income Public Programmes Events and Activities	66,533		27,282
Other	5,896		12,581
<i>Other Operating Revenue (from Exchange Transactions)</i>	121,618	-	98,136
<i>From Non-Exchange Transactions)</i>			
Admission Fees - General	3,521		15,319
Bequests & Distributions	-		3,000
Community Grants	45,600		110,078
Donated Fixed Assets	-		-
Donations - General	23,764		25,674
Education Programme Fees	14,659		12,824
Sponsorship	5,000		34,697
Hire of Education Kits	1,834		809
Ministry of Education LEOTC	68,947		36,688
Public Programmes, Events & Activities	5,349		2,151
Sponsorship 'In Kind'	-		13,970
Touring Revenue	10,000		59,368
			-
Other	1,285		3,210
<i>Other Operating Revenue (from Non-Exchange Transactio</i>	179,959		317,788
Total Other Operating Revenue	301,577		415,924

	Actual		
4 Revenue Classification in accordance with PBE IPSAS:	2020		
Revenue from:	Non-Exchange Transactions	Exchange Transactions	Total Revenue as per Statement of Comprehensive Revenue and Expense
	\$	\$	\$
Palmerston North City Council Operating Grant	3,199,909	-	3,199,909
Manawatu District Council Operating Grant	20,000	-	20,000
Interest Revenue	-	15,486	15,486
Other Operating Revenue (<i>refer Note 3 above</i>)	179,959	121,618	301,577
Subtotal Operating Revenue	3,399,868	137,104	3,536,972
Revenue from Donated/Custodial Collection Assets			
Recognition of Donated Collection Assets	28,419	-	28,419
Recognition of Custodial Collection Assets	-	-	-
Total Revenue classified as Revenue from:	3,428,287	137,104	3,565,391
	Actual		
	2019		
Revenue from:	Non-Exchange Transactions	Exchange Transactions	Total Revenue as per Statement of Comprehensive Revenue and Expense
	\$	\$	\$
Palmerston North City Council Operating Grant	3,131,026	-	3,131,026
Manawatu District Council Operating Grant	20,360	-	20,360
Interest Revenue	-	13,892	13,892
Other Operating Revenue (<i>refer Note 3 above</i>)	317,788	98,136	415,924
Subtotal Operating Revenue	3,469,174	112,028	3,581,202
Revenue from Donated/Custodial Collection Assets			
Recognition of Donated Collection Assets	74,426	-	74,426
Recognition of Custodial Collection Assets	-	-	-
Total Revenue classified as Revenue from:	3,543,600	112,028	3,655,628

	Actual		Actual
	2020		2019
	\$		\$
5 Employee Expenses			
Salaries and Wages	1,947,307		2,040,789
Employer Contributions to Kiwisaver	51,193		45,916
Employee Entitlements Increase / (Decrease)	18,812		4,356
Total Employee Expenses	2,017,312		2,091,061
	Actual		Actual
	2020		2019
	\$		\$
6 Other Operating Expenses			
statements	37,903		28,455
ACC	3,872		8,529
Advertising & Promotion	50,682		50,873
Collection Revaluation Fees	8,400		-
Computer & IT Support	53,238		40,578
Communication/Social Media	14,548		34,041
Contractors	172,601		256,493
Cost of Sales - Merchandise	25,679		36,146
Freight	14,654		22,831
Hire fees - Exhibitions	-		130,470
Impairment of Receivables	-		-
Insurance - Material Damage	19,059		18,584
Insurance - Collections	29,347		47,771
Inventory Write Down	1,316		-
Legal Fees	3,500		13,622
Loss/Gain on Foreign Exchange Transactions	-		-
Materials/Consumables	59,460		51,925
Occupancy Costs	160,796		218,512
Repairs & Maintenance	62,452		39,135
Subscriptions	10,920		15,123
Training & Travel	15,606		42,929
Trust Board Remuneration	20,720		22,796
Trust Board Expenses	2,740		5,521
Operating Leases	55,738		55,737
Other Operating Expenses	187,020		201,606
Total Other Operating Expenses	1,010,251		1,341,677
	Actual		Actual
	2020		2019
	\$		\$
7 Depreciation and Amortisation			
Depreciation expense	252,608		260,740
Amortization expense	6,409		7,145
Total Depreciation and Amortisation	259,017	-	267,885

	2020	2019
	\$	\$
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	10,343,695	10,452,229
Net Surplus/(Deficit) for the year	278,012	(44,092)
Transfers to Retained Earnings from:		
Exhibition Development Reserve	-	-
Collection Development Fund	4,478	4,404
Heritage revaluation Reserve		-
Transfers from Retained Earnings to:		
Endowment Fund	-	-
Collection Development Fund	-	-
Historic Building Maintenance Reserve		(3,000)
Exhibition Development Reserve	(64,859)	(65,846)
Balance at End of Year	10,561,326	10,343,695
Revaluation Reserve - Heritage Collection		
Balance at Beginning of Year	1,416,264	1,416,264
Revaluation Reserve on disposals		
Revaluation of Collection Assets	(1,273,084)	-
Balance at End of Year	143,181	1,416,264
Revaluation Reserve - Art Collection		
Balance at Beginning of Year	5,656,926	5,656,926
Revaluation Reserve on disposals	-	-
Revaluation of Collection Assets		
Balance at End of Year	5,656,926	5,656,926
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	20,840	25,244
Transfer from Retained Earnings		
Transfer to Retained Earnings	(4,478)	(4,404)
Balance at End of Year	16,362	20,840
Historic Building Maintenance Reserve		
Balance at Beginning of Year	22,081	19,081
Endowment for maintenance of historic house	-	3,000
Balance at End of Year	22,081	22,081
Exhibition Development Reserve		
Balance at Beginning of Year	234,815	168,968
Transfer from Retained Earnings	64,859	65,846
Balance at End of Year	299,674	234,814
Total Reserves	6,149,096	7,361,795
Total Equity	16,855,988	17,851,055

9 Cash and Cash Equivalents		\$	\$
Cash at bank and on hand		513,550	153,267
Short Term Investments with maturity up to 90 days		180,613	429,183
Total Cash and Cash Equivalents		694,163	582,450
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 0.962% (2019: 2.13%) equivalents held by the Trust.			
		2020	2019
10 Receivables from Non-Exchange Transactions		\$	\$
Non - Exchange Receivables		6,095	1,106
Related Party Receivables		-	-
Provision for Doubtful Debts		-	-
Interest Receivable		-	-
Total Receivables from Non-Exchange Transactions		6,095	1,106
		2020	2019
11 Receivables from Exchange Transactions		\$	\$
Trade Receivables		4,414	10,898
Related Party Receivables (Note 22)		-	-
Interest Receivable		2,022	2,727
Receivables from Exchange Transactions		6,436	13,625
Fair Value			
The carrying value of Receivables from Exchange transactions approximates their fair value.			
Impairment			
Receivables written off during the period amounted to nil. (2018:nil)			
12 Short Term Investments		2020	2019
		\$	\$
Term deposit with maturity less than 12 months		614,245	150,000
		614,245	150,000
The carrying value of the short -term deposit approximates its fair value. interest rate of 3.45 % (2019: 3.00%)			
		2020	2019
13 Inventories		\$	\$
Commercial Inventories – Items held for resale		51,475	50,070
Total Inventories		51,475	50,070
period (2019: Nil).			
inventory items (2019 :\$nil).			
There are no items of inventory pledged as security.			

		2020		2019	
14 Payables under Exchange Transactions		\$		\$	
Trade Creditors		217,602		135,408	
Related Party Payables (Note 22)		19,957		11,798	
Accrued Expenses		47,067		44,065	
GST Payable		46,336		56,430	
Other Payables		40,941		44,465	
Revenue in advance (venue hire)		-		-	
Total Payables under Exchange Transactions		371,902		292,166	
As at 30 June 2020, there is a credit card facility in place with Westpac for a limit of \$10,000 (2019: 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.					
		2020		2019	
15 Deferred Non -Exchange Revenue					
Revenue Received in Advance		82,858		35,873	
Total Deferred Non -Exchange Revenue		82,858		35,873	
		2020		2019	
16 Employee Benefit Liabilities		\$		\$	
Current Portion					
Accrued Salaries and Wages		59,814		39,876	
Annual Leave		169,739		151,986	
Long Service Leave		10,020		7,278	
Total Current Portion of Employee Benefit Liabilities		239,573		199,140	
Non-Current Portion					
Long Service Leave		3,463		5,144	
Total Employee Benefit Liabilities		243,036		204,284	
17 Intangible Assets					
		Website	Software	Work in Progress	Total
		\$	\$	\$	\$
Cost					
At 1 July 2018		10,000	98,374	-	108,374
Additions - Purchased		-	-	-	-
Disposals/Work in Progress transferred to Intangible		-	-	-	-
At 30 June 2019		10,000	98,374	-	108,374
Additions - Purchased		-	3,345	-	3,345
Disposals/Work in Progress transferred to Intangible		-	4,200	-	(4,200)
At 30 June 2020		10,000	97,519	-	107,519
less Accumulated Amortisation and Impairment Losses					
At 1 July 2018		6,667	78,784	-	85,451
Amortisation Expense		2,000	5,145	-	7,145
Impairment		-	-	-	-
Accumulated Amortisation on Disposals		-	-	-	-
At 30 June 2019		8,667	83,929	-	92,596
Amortisation Expense		1,333	5,077	-	6,410
Impairment		-	-	-	-
Accumulated Amortisation on Disposals		-	4,200	-	4,200
At 30 June 2020		10,000	84,806	-	94,806
Carrying Amounts					
As at 30 June 2019 and 1 July 2019		1,333	14,444	-	15,777
As at 30 June 2020		0	12,713	-	12,713
There is no work in progress at balance date (2019: \$nil)					
There are no intangible assets pledged as security over the Trust's liabilities (2019: \$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 2018	133,791	2,013,762	478,610	412,578	23,280	702,677	37,000	3,801,698
Additions	18,688	30,611	14,180	11,443	-	153,219	24,515	252,658
& Equipment	(6,288)	-	(2,027)	-	-	-	(37,000)	(45,315)
At June 2019	146,191	2,044,373	490,763	424,021	23,280	855,896	24,515	4,009,041
Additions	28,044	8,888	6,166	-	-	41,995	37,294	122,387
& Equipment	(55,049)	(5,747)	-	-	-	(5,496)	-	(66,292)
At 30 June 2020	119,186	2,047,514	496,929	424,021	23,280	892,396	61,809	4,065,136
less Accumulated Depreciation and Impairment Losses								
At 1 July 2018	114,334	1,568,304	382,484	313,297	23,184	388,925	-	2,790,528
Depreciation Charge for the year	13,975	105,822	27,997	21,781	-	91,165	-	260,740
Impairment	-	-	-	-	-	-	-	-
less Accumulated depreciation on disposals	(6,288)	-	(473)	-	-	-	-	(6,761)
At 30 June 2019	122,022	1,674,126	410,008	335,078	23,184	480,090	-	3,044,508
Depreciation Charge for the year	13,911	95,107	24,849	21,807	96	96,841	-	252,611
Impairment	-	-	-	-	-	-	-	-
Accumulated depreciation on disposals	(54,704)	(5,747)	-	-	-	(5,230)	-	(65,681)
At 30 June 2020	81,229	1,763,486	434,857	356,885	23,280	571,701	-	3,231,439
Carrying Amounts								
As at 30 June 2019 and 1 July 2019	24,170	370,248	80,755	88,943	96	375,806	24,515	964,533
As at 30 June 2020	37,957	284,028	62,071	67,136	-	320,695	61,809	833,696
No items of Property, Plant and Equipment are pledged as security as at 30 June 2020 (2019: \$nil).								

19 Collection Assets							
30 June 2020	Opening	Acquisitions	Donated/	Revaluations	Deaccessions	Closing Balance	
	1 July 2019					30 June 2020	
Art							
Owned	4,442,511	29,478	15,742		-	4,487,731	
Custodial	6,892,944				-	6,892,944	
Total Art	11,335,455	29,478	15,742		-	11,380,675	
Heritage							
Owned	3,834,333	156	12,676	(1,094,239)	(184)	2,752,742	
Custodial	1,372,266	-	-	(178,845)		1,193,421	
Total Heritage	5,206,600	156	12,676	(1,273,084)	(184)	3,946,165	
Total Collection Assets	16,542,054	29,634	28,418	(1,273,084)	(184)	15,326,839	
Owned Collection Assets						7,240,473	
Custodial Collection Assets						8,086,366	
Total Collection Assets 30 June 2020						15,326,839	
30 June 2019	Opening	Acquisitions	Donated	Revaluations	Deaccessions	Closing Balance	
	1 July 2018					30 June 2019	
Art							
Owned	4,348,123	30,831	63,557		-	4,442,511	
Custodial	6,892,944	-			-	6,892,944	
Total Art	11,241,067	30,831	63,557		-	11,335,455	
Heritage							
Owned	3,823,024	538	10,886	-	(115)	3,834,333	
Custodial	1,372,266			-		1,372,266	
Total Heritage	5,195,291	538	10,886	-	(115)	5,206,600	
Total Collection Assets 30 June 2019	16,436,358	31,369	74,443	-	(115)	16,542,055	
Owned Collection Assets						8,276,844	
Custodial Collection Assets						8,265,210	
Total Collection Assets 2019						16,542,055	
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 at \$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.							4,971,870
Art Collection							4,323,365.22
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 January 2018 at \$4,848,123 for the owned art collection and respectively at \$6,892,944 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 2020(2019: \$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:			
		2020	2019
		\$	\$
Within 1 year		44,594	44,594
Within 1 – 2 years		4,484	44,594
Within 2 – 5 years		2,990	8,969
		52,068	98,157
		2020	2019
		\$	\$
Capital Commitments			
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment:		-	10,000
21 Contingencies			
The Trust Board has no contingent liabilities at 30 June 2020. (2019: \$nil).			

22 Related Party Transactions

Controlling Entity

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

Transaction carried out with PNCC are as follows:

Received from PNCC

	2020	2019
	\$	\$
Operating Grant	3,199,909	3,131,026
Contribution to Art auction Operating expenses	350	-
Items for Japanese Exhibition	106	-
Venue Hire	702	340

Purchased from PNCC

Water Rates	2,298	1,972
	-	-
Rental Vehicles	23,938	23,938
Hosting of Vernon Systems	5,000	5,000
Computer Support	21,000	21,000
Internet Usage	3,000	3,000
Telephone Support	31,800	31,800
Annual Administration Charge	1,250	5,000
Assets Purchased	1,235	665
Other Services	2,749	39,192
Electricity and gas	88,299	39,192

Owing to PNCC at 30 June

19,957

11,798

Owing from PNCC at 30 June

-

Te Manawa provided free venue hire to PNCC Library and Community services with a market value of nil (2019: \$945)

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.

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

	2020		2019	
	Remuneration	Number of persons	Remuneration	Number of Persons
Trustees	20,720	7*	22,796	8*
Leadership Team	372,678	3.2	426,107	3.68 FTE's
Total Key Management Personnel Compensation	393,398		448,903	

* 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	\$1,630(2018/19: \$945)	
Palmerston North City Council- Placemaking workshop	Free Venue Use	\$Nil(2018/19:\$352)	
Earle Creativity Trust(Sheridan Hickey - Trustee of both Te Manawa Museums Trust and Earle Creativity Trust)	Free Venue Use	\$nil(2018/19: \$2,525)	
The Science Centre Inc. (Geoffrey Jameson - Trustee of Te Manawa Museums Trust and member of The Council of Science Centre Inc.)	Free Venue Use	\$1,035(\$2017/18 \$1,573)	
S+art (Janet Ellery- PPE Leader at TeManawa Musuems Trust at Te Manawa)	Free Venue Use	Nil(2017/18 \$1,933)	
Reel Earth Environmental Film Trust(Andy Lowe- CEO of Te Manawa Museums Trustand CommitteeMember of Reel Earth Film Trust	Free Venue Use	Nil (2018/19:\$2,042)	
23 Events After The Balance Sheet Date			
There were no significant events after the balance sheet date.(2019:nil)			
24 Categories of Financial Assets and Liabilities			
The carrying amounts of financial assets and liabilities are as follows:			
	2020	2019	
Loans and Receivables:	\$	\$	
Cash and Cash Equivalents (<i>Note 9</i>)	79,939	582,450	
Debtors and Other Receivables (<i>Note 10 & 11</i>)	12,531	14,731	
Short term deposits (<i>Note 12</i>)	614,224	150,000	
Total Loans and Receivables	706,694	747,181	
Financial Liabilities Measured at Amortised Cost:			
Creditors and Other Payables (<i>Note 14</i>)	371,902	292,166	
Total Financial Liabilities Measured at Amortised Costs	371,902	292,166	

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 2017: \$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--.

Credit Quality of Financial Instruments

Cash on call and term investments were placed with Westpac New Zealand Limited, the credit ratings for Westpac and BNZ at 30 June 2017 were AA- from Standard & Poor's (2016: 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 Financial Effects of Covid 19

Te Manawa closed to the public on 20 March 2020 and reopened at Level 3 on 18 May 2020. At this level opening hours and visitor numbers were restricted.

numbers were restricted. Opening hours returned to normal with the advent of Level 1.

The closure resulted in a loss of revenue from venue hire of \$7,159

The cost of cleaning services during that period decreased from \$7,290 to \$2,768

The cost of electricity for that period is estimated to have reduced from by \$6,717

The cost of additional health and safety related measures amounted to \$5,802

The estimated effect on visitor numbers is a reduction of 30,173 across all visitor categories as outlined in the SSP.

26. Funding from Community Organisations

Te Manawa is grateful to the following organisations which have contributed with funding for various projects:

Grantor/Donor	2020	2019
	\$	\$
Central Energy Trust	0	23,000
The Lotteries Board	31,925	69,000
Westpac New Zealand	20,000	0
Beca Group	5,000	0
Vitae	1,000	0
Manawatu Science Centre	18,000	0
IHC Foundation	0	10,000
UCOL	5,000	10,000
Computer Care	5,000	5,000
Private Donation	28,000	6,197
Eastern & Central Community Trust	0	5,000
Lion Foundation	0	20,000
Pub Charity Limited	0	20,000
Fly Palmy	0	5,000
Crozer Family Trust	0	3,000

27. 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 revenue, expenses, assets, liabilities, investments and general financial dealings. There were no externally imposed capital requirements during the period (2019: \$nil).

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

Explanation of Major Variances Against Budget

Explanations for major variations from the Trust's budgeted figures in the 30 June 2020 Statement of Intent are as follows:

Statement of Comprehensive Revenue and Expense

Revenue

Other Operating Revenue is \$330,370 less than budget as planned fundraising and sponsorship did not eventuate. Other Operating Revenue from Exchange Transactions was \$23,482 greater than the previous year as Sundry income from Public Programmes, Events and Activities increased by \$39,251 as a result of a project money received.

Revenue from Non-Exchange transactions was \$137,829 less than the previous year. Community Grants and Sponsorship were \$137,829 below the previous year.

Expenses

Operating expenditure (before depreciation) was less than budget by \$485,683 and reduced from the previous year by \$405,175. Payroll was \$222,654 less than budget. These savings were the result of vacancies for technicians, a designer and a collections manager. Other Operating Expenses were \$263,029 below budget. Most of this is the result of the reduction in sponsorship and grant income which means that the corresponding budgeted expenditure of \$268,075 did not proceed. Some savings were made on cleaning and electricity.

Recognition / (Derecognition) of Collection Assets

Donated assets amounted to \$28,419 which is \$46,007 less than the previous year, during which a significant collection was received from an estate.

Statement of Changes in Net Assets/Equity

There is a decrease in the actual net equity compared to the budget, arising from the reduction to the value of the heritage collection after the five yearly revaluation was undertaken.

Statement of Financial Position

Statement of Financial Position budgets 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 the result of less than expected fundraising and sponsorship income.

Short term deposits are \$331,257 greater than budget as the result of the reductions in payroll and operating expenditure.

The Collection assets have reduced in value after the revaluation of the Heritage Collection. The reduction in value amounts to \$1,273,084.

Property Plant and equipment is less than budget as the result of delayed expenditure on the refurbishment of Kids TM.

Statement of Cash Flows

The variances in the Statement of Cash Flow are a direct result of the items mentioned above. Cash and cash equivalents and short-term deposits at year are above budget because of the aforementioned savings on operating expenditure as well as the delayed completion of Kids TM