



te manawa
TE PAPAIOEA PALMERSTON NORTH

6 Month Report Against the Statement of Intent

1 July 2021 - 31 December 2021

Te Manawa Museums Trust

Goals:

1. Collaborative and future focused organisation
2. Innovative experiences that attract the visitor
3. Enhanced learning and engagement

1. Collaborative and future focused organisation

Performance Measures	2021/2022 Target	Status	Result	Comments
Strength of relationship with strategic partners	Strategic relationships defined and identified as part of the Strategic Relationship Strategy. Relationship principles developed in conjunction with strategic relationship partners.	Completed	Relationship Strategy finalised and approved	Relationship Strategy developed, and quality measures identified. A strategy team has been formed to develop an implementation plan with key milestones.
Revenue secured from sources outside PNCC	\$655,641	At risk	External Revenue to date \$196,615(29.98% of target) (2020/21 achieved \$672,709 full year)	Manager Sustainable Funding and Innovation recruited. Commenced 16 September. Funding and Operation Revenue Strategy has been drafted along with the supporting documents of Funding Procedures for Staff, Third Party Funding Plan 2021-2022, and Operational Revenue Increase Plan 2021-2022. Additional Donation points installed Online experiences for Airbnb Commenced
Develop measures towards reduction of carbon emissions	Measure baseline carbon emissions	Completed	Enviro report completed by Event Insights Qualmark Gold status achieved Environmental Sustainability Policy in development	

2. Innovative experiences that attract visitors

Performance Measures	2021/2022 Target	Status	Result	Comments
Likelihood of visitors to positively endorse Te Manawa to others	Highly likely	Completed	Measure incorporated in visitor feedback questions 111 surveys completed. 98% were mostly, very often or always likely to recommend Te Manawa as a place to visit.	Economic Impact Report presented to councillors at August 2021 ACH meeting Morris Hargreaves McIntyre report assessing Te Manawa's position in the cultural market (national and local contexts) completed Data collection, which was scheduled to commence in August 2021 commenced in December 2021. Reported result is for the month of December 2021.
In-person visits to Te Manawa	150,000	At risk	45,683 (6-month target 75,000 (61%)). (2020/21 Not Achieved: 135,817 due to impact of COVID-19 alert levels during August 2020 and June 2021).	An analysis of visitation patterns over last 7 years projecting out to 30 June 2022 and factoring in Covid19 impacts on visitation was completed in November. This predicted visitation of just over 100,000 in FY2122, if more typical patterns returned in Feb 2022, after vaccination targets were reached, and there were lessening of restrictions and subsequent increased public confidence in visiting public venues. But with Covid19 Omicron at the door we recommend a reduction of the visitor number target to 80,000. All short-term exhibitions planned to open in the period 1 Jul to 31 Dec (x9) were opened with some date changes. However, Level 2 restrictions continued to limit access to visitor experiences and opening hours, from 8 September 2021. Restrictions slightly eased under the new traffic light system, introduced in early December. Te Manawa has become a 'My Vaccine Pass' venue and presentation of a valid vaccination certificate is now a condition of entry.
Visits to Te Manawa experiences off-site	25,000	At risk	4,907 (6-month target 12,500 (39.2%)) (2020/21 Not Achieved: 38,715 against a target of 50,000)	This shows total visitor numbers to off-site events and exhibitions. Overall performance against this KPI was partly affected by Level 2 Delta conditions and the cancellation of a significant number of community events. Note: the result does not include digital visits.

Performance Measures	2021/2022 Target	Status	Result	Comments
				<p>There are currently no Te Manawa exhibitions touring nationally or internationally.</p> <p>Digital offerings for schools were developed and delivered to Auckland schools during their Alert Level 3. These were well attended with four sessions weekly. Topics included:</p> <ol style="list-style-type: none"> 1. Live Feeding 2. Curious Contraptions and Simple Machines 3. Cabinet of Curiosities 4. Simple Science at Home <p>New digital resources were made available to download from Te Manawa's website. These were expanded for the October school holidays to include three new learning packs:</p> <ol style="list-style-type: none"> 1. Automata 2. 1960s Kitchen 3. 1918 Recipes (Kitchen Curiosity)

3. Enhanced learning and engagement

Performance Measures	2021/2022 Target	Status	Result	Comments
Visitor satisfaction (good/ very good/ excellent)	>96%	On track	100% to December 2021 (for the months measured) (2020/21 Achieved: 99.95% against a target of >96%)	Results reflect respective periods of closure across August and September 2021, and reduced visit experience offerings to December 2021.
Participation in learning programmes	24,000	At risk	6,181 (6- month target 12,000 (51.5%) including digital visits (2020/21 22,551 - (99% of the revised target of 22,750)	Results affected by respective periods of closure across August and September 2021, and reduced visit experience offerings through to December 2021.
In person visits to Rangimārie activities	5,000	At risk	139 (6-month target 2,500 (20%))	Achieving results is dependent on refurbishment of Te Rangi Whenua Gallery. A project steering team has been set up to manage the project forward. A small amount of seed funding has been secured by Rongomau Productions to support the project.

COVID-19 Statement

Please note: Due to the impact of COVID-19 our visitor number targets will be revised down from 150,000.00 to 80,000.00 to end of June 2022

1-7 September - level 3

8 September until end of September (and ongoing) - Level 2 Delta version

29 Nov- COVID-19 Protection Framework/ traffic light system. Manawatū in Orange.

3 Dec- Te Manawa moves to vaccine pass requirement- ongoing

Other Progress/ Highlights

- Curious Contraptions has been well received with record numbers over July. Extended the exhibition period and moved to the Atrium in November.
- Palmerston North History Symposium Programme - Opening plus 'Publishing our stories – the written word' held at Te Manawa. Our Collections Manager Cindy Lilburn presented.
- Manawatū Wildlife Photography competition, run in association with *Wildlife Photographer of the Year* exhibition, winners selected, notified, and winning images loaded on TM website.
- Employed a part time Manager Sustainable Funding and Innovation.
- Gold Qualmark certification. Integral to that is a report on the environmental impact of Te Manawa led by Event Insights, completed in September 2021.
- Provided online learning for Auckland primary schools, during COVID-19 level four lockdown, based on exhibitions and programmes [Palmerston North museum reaches beyond boundaries to help Auckland schools with online learning | Stuff.co.nz](#)
- Economic Impact Report produced by Events Insights based on survey conducted on WPY exhibition attendees (see attached) and presented to Council
- Enviro survey carried out.
- Trialling Palmerston North Community Card as an initial trial with the other CCO's
- Draft 10 Year Business Plan presented to TM Board
- Statement of Intent 2022-24 presented and approved by Palmerston North City Council
- LEOTC Contract extended to June 2022. New tender round expected to commence late September 2021
- Stakeholder interview with Lucy O'Connor from ARUP
- Episode of *What Now* filmed at Te Manawa
- Inclusion in arts and culture precinct workshops
- John Fowke - Civic Award 2021
- Leadership NZ training.
- Te Tiriti training. Centrepoint staff included.
- Morris Hargreaves McIntyre visitor and market research report delivered to inform Te Awa development and upgrade, and analysis of Te Manawa's place in the national and local culture market
- Te Manawa Visitation report July 2015 – June 2022 produced by Event Insights
- New staff recruited – Nina Mercer to Programme Developer role, Talei Langley to Collection Manager Humanities (Arts)
- Exhibitions opened – *Curious Contraptions* (2 venues at museum); Lauren Lysaght - *Kutarere Sunrise*; Jack Trolove *Keening*; *Town and Country - Stitched*; Te Manawa Art Society exhibition from Te Manawa art collection *Locals*; Wananga o Aotearoa's *Naku te kaupapa, Mau e Taniko*; UCOL's BCM graduate exhibition for 2021; Massey university BMVA programme graduate exhibition *Matatau* 2021.
- Te Manawa received a further bequest of \$20k from the George Dear estate

Collections

- Launched the restored *Falling Waters* sculpture with PNCC and the Palmerston North Public Sculpture Trust. Creator of the work Fred Graham participated.
- Five pou whenua carved by John Bevan Ford in the collection conserved and restored; funded in part by a Lottery Board Grant.
- 420 items approved for acquisition by Te Manawa Trust Board. Highlights include Collinson and Cunninghame archives, collection of historic microscopes, huia beak brooch, World War II archives of Walter Gulliver and related objects, a hand blower for a World war II gas-powered car, artworks by John Ritchie, portrait of Joan Richardson by HL Richardson, a rāpaki titled *Hū, the stillness and peace found within* by Brenda Tuuta, and *Architect* painted by Jack Trolove.
- Loans of 4 artworks to other galleries – Pātaka, Whirinaki Expressions, Dunedin Public Art Gallery, and KW Institute of Contemporary Art, Berlin.
- Incoming loan of moa (two species) and other bird (adzebill and N.I. Goose) bones recovered from a site on the new highway Te Ahu-a-Tūranga. TM was kaitiaki until a decision was made as to their final resting place. Scientific analyses undertaken before the bones were returned to a site near the highway and reburied in December.

- Visit by Prime Television film crew to art collection store for forthcoming programme on contemporary visual art by tangata whenua (to be screened about June 2022). At Te Manawa the focus was on Greg Semu's *Kupapa Wars* photographic print, and Fiona Pardington's *Captive female huia*, which features a mounted female huia specimen and huia bird beak brooch in TM heritage collection.

Objective 1: A collaborative and future-focused organisation	Expected Completion
<ul style="list-style-type: none"> • Review scope of existing strategic partnerships 	Completed Sept 2021
<ul style="list-style-type: none"> • Complete the relationships strategy (by end of 21/22) 	Completed Nov 2021
<ul style="list-style-type: none"> • Develop concept for a partner-based exhibition of national significance (by end of 22/23) (Murray Ball) 	Concept proposed/ in progress Jun 2022
<ul style="list-style-type: none"> • Develop short and long-term funding strategies that source sustainable external funding for programmes and exhibitions 	Completed. New funding position employed Nov 2021
Objective 1: A collaborative and future-focused organisation	Expected Completion
<ul style="list-style-type: none"> • Develop an environmental impact framework that drives environmentally focused projects. (by end of 22/23) 	Completed. Te Awa review completed to inform redevelopment Sept 2021
<ul style="list-style-type: none"> • Establish Future Museum principles - three examples to use and test concepts 	In progress: 1- Rongomau- implemented 2- On line experiences-implemented 3- Interactive Learning Experiences – in development April 2021
<ul style="list-style-type: none"> • Publish a 10-year Business Plan 	Completed Sept 2021

<p>Objective 2: Innovative experiences that attract visitors</p> <ul style="list-style-type: none"> Develop and implement an Exhibition Strategy that includes development of touring exhibitions Short form exhibition strategy completed; detailed strategy in progress Develop a Digital Strategy to support online experiences In progress Develop economic impact reporting for major exhibitions hosted by Te Manawa VMR report for WPY (Aug 2021) will feed into this. Morris Hargraves McIntyre report completed 	<p>Expected Completion</p> <p>Nov 2021 April 2022</p> <p>Nov 2021</p> <p>By end of 21/22 Engaged Event Insights. First report completed for Wildlife Photographer of the Year exhibition</p>
<p>Objective 3: Enhanced learning and engagement</p> <ul style="list-style-type: none"> Implementation of phase 1 of 4 in the Te Rangimarie project, a dual venue cultural tourism project undertaken by Te Rangimarie Marae Trustees Phase 1- includes training of FOH staff and co-creation of activities linked to Te Rangi Whenua. Phase 2- te Rangi Whenua gallery refresh project commencing Aug 2021 to be scoped and set up. Increase the impact of learning programmes and activities in formal and informal environments through Te Rangahau Curiosity Centre Implement a comms and marketing plan for learning activities (21/24) Completed Evaluate success of two creative projects Completed Develop a strategic approach to the implementation of international community engagement mentoring programme OF/BY/FOR/ALL through the development of stakeholder and visitor experience strategies (21/23) Ongoing 	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>



Financial Report
(Six monthly Report against SOI)
31 December 2021

Contents

	Page Number
Executive Summary	13
Key Result Indicators	14-15
Statement of Financial Performance:	
• Activity View	16-17
• Category View	18
Statement of Financial Position	19-20
Statement of Cash Flows	20
Notes to Financial Statements	26-38

Financial Reports for Te Manawa Museums Trust Board

Statement of Financial Performance

Two versions of the Statement of Financial Performance have been presented to provide different views of the same data. The Activity Report is based on internal Management Reports and provides summary income and expenditure information for each reporting area.

The Income/Expenditure Category Report adopts a more traditional view detailing income and expenditure by category, which follows on to the Statement of Financial Position and Cash flows, providing information on the sources of income and expenditure relating specifically to the type of revenue or cost.

Statement of Financial Position

The Statement of Financial Position provides information about the assets, liabilities and equity of the Trust for the current reporting period and current year end forecast and the relationship of these elements to each other at a point in time.

Statement of Cash flows

The Statement of Cash Flows reflects the Trust's cash receipts and cash payments during the period and provides information about the Trust's activities in generating cash from operations, investing and financing activities.

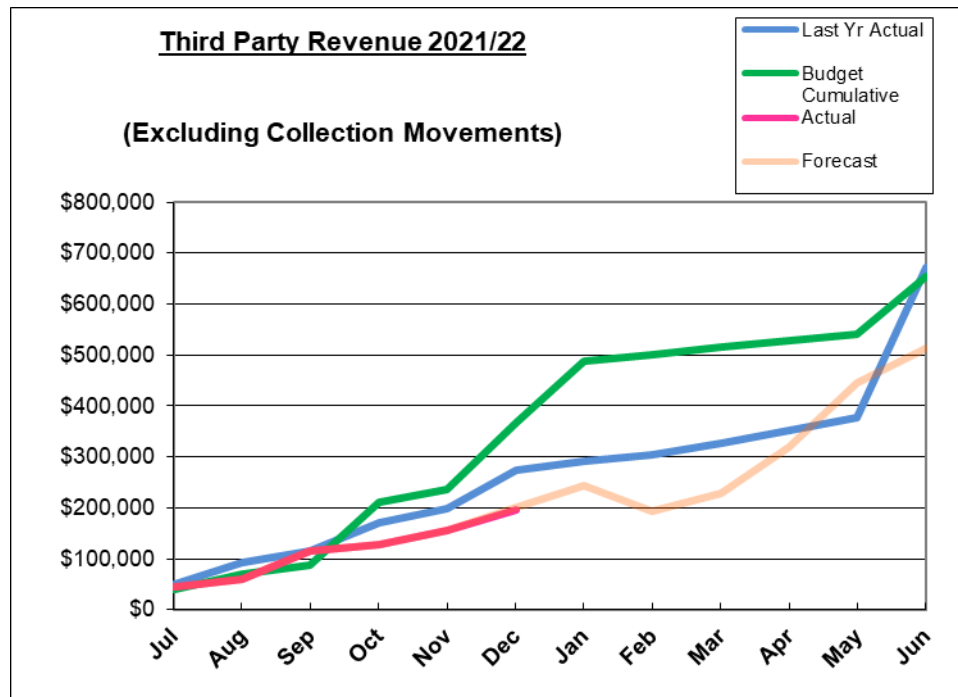
EXECUTIVE SUMMARY

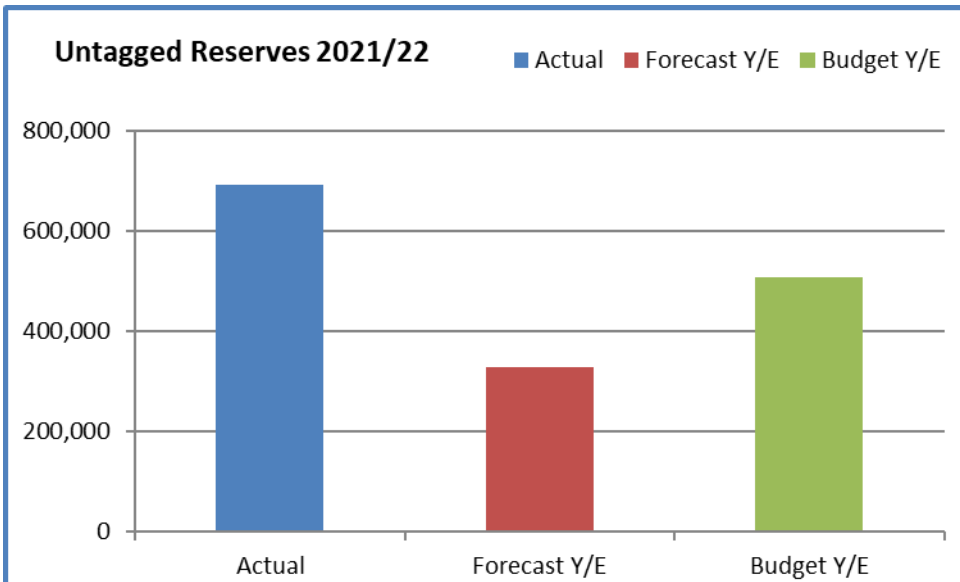
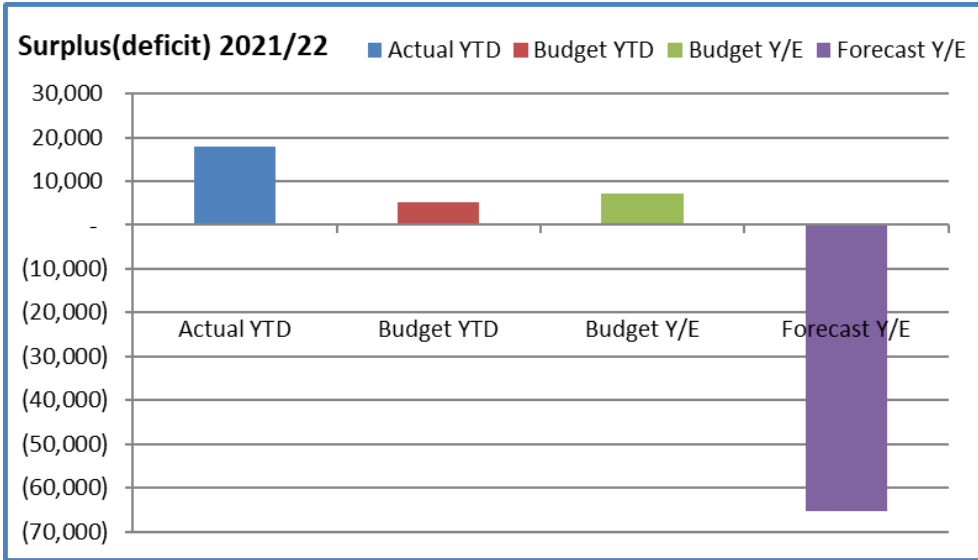
The operating surplus, after Collection Movements, for the six months ended 31 December, is **\$17,809** compared with the budgeted surplus of **\$5,088**. Year to date revenue is below budget by **\$170,635**. Income from Customer services (shop sales, venue hire etc) is down by **\$25,727** and budgeted Sponsorship/Fundraising **is down by \$215,000**. These reductions are offset by gains in Learning (extended LEOTC) and Collections. Expenditure is currently below budget by \$184,891. Savings come from payroll \$89,163, operating expenses \$85,428, and depreciation \$10,298. Some of the operating expenses, especially in Exhibitions and Collections, are timing differences rather than expected savings.

The forecast deficit for yearend is currently tracking towards **\$65,426**. Forecast revenue from Customer Services income has been reduced, as has income from Fundraising. Even so, the current forecast position is totally dependent on achieving forecast fundraising revenue between now and June 2022. As previously indicated, budget managers are working to identify savings so that the forecast deficit can be reduced.

Te Manawa Museums Trust										
Summary Statement of Financial Performance for December 2021										
		A	B	C	D	E	F	G	I	
		Dec-21			Year to Date (December 2021)			Year End		
		Actual	Budget	Variance A - B	Actual	Budget	Variance D - E	Forecast	Budget	Variance H - G
		\$	\$	fav/(unfav)	\$	\$	fav/(unfav)	\$	\$	
Operating Income	1	298,481	410,670	(112,189)	1,828,728	1,999,363	(170,635)	3,776,540	3,919,873	(143,333)
Operating Expenditure	2	319,331	427,211	107,880	1,815,384	2,000,275	184,891	3,853,528	3,927,724	74,195
Surplus/(Deficit) before Collection Movement		(20,850)	(16,541)	(4,309)	13,344	(912)	14,256	(76,989)	(7,851)	(69,138)
Collection Movement Income		36	1,500	(1,464)	4,462	6,000	(1,538)	11,562	15,000	(3,438)
Collection Movement Expense		-	-	-	-	-	-	-	-	-
Net Collection Movements		36	1,500	(1,464)	4,462	6,000	(1,538)	11,562	15,000	(3,438)
Surplus/(Deficit) Including Collection Movements		(20,814)	(15,041)	(5,773)	17,806	5,088	12,718	(65,426)	7,149	(72,576)

Key Result Indicators as at 31 December 2021





Te Manawa Museums Trust

Statement of Comprehensive Revenue and Expenditure

(classification of expenses by function)

for the Month Ended 31 December 2021

Note	Actual YTD 31-Dec-21 Unaudited \$	Budget YTD 31-Dec-21 \$	Variance \$	Last year 31-Dec-20 Unaudited \$	Forecast 30-Jun-22 \$	Budget 30-Jun-22 (SOI) \$	Variance \$	30 June 2021 12 Months \$
Operating Revenue								
PNCC Grants	1,632,114	1,632,114	-	1,615,954	3,264,228	3,264,228	-	3,231,908
MDC Grant	20,000	20,000	-	20,000	20,000	20,000	-	20,000
Interest Received	2,821	2,700	121	4,096	6,361	5,400	961	6,922
Other Income	173,794	344,549	(170,755)	250,528	485,952	630,245	(144,293)	645,788
Total Operating Revenue	1,828,728	1,999,363	(170,635)	1,890,578	3,776,540	3,919,873	(143,333)	3,904,618
Total Operating Expenditure								
Collection & Knowledge	105,791	127,261	(21,470)	62,258	239,443	300,242	(60,799)	228,886
Corporate Services & Facilities	303,788	330,150	(26,362)	290,916	701,394	699,908	1,486	679,346
	409,580	457,411	(47,831)	353,174	940,837	1,000,150	(59,313)	908,232
Learning	113,812	125,527	(11,715)	140,563	249,601	251,584	(1,983)	254,018
Kaihautū	55,000	54,999	1	6,411	110,001	110,000	1	61,411
Communications	108,124	111,620	(3,496)	93,376	233,518	213,065	20,453	223,806
Public Programmes & Events	71,767	62,817	8,950	68,396	135,298	122,475	12,823	145,995
Sponsorship	31,459	28,785	2,674	-	70,806	71,346	(540)	-
Customer Services	233,275	216,016	17,259	203,948	487,023	431,720	55,303	434,920
Volunteers	-	360	(360)	264	400	760	(360)	264
	613,437	600,124	13,313	512,958	1,286,647	1,200,950	85,697	1,120,414
Concepts & Engagement	344,016	483,770	(139,754)	302,672	702,397	802,080	(99,683)	799,033
Executive	312,849	313,169	(320)	300,531	637,846	632,944	4,902	665,601
Depreciation	135,503	145,801	(10,298)	127,058	285,802	291,600	(5,798)	265,037
Asset Write Off	-	-	-	-	-	-	-	53,279
Total Operating Expenditure	1,815,384	2,000,275	(184,891)	1,596,393	3,853,528	3,927,724	(74,196)	3,811,596
Operating Surplus/(Deficit)	13,344	(912)	14,256	294,185	(76,989)	(7,851)	(69,138)	93,022
Collection Movement Income								
Custodial Assets	-	-	-	-	-	-	-	8,397
Donated Assets	4,462	6,000	(1,538)	33,942	11,562	15,000	(3,438)	36,294
Collection Movement Expense								
Custodial Assets Returned	-	-	-	-	-	-	-	3,478
Collection Assets Deaccessioned	-	-	-	3,478	-	-	-	1,209
Net Collection Movements	4,462	6,000	(1,538)	30,464	11,562	15,000	(3,438)	40,004
Net Surplus/(Deficit)	17,806	5,088	12,718	324,649	(65,426)	7,149	(72,575)	133,026
Other Comprehensive Revenue and Expense	-	-	-	-	-	-	-	-
Total Comprehensive Revenue and Expense	17,806	5,088	12,718	324,649	(65,426)	7,149	(72,575)	133,026

Te Manawa Museums Trust

Statement of Comprehensive Revenue and Expense

for the Month Ended 31 December 2021

	Note	Actual YTD 31-Dec-21 Unaudited \$	Budget YTD 31-Dec-21 \$	Variance \$	Last year 31-Dec-20 Unaudited \$	Forecast 30-Jun-22 \$	Budget 30-Jun-22 (SOI) \$	Variance \$	30 June 2021 12 Months \$
Operating Revenue									
PNCC Grants		1,632,114	1,632,114	-	1,615,954	3,264,228	3,264,228	-	3,231,908
MDC Grant		20,000	20,000	-	20,000	20,000	20,000	-	20,000
Interest Received	1	2,821	2,700	121	4,097	6,361	5,400	961	6,922
Other Income	1	173,794	344,549	(170,755)	250,528	485,952	630,245	(144,293)	645,788
Total Operating Revenue		1,828,728	1,999,363	(170,635)	1,890,579	3,776,540	3,919,873	(143,333)	3,904,618
Operating Expenditure									
Payroll	2	1,053,484	1,142,647	89,163	979,723	2,206,754	2,320,661	113,907	1,965,073
Other Operating Expenses		585,528	670,956	85,428	448,744	1,279,233	1,233,721	(45,512)	1,446,471
Interest		-	-	-	-	-	-	-	-
PNCC Leases & SLA's		40,869	40,871	2	40,869	81,740	81,742	2	81,738
Depreciation		135,503	145,801	10,298	127,058	285,802	291,600	5,798	265,037
Asset Write-offs		-	-	-	-	-	-	-	53,278
Total Operating Expenditure		1,815,384	2,000,275	184,891	1,596,394	3,853,528	3,927,724	74,196	3,811,597
Operating Surplus/(Deficit) Before Collection Items		13,344	(912)	14,256	294,185	(76,989)	(7,851)	(69,138)	93,021
Collection Movement Income									
Custodial Assets		-	-	-	-	-	-	-	8,397
Donated Assets	4	4,462	6,000	(1,538)	33,942	11,562	15,000	(3,438)	36,294
Collection Movement Expense									
Custodial Assets Returned		-	-	-	-	-	-	-	3,478
Collection Assets Deaccessioned		-	-	-	3,478	-	-	-	1,209
Net Collection Movements		4,462	6,000	(1,538)	30,464	11,562	15,000	(3,438)	40,004
Surplus/(Deficit) Including Collection Movements		17,806	5,088	12,718	324,649	(65,426)	7,149	(72,575)	133,025

Te Manawa Museums Trust
Statement of Financial Position
As at 31 December 2021

	Actual	Actual (Unaudited)	Budget	Variance	Actual-Unaudited
	30/06/2021	31/12/2021	31/12/2021		31/12/2020
	\$	\$	\$	\$	\$
Assets					
Current Assets					
Cash and Cash Equivalents 3	575,682	417,118	420,442	(3,324)	1,196,295
Stock of Merchandise	36,043	39,627	50,000	(10,373)	47,969
Debtors and Sundry Receivables	4,240	42	20,000	(19,958)	15,939
Interest Receivable	1,856	1,814	1,500	314	1,257
Prepayments	9,726	54,582	50,000	4,582	40,536
Short Term Deposits 3	665,728	668,172	615,688	52,484	181,396
Total Current Assets	1,293,275	1,181,355	1,157,630	23,725	1,483,392
Non-Current Assets					
Intangible Assets	8,346	6,361	140,112	(133,751)	10,331
Property Plant & Equipment:				-	
Computer Hardware	54,662	45,870	70,726	(24,856)	30,990
Exhibitions	349,181	288,223	436,348	(148,125)	244,399
Furniture & Fittings	67,259	71,694	58,678	13,016	51,319
Leasehold Improvements	50,203	44,473	46,094	(1,621)	56,697
Plant & Equipment	261,390	435,527	319,859	115,668	286,890
Work in Progress	223,149	12,106	30,000	(17,894)	185,591
Collection Assets - Owned	7,941,927	7,972,041	8,374,712	(402,671)	7,357,229
Collection Assets - Custodial	9,044,116	9,044,114	8,265,209	778,905	8,082,886
Total Non-Current Assets	18,000,233	17,920,408	17,741,738	178,670	16,306,333
Total Assets	19,293,508	19,101,763	18,899,368	202,395	17,789,725

Te Manawa Museums Trust**Statement of Financial Position**

As at 31 December 2021

	Actual 30/06/21 \$	Actual (Un audited) 31/12/21 \$	Budget \$	Variance \$	Last Year 31/12/21 \$
Current Liabilities					
Creditors, Provisions & Payables	411,325	158,922	328,823	(169,901)	138,372
Employee Liabilities	241,226	265,026	201,860	63,166	241,070
Provisions	-	-	-	-	-
GST Payable (Receivable)	(22,881)	48,996	55,000	(6,004)	54,518
Income received in advance	130,975	92,186	30,000	62,186	171,664
Total Current Liabilities	760,645	565,130	615,683	(50,553)	605,624
Non-Current Liabilities					
Employee Benefit Liabilities	3,254	3,256	3,266	(10)	3,464
Total Non-Current Liabilities	3,254	3,256	3,266	(10)	3,464
Total Liabilities	763,899	568,386	618,949	(50,563)	609,088
Equity					
Trust Equity	10,664,369	10,797,394	10,715,074	82,320	10,706,889
Retained Surplus Current Year	146,758	17,806	7,149	10,657	324,649
Asset Revaluation Reserve	7,326,968	7,326,663	7,073,191	253,472	5,800,107
Specific Reserves 5	380,641	380,641	338,114	42,527	338,118
Endowment Funds 6	10,873	10,873	10,874	(1)	10,874
Total Equity	18,529,609	18,533,377	18,144,402	388,975	17,180,637
Total Equity & Liabilities	19,293,508	19,101,763	18,763,351	338,412	17,789,725

Te Manawa Museums Trust

Statement of Cash flows

As at 31 December 2021

Description	Actual 30/06/2021	Actual Year-to-Date 31/12/2021 \$	Budget Year-to-Date 31/12/2021 \$	Variance \$	Last Year 31/12/2020 \$
Cash Flows from Operating Activities					
Cash was provided from:					
PNCC and MDC Grants	3,231,908	1,652,114	1,652,114	-	1,615,954
Other Revenue	720,174	173,794	364,549	(190,755)	270,528
Interest	7,088	2,821	2,700	121	4,097
Cash was disbursed to:	3,959,170	1,828,728	2,019,363	(190,635)	1,890,579
Payroll	1,963,631	1,053,484	1,142,647	(89,163)	940,280
Suppliers	1,439,707	626,397	826,104	(199,707)	448,745
Interest	-	-	-	-	-
Net GST Outflow (Inflow)	(69,127)	29,886	3,000	26,886	8,182
	3,334,211	1,709,767	1,971,751	(261,984)	1,397,206
Net Cash Flows from Operating Activities	624,959	118,961	47,612	71,349	493,373
Cash Flows from Investing Activities					
Cash was provided from:					
Sale of Assets	0	-	-	-	-
Cash was disbursed to					
Purchase of Intangible Assets - Software	-	-	24,000	24,000	-
Purchase of Property Plant & Equipment	452,878	254,014	213,300	(40,714)	183,806
Purchase of Collection Assets	100,735	25,955	50,000	24,045	82,813
Net reduction of short term deposit	51,483	(2,444)	-	2,444	(275,378)
Total	605,096	277,525	287,300	9,775	(8,760)
Net Cash Flows from Investing Activities	(605,096)	(277,525)	(287,300)	(9,776)	8,759
Cash was disbursed to:					
Net Cash Flows from Financing Activities					
Net Increase/(Decrease) in Cash Held	(118,481)	(158,564)	(239,688)	81,124	502,132
Foreign Exchange movements		-	-		
Opening Cash Balances	694,163	575,682	660,130	(84,448)	694,163
Closing Total Cash Balances	2&3 575,682	417,118	420,442	(3,324)	1,196,295

1. External Revenue

Analysis of External Revenue for the Year ending 30 June 2022

3rd Party Revenue	Actual Month	Budget Month	Actual YTD	Annual Budget	Last Year	Comments
Grants Distributions - Heritage	-	-	42,500	-	52,000	Recognise Lotteries Grant for completion of John Bevan Ford pou project.
LEOTC Contract	5,010	5,009	30,057	30,057	60,114	MOE has finally confirmed that it will continue to fund LEOTC until the end of this financial year. A revised tendering process will be in effect from that date.
Other Education programmes	2,502	600	23,499	29,300	64,074	
Public programmes & Events	395	1,208	3,013	14,500	20,581	As a result of Covid restrictions few of the budgeted paid public events have been held during the reporting period.
Public programmes - Education Led	-	-	-	-	-	
Touring Revenue	92	-	2,963	-	-	Donations Curious Contraptions
Admission Fees	-	-	-	-	-	
Donations	5,003	16,000	6,306	16,000	19,691	General donations and Santa's cave. Santa's cave donations this year amounted to \$5,973 compared with \$12,473 for Christmas 2020.
Fundraising (Grants- no restriction No C	-	-	-	430,000	178,500	
Grants	2,421	-	4,770	-	55,861	
Front of House Revenue, including Shop Sales and Venue Hire (Not including front of house donations)	8,886	14,300	30,872	97,388	92,381	Front of House revenue is highly dependent on the demand for venue hire, shop sales and birthday parties. This revenue has been impacted by COVID.
Inhouse donation received	107	500	1,195	6,000	4,906	These are received at Front of house.
Interest Revenue	541	450	2,821	5,400	6,922	As rates are rising slightly the forecast has been increased
Sundry Income	1,491	584	28,619	6,996	97,678	Monthly rent from Darkroom , and bequest from the estate of G Dear.
Grant MDC	-	-	20,000	20,000	20,000	
Total Third Party Revenue (excluding Collection Donations)	26,447	38,651	196,615	655,641	672,708	

2. Payroll

Te Manawa Museums Trust
Payroll Analysis
As at 31 December 2021

Payroll Analysis	Actual	Budget	Variance Actual from Budget	Forecast	Budget	Variance Annual Forecast from Annual Budget	Comments	Actual	2021/22 Budget	Variance Actual from Budget
	31 December 2021	31 December 2021		30 June 2022	30 June 2022			FTEs	FTEs	
Finance and Facilities	83,707	87,244	3,537	183,642	179,082	(4,560)		2.48	3.75	(1.27)
Collections	42,545	81,395	38,850	111,470	192,176	80,706	Some of savings to date will be used to fund the marketing assistant.	2.00	3.00	(1.00)
Learning	122,119	112,607	(9,512)	236,226	225,214	(11,012)	After the 2021/22 Budgets were finalised Te Manawa was awarded some funds (\$30,000) towards the Poutama Project. There is one additional employee on an 8 month fixed term contract which accounts for budget variance.	4.53	3.00	1.53
Events	45,818	42,113	(3,705)	92,906	85,115	(7,791)	The hours for one of the Event Team were increased after the budget was completed. This was probably unfortunate, in hindsight, as the any increased activity that was anticipated has been negated by the changes in alert levels.	1.65	1.50	0.15
Visitors' Engagement	203,531	188,977	(14,554)	430,213	377,957	(52,256)	This includes Santas, elves and casual Christmas staff on short term contracts which have since finished.	9.75	6.28	3.47
Communications	59,887	59,182	(705)	142,476	118,365	(24,111)	The forecast includes the engagement of an additional marketing assistant as outlined in the business plan. This role will be funded from the budgeted Digital	1.69	1.69	-
Concepts & Engagement	181,213	253,320	72,107	352,879	490,890	138,011	Savings to date to be repurposed for additional hire fee for Curious Contraptions. There will also be savings from October and some of November until the new recruits commence.	5.00	7.60	(2.60)
Fundraising	23,099	20,785	(2,314)	54,163	50,808	3,355		1.07	-	1.07
Executive	263,451	258,579	(4,872)	525,313	524,164	(1,149)	Includes salary of EA and reduction of People and partnerships role to .85 of FTE.	4.85	5.00	(0.15)
Plus Annual Leave movement in provision and KiwiSaver Employer's contribution	28,114	38,445	10,331	77,466	76,890	(576)				-
Total Operational Payroll	1,053,484	1,142,647	89,163	2,206,754	2,320,661	120,618	The Actual to date and Forecast payroll includes the	33.02	31.82	1.20

3. Cash and Cash Equivalents

Te Manawa Museums Trust

Details of Cash & Cash Equivalents

As at 31 December 2021

Short Term Deposits	Interest Rate	31 December 2021
Term Investment - BNZ0001 CCE	3/03/2022	0.60%
		\$136,139
Westpac Cheque Account		\$9,378
Westpac Online Saver Account		\$269,997
BNZ Cheque Account		\$11
Petty Cash / Cash Floats		\$1,593
		\$417,119

Short Term Deposit	Interest Rate	31 December 2021
Term Investments	Maturity date	
Short Term Deposits - Westpac 0022	44650	0.80%
		\$ 182,418
Term Investment - WP0025	44610	0.55%
		\$ 203,388
Term Investment - Westpac 0023 CCE	44596	0.80%
		\$ 156,742
Term Investment - Westpac 0024 CCE	4/02/2022	0.80%
		\$125,624
		\$668,172

4. Fixed Asset and Intangibles Additions – at 31 December 2020

Asset Description	Closing Book Value 30 JUNE 2021 / Opening Book Value 01 July 2021	Additions to 31 December 2021	Disposals	Depreciation / Amortisation	Impairment Losses	Closing Book Value 31 December 2021
Information Technology	55,447	3,560	-	13,137	-	45,870
Exhibitions	335,447	1,280	- 0	48,504	-	288,223
Furniture & Fittings	67,257	13,417	- 0	8,980	-	71,694
Leasehold Improvements	50,203	-	-	5,730	-	44,473
Plant & Equipment	260,608	232,086	-	57,167	-	435,527
Work in Progress	223,149	3,672	214,715	-	-	12,106
Total Property, Plant & Equipment Assets	992,111	254,014	214,715	133,517	-	897,892
Collections						
- Collection Assets - Owned	7,941,928	30,417	-	-	-	7,972,041
- Collection Assets - Custodial	9,044,114	-	-	-	-	9,044,114
Total Collection Assets	16,986,042	30,417	-	-	-	17,016,155
Intangibles	8,346	-	10,000	1,985	-	6,361
Work in Progress	-	-	-	-	-	0
Total Intangible Assets	8,346	-	10,000	1,985	-	6,361
Total Fixed Assets	17,986,499	284,431	224,715	135,503	-	17,920,408

5. Specific Reserves

Specific Reserves

	Balance at 01/07/21	Transfers from Retained Earnings	Disbursements / Release of Funds	Balance as at 31 December 2021	Forecast transfers in/(out)	Year-End Forecast Balance	Comments
Specific Reserves							
Collection Development Fund - General	26,023	-		26,023	-	26,023	These are funds tagged for art and/or heritage collection items purchases.
Historical Building Maintenance	22,082		-	22,082	-	22,082	
Exhibition Revitalisation/Development Fund	332,526		-	332,526		332,526	
Total Specific Reserves	380,631	-	-	380,631	-	380,631	

6. Endowment Funds

	Balance at 01/07/21	Additional Endowments	Disbursements / Release of Funds	Balance as at 31 December 2021	Forecast transfers in/(out)	Year-End Forecast Balance
Endowment Fund						
*Clevely Fund	10,874	-	-	10,874	-	10,874
Total Endowment Funds	10,874	-	-	10,874	-	10,874

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 27 January 2022. 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 six months ended 31 December 2021 and were approved by the Board of Trustees on 24 February 2022.

BASIS OF PREPARATION

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

Statement of Compliance

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

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

The Trust qualifies as a Tier 2 Public Sector PBE reporting entity as it is not publicly accountable and 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\$).

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 the 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	4 to 20 years

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

(a) Collection Assets

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

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

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

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

Revaluation

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

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

All other asset classes are carried at depreciated historical cost.

Accounting for Revaluations

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

Intangible Assets***Recognition and measurement***

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

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

Software acquisition and development

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

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

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

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

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

Subsequent expenditure

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

Amortisation

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

The estimated useful lives are as follows:

Software	1 to 7 years
Website	3 to 5 years

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

Impairment of property, plant and equipment and intangible assets

For the purpose of impairment of Property, plant and equipment and intangible assets, which are carried at cost less accumulated depreciation and impairment losses, the Trust classifies its items of property plant and equipment and intangibles as non-cash generating assets, as these are not held with the primary objective of generating a commercial return, but rather for service delivery purposes and to deliver to Trust's public benefit objectives. Property, plant, and equipment and intangible assets that

have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use for non-cash-generating assets

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

Value in use for cash-generating assets

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

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

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’.

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 that are 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 31 December 2021.