

Te Ara Hihiri

Statement of Intent

2023/24 – 2025/26
TE MANAWA MUSEUMS TRUST

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Contact details

Address	Te Manawa Museums Trust Private Bag 11055 Palmerston North	Legal Status	Te Manawa Museums Trust is a Council-Controlled Organisation (CCO) for the purposes of the Local Government Act 2002 and operates as a charitable trust under the Trusts Act 2019. It is a not-for-profit CCO.
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Main Contact	Susanna Shadbolt	Charities Registration number	CC38836
Role in CCO	Chief Executive	Trustees	Caroline Tate - Chair Adrian van Dyk – Deputy Chair Peter Te Rangi Terry Hapi Alison Rudzki Geoffrey Jameson Evan Greensides
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Foreword

Te Manawa's role is to serve local communities by providing access to exhibits and events that showcase art, science, and history. We are excited to enter this next phase of its journey, continuing to tell stories, particularly local stories.

With the appointment of our new CEO, Susanna Shadbolt, existing relationships with the arts and science sector have been strengthened. Te Manawa hosted several science-related activities and events in the latter half of 2022, for example the "Mad Scientist" event and the Sunday Science Sessions. The Art Gallery ended the year with the opening of multiple exhibitions – "Matatau 22" (Massey University Bachelor of Māori Visual Arts graduates), "Artmosphere" (UCOL Creative Media graduates' exhibition), "Standing in My Own Light" (an exhibition of works from the Women's Art Initiative) and "Visual Rhythms" an exhibition of the works of Douglas MacDiarmid. Each exhibition has its own unique characteristics and offers visitors an immersive and varied gallery experience.

This Statement of Intent covers a continuation of the refresh of some areas of the museum, working in partnership with key stakeholders to design new semi-permanent science exhibitions and cultural exhibitions. Given the digital nature of our world, Te Manawa continues to digitise its physical collection for the benefit of remote visitors. At the same time Te Manawa is mindful that digital interactives could form part of future exhibitions or to refresh existing spaces.

In addition, Te Manawa will exercise a leadership role in the development of young people by offering new learning programmes to schools that will align with the Aotearoa New Zealand Histories Curriculum and providing internship opportunities in partnership with Massey University.

We would like to thank our main sponsor, Palmerston North City Council for making what we do possible. Our thanks also to local iwi, arts, science and historical societies and the public, for continuing to engage with us, and most importantly, for visiting!



Caroline Tate
Chair, Te Manawa Museums Trust
15 June 2023

Purpose of the Statement of Intent

This Statement of Intent is presented by Te Manawa Museums Trust in accordance with the requirements of Section 64(1) of the Local Government Act 2002.

In accordance with the Local Government Act 2002, this annual Statement of Intent publicly states the activities and intention of Te Manawa Museums Trust for the next three years, and the objectives to which those activities will contribute.

The final Statement of Intent will take shareholder comments into consideration and include performance measures and targets as the basis of organisational accountability.

About Te Manawa Museums Trust

Purpose

The International Council of Museums (ICOM) defines a museum as “a not-for-profit, permanent institution in the service of society that researches, collects, conserves, interprets and exhibits tangible and intangible heritage. Open to the public, accessible and inclusive, museums foster diversity and sustainability. They operate and communicate ethically, professionally and with the participation of communities, offering varied experiences for education, enjoyment, reflection and knowledge sharing.”

Guided by the ICOM definition, the main goal of Te Manawa Museums Trust is to provide the people of Manawatū and beyond with experiences in art, science and heritage and to forge everlasting connections – fulfilling its stakeholder obligations and exceeding the expectations of its visitors.

Vision

“Te Manawa is the cultural heart of our region. It is a place that values openness and is led with the spirit of Manaakitanga, Freedom and Creativity.”

People should feel passionate and excited about, and attached to Te Manawa, the collections we care for, and the experiences we shape with them. Those experiences touch us emotionally, inspire us creatively and give life and mana to our collective heritage.

Mission

Te Manawa is committed to improving the wellbeing of the communities it serves through enabling access to experiences with art, culture, science, and heritage.

Te Manawa works with Palmerston North City and its peer organisations to challenge, inspire and educate its visitors, as well as bring forward and illuminate local, national and international matters.

Values

Through the vision, we will embrace a spirit of openness to enhance the wellbeing of the communities we serve:

- **Manaakitanga** - our underlying principle of care and hospitality
- **Freedom** - the courage to try new things and have fun
- **Creativity** - expressing ourselves, thinking differently and finding solutions.

Service

In accordance with its key strategic objectives, Te Manawa will continue to provide a range of exhibitions, events and learning activities that contribute to Palmerston North's vision, goals and strategies – in particular, adding value to its goal of being a “creative and exciting city - He tāone whakaihiihi, tapatapahi ana”.

These services include:

- Contributing towards actions in the city's Arts Plan
- Engaging local communities in relevant and meaningful experiences in art, science, and heritage
- Caring for and developing, and improving access to collections
- Attracting visitation and external investment

Objectives of the Te Manawa Museums Trust Deed

- To provide governance of an organisation which is a regional museum complex, advancing interest in art, heritage and science (including interactive science)
- To provide study, educational and enjoyment opportunities through acquiring, conserving, researching, communicating and exhibiting material evidence of people and their environment
- To develop, promote, enhance and maintain collections to make them relevant to the peoples of the Manawatū and New Zealand
- To recognise and act in accordance with the principles of the Treaty of Waitangi and to involve and give special attention to the history of the Tangata Whenua in the region
- To ensure that the facility functions as a valued professional education resource and community asset for the citizens of Palmerston North and the Manawatū region
- To encourage and support the kindred Societies in accordance with the objects of this Trust Deed
- To recognise the organisation's location in the Manawatū and to be aware of the regional focus

Statement of the Board's approach to governance

Te Manawa Museums Trust Board is established and governed in accordance with the Te Manawa Trust Deed; available on request from the Executive Assistant at Te Manawa.

The Board of up to nine trustees, is responsible for the strategic direction and control of Te Manawa's activities.

The Board guides and monitors the business and affairs of Te Manawa, in accordance with the Charitable Trusts Act 1957, the Local Government Act 2002, the Trust Deed and this Statement of Intent.

The Board's approach to governance is to adopt "good practice" with respect to:

- the operation and performance of the Board
- managing the relationship with the Chief Executive
- being accountable to the community and regularly reporting to the Culture and Sport Committee of Palmerston North City Council
- enhancing Te Manawa's environmental sustainability
- encouraging and maintaining diversity in all elements of its organisation

The Chief Executive is responsible for the day-to-day operations of Te Manawa, engaging and oversight of staff and reporting to the Trustees on performance against Te Manawa's performance objectives.

The Board encourages engagement on our strategic direction by stakeholders through three main avenues: the development and presentation of this Statement of Intent, a public Annual General Meeting held each year, and through presentations at Council's Culture and Sport Committee meetings to report and outline new initiatives.

Contribution to ‘Small city benefits, big city ambition’

Palmerston North City Council’s vision for the city is *Small city benefits, big city ambition*.

Council has identified five strategic goals for achieving this vision: Goal 1: An innovative and growing city; Goal 2: A creative and exciting city; Goal 3: A connected and safe community; Goal 4: An eco-city; and Goal 5: A driven and enabling Council.

Te Manawa contributes to all goals, but primarily to these priorities under Goal 2:

- Celebrate the city’s history and diversity, and build on the strength of being a city of many cultures and languages; and
- Be a creative city that nurtures and celebrates the arts
- Develop a national reputation as an exciting city with plenty to do at night and at weekends

Te Manawa received a Statement of Expectation stating Council’s objectives relating to Te Manawa. The Board has worked through the Statement of Expectation and has responded to these through this Statement of Intent.

Strategic Objectives

The Te Manawa Museums Trust Board has developed the following broad strategic areas of focus to enable Te Manawa to be responsive to its communities.

Objective 1: Innovative Experiences that Engage Visitors

Te Manawa presents multi-layered experiences that champion the uniqueness of our region. It will focus on developing and hosting vibrant exhibitions that attract visitors, contributing to the city's livability and sense of place. It will carry out creative marketing to build visitation, third-party investment, and the Te Manawa profile.

Through its exhibitions and programmes, Te Manawa builds a national reputation. Digital engagement will help attract physical visitors but also provide for collections and activities to be enjoyed and interacted with by those in the community who cannot visit its physical facilities.

By caring for its collections, Te Manawa provides access to the region's diverse cultural heritage. Existing collections are brought to life so residents and visitors can engage with the history of the Manawatū and Aotearoa New Zealand.

Objective 2: Enhanced Learning and Development

Te Manawa, through its links to education, research institutes and local technology industries, develops programmes aligned with the curriculum and its exhibitions of local and national interest. Access to education programmes will be free of charge for local schools within the PNCC and MDC boundaries.

- Te Manawa learning activities will focus on engaging local communities in relevant and meaningful learning experiences
- Learning at Te Manawa will look for opportunities to contribute to the wider organisation's goals for financial sustainability
- The Museum will play a key role in supporting schools in implementing the new Aotearoa New Zealand Histories Curriculum.

Objective 3: A collaborative and future-focused organisation

Te Manawa will build its reputation as a creative and vibrant organisation.

Maintaining and enhancing its strategic relationships is key to Te Manawa's success. The organisation's relationship with Rangitāne, as mana whenua, will evolve in line with their aspirations.

Te Manawa, in partnership with Rangitāne, protects its taonga, tells its stories and moves forward guided by the articles of Te Tiriti o Waitangi.

Te Manawa will build its environmental and financial sustainability, ensuring it is well-placed to challenge boundaries and respond proactively to change. It will work strategically to accelerate revenue generation and embed a business development mindset within the organisation.

Te Manawa supports the sustainability aspirations of its strategic partners, including:

- Rangitāne, as mana whenua, local kaitiaki and holders of mātauranga Māori relating to present-day, historic, and traditional knowledge in Manawatū.
- Palmerston North City Council's Eco City Strategy.
- Partner with local businesses and organisations along with museums and galleries nationwide.

Performance Measures

	2023-24	2024-25	2025-26
Visitation Baseline ¹ (Physical visits to the Te Manawa complex)	130,000	131,000	132,600
Outreach ² (TM experiences offsite)	30,000	32,000	40,000
Online engagement ³	90,000	97,200	104,900

1: Visitation baseline is the approximate physical visitor count to the Te Manawa complex. It does not differentiate unique visitors, but rather the visits in person be they first-time or repeat. Yearly increase is determined by the medium 25-year projection of 1.0 percent average annual population growth for Palmerston North (PNCC long-term projections 2020). It is important not to over-inflate these targets during the next three years while a focus is placed on redevelopment of long-term exhibitions (Te Rangi Whenua, Science Centre and Art Gallery) and a review of the facility's earthquake safety, capacity and feasibility in hosting large-scale international shows – the latter of which are increasingly unaffordable due to the current economic challenges of inflation, Covid-19 and reduced global shipping capacity leading to significantly higher freight costs. In order to build greater ambition into long-term planning, it is important to focus on, and build solutions for these challenges during the next three year period and ensure that issues negatively impacting the buildings' "fit-for-purpose" can be addressed – both through, and prior to, the development and fruition of the Arts and Cultural Precinct.

2: Outreach is defined as live interactions between Te Manawa staff and experiences with public offsite (outside of the Te Manawa complex) and includes events, expos, learning delivery in schools, live interactive experiences delivered online and touring exhibitions (attendance of Te Manawa exhibitions at other venues). Annual increase is based on the development of touring experiences with partner organisations and the development of interactive experiences via online platforms.

3: Online engagement includes e-visits through the Te Manawa website (visit impressions minus bounce) and audience interactions via social media (likes, comments, shares and video views). Annual increase is based upon a yearly estimated audience growth of 8 per cent (22/23 estimate as at Dec 2022). It does not consider user trends in digital media which are too changeable to rely on for a three-year forecast.

	2023-24	2024-25	2025-26
External Revenue Target	\$510,250	\$680,944	\$764,826
Visitor Satisfaction	95%	95%	95%

Strategic Objective 1: Innovative Experiences that Engage Visitors

2023-24	2024-25	2025-26
Work in partnership with Rangitāne in the development of exhibitions, learning resources and programmes within the Museum with a focus on embedding bi culturalism in everything we do.	Ongoing partnership with Rangitāne. Review all semi-permanent exhibitions with a bi-cultural and holistic storytelling focus. Implement planning for a refresh based on this.	Ongoing partnership with Rangitāne. Deliver refresh of relevant galleries based on 2024-25 review.
Engage with, and enable participation by, the city's less-represented communities. Collaborate with PNCC for the New Migrant Welcome. Provide at least two extra-curricula learning based activities for children of these communities.	Continue to engage as per 23-24. Explore collaborative exhibition opportunities with at least one less-represented community.	Continue to engage as per previous years Collaborate with communities to develop at least one Oral History project.
Investigate and plan development of a Pūtaiao Science Space with designs and concepts finalised to initiate budget, fundraising and sponsorship. Investigate and develop partnership and collaboration opportunities.	Develop Pūtaiao Science Space in line with funding. Continue to develop partnership and collaboration opportunities.	Complete Pūtaiao Science Space in line with funding. Continue to develop ongoing partnership and collaboration opportunities.
Begin discussions with other museums/venues to collaborate on the development of new, shared touring interactives in Science and Heritage.	Develop one prototype touring module as part of the collaboration.	Further develop concepts and products as part of the collaboration.
Develop and begin to implement an annual calendar of activity to activate additional engagement through events and outreach with a focus on partnership with other organisations.	Implement annual calendar of activities. Continue to build relationships throughout community sectors with one new collaboration.	Implement annual calendar of activities. Continue to build relationships throughout community sectors with one new collaboration.

Provide access to our collections through exhibitions, offsite displays, Collections Online and other digital projects and public programmes, this will include a cycle of exhibitions of new acquisitions.	Develop and implement at least two public programmes related to our collection. Continue to promote and add 1500 items to Collections Online.	Include 30% more collections items in the refresh of semi-permanent galleries. Continue to promote and add 1500 items to Collections Online.
Deliver a programme of balanced, exciting and frequently changing exhibitions.	Deliver balanced, exciting and frequently changing programme of exhibitions.	Deliver balanced, exciting and frequently changing programme of exhibitions.
Investigate and trial an electronic visitor monitoring system to understand visitor interactions with Te Manawa.	Fully implement electronic visitor monitoring system.	Review effectiveness of visitor monitoring system.
Develop a "Delivery of Excellence" Visitor Experience Strategy that incorporates physical spaces.	Implement the "Delivery of Excellence" Visitor Experience Strategy.	Review the "Delivery of Excellence" Visitor Experience Strategy.

Strategic Objective 2: Enhanced Learning and Development

2023-24	2024-25	2025-26
Implement three new Mātauranga Māori learning programmes aligned with the Aotearoa New Zealand Histories Curriculum.	Implement two secondary school level programmes relevant to the Social Sciences Year 9 & 10 curriculum level.	Respond to curriculum refreshes being undertaken in order to support local schools through the programmes we offer.
Provide free education programmes to schools within the Palmerston North and Manawatū District Council boundaries. Seek external funding to assist in cost of education programmes.	Provide free education programmes to schools within the Palmerston North and Manawatū District Council boundaries. Seek external funding to assist in cost of education programmes.	Provide free education programmes to schools within the Palmerston North and Manawatū District Council boundaries. Seek external funding to assist in cost of education programmes.

4000 students will participate in ELC Learning programmes.	4000 students will participate in ELC Learning programmes.	4000 students will participate in ELC Learning programmes.
Develop a sector leadership role by providing opportunities for interns partnering with Massey University Museum Studies.	Build on the leadership role and partner with Museum Studies where possible.	Continue leading the sector by partnering with Massey University Museum Studies and other education providers.
Implement staffed public programmes for visitors during weekends and peak visitor periods. Deliver at least 20 staffed public programmes.	Review public programmes and amend based on results of review. Deliver at least 20 staffed public programmes.	Ongoing review and amendment. Deliver at least 20 staffed public programmes.
Develop networks with other non-school education programme providers.	Develop at least one collaborative programme with another non-school educational programme provider.	Develop at least one collaborative programme with another non-school educational programme provider.

Strategic Objective 3: A collaborative and future-focused organisation

2023-24	2024-25	2025-26
Continue to maintain strong relationships with Rangitāne at governance levels.	Continue to maintain strong relationships with Rangitāne at governance levels.	Continue to maintain strong relationships with Rangitāne at governance levels.
Continue to honour and implement Te Tiriti o Waitangi partnerships with Rangitāne and other iwi of the region. Develop clear kaupapa Māori direction and strategy for Te Manawa, incl. training and development opportunities. Implement two new Rangitāne Mātauranga Māori Learning Programmes	Continue to honour and implement Te Tiriti o Waitangi partnerships with Rangitāne and other iwi of the region. Build on kaupapa Māori based on new strategy (developed 23/24) Continue collaborations that bring Toi Māori exhibitions to Te Manawa.	Continue to honour and implement Te Tiriti o Waitangi partnerships with Rangitāne and other iwi of the region. Hui with local hapū representatives so that TM can engage with them and hear their perspectives on care of taonga, and representation.

Collaborate with founding societies on two new initiatives to grow support for Te Manawa and generate donations.	Collaborate with founding societies on one new initiative to grow support for Te Manawa and generate donations.	Collaborate with founding societies on one new initiative to grow support for Te Manawa and generate donations.
Strengthen the relationship with the New Zealand Rugby Museum through a collaborative project or partnership Collaborate with NZRM on a joint national marketing campaign.	Build on projects and partnerships established with NZRM to strengthen relationships Develop one new touring product in collaboration with NZRM.	Continue the collaborative work of the previous two years.
Grow philanthropic and sponsorship contributions to grow external revenue against strategic targets.	Continue to grow philanthropic and sponsorship contributions against strategic targets.	Continue to grow philanthropic and sponsorship contributions against strategic targets.
Implement a fundraising programme that communicates the vitality of Museums and Galleries as essential to community identity and wellbeing.	Continue fundraising programme implemented in 2023-24.	Review and revamp fundraising programme based on success of previous years.
Identify and nurture emerging artists and museum professionals to invest in the future of art and cultural expression and provide links to professional practice and advice.	Implement an initiative that nurtures emerging artists and museums professionals.	Grow the initiative that nurtures emerging artists and museums professionals.
Continued commitment to environmental sustainability. Work closely with PNCC, as landlord, to understand plans to help the facility function in a more sustainable manner. Review systems with the aim to become digitised and reduce paper use by 30 per cent.	Continued commitment to environmental sustainability. Implementation of digital systems to replace paper-based systems. Reduce paper use by 30%. Implement a collaborative and sustainable work environment.	Continued commitment to environmental sustainability. Work with PNCC to replace fleet vehicles with electric or hydrogen Reduce overall waste by 80 per cent across the organisation Work with PNCC to complete lighting upgrade to energy efficient LED.

Work with PNCC towards a new, purpose-built, energy efficient and sustainable Te Manawa complex.		Work with PNCC towards a new, purpose-built, energy efficient and sustainable Te Manawa complex.	Work with PNCC towards a new, purpose-built, energy efficient and sustainable Te Manawa complex.
Ongoing collaboration with tertiary partners.		Ongoing collaboration with tertiary partners in terms of opportunities identified through the annual calendar of activities.	Ongoing collaboration with tertiary partners in terms of opportunities identified through the annual calendar of activities.
Maintain a Gold Qualmark standard through Tourism NZ (Hospitality and sustainability).		Maintain a Gold Qualmark standard through Tourism NZ (Hospitality and sustainability).	Maintain a Gold Qualmark standard through Tourism NZ (Hospitality and sustainability).

How we operate

We partner with communities and provide access to and engagement with arts and culture, with a focus on art, science, and heritage. These platforms and the professional activity attached to them brings social cohesion and wellbeing, civic pride and vibrancy, and national reputation.

We are committed to staff development and provide training, performance reviews and development plans.

Our staff are qualified and experienced, and we adhere to rigorous and inclusive processes to ensure the best experience of, by and for the public.

Working with our partners

Te Manawa has relationships with several groups and organisations that work alongside us supporting us in the achievement of our goals.

Rangitāne

We will continue to work closely with Rangitāne, as mana whenua, in telling of pūrākau and the appropriate Kaitiakitanga of taonga including appropriate tikanga.

The Founding Societies

These societies are the 'founding societies' whose operations were devolved into Te Manawa on its formation. The societies continue to support and guide our operations in their specialist areas.

Te Manawa Arts Society

Te Manawa Arts Society (TMAS), was responsible for the collection of what regarded by many as the highest quality collection of New Zealand contemporary art from the mid twentieth Century. This collection, owned by Te Manawa Art Society Holding Trust, forms the foundation of the collection held at Te Manawa. TMAS continues to participate in acquisition decisions and often supports those financially. The relationship with TMAS is governed by an MOU allied to a custody agreement. Regular dialogue takes place between the two organisations.

The Science Centre Inc

The Science Centre Inc and the Science Centre Trust are the organisations that promote science at Te Manawa. Work is currently underway to strengthen this relationship as we move out of a COVID enforced closedown. In the past a number of exhibitions have been developed and promoted together, *Sunlight: Ihi Kōmaru* being our last large science-based exhibition. This was both financially supported by, and validated by, members of the Science Centre Inc.

The relationship is again governed by an MOU. Work is currently underway to further strengthen this relationship and develop a Science Space Pūtaiao at Te Manawa.

The Museum Society

This society again supports the work of Te Manawa, once again governed by an MOU. Joint activities are undertaken around events of historical significance and shared interests.

The New Zealand Rugby Museum

This museum within a museum, holds a collection of historical and cultural significance. It was incorporated into Te Manawa under an MOU signed in 2012. Under the MOU, Te Manawa provides a sub-lease for the premises and storage, utilities and education free of charge. Front of house support is also provided.

Working with Palmerston North City Council

Half-Yearly Report

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

- Chief Executive's commentary on operations for the relevant six-month period.
- Comparison of Te Manawa Museums Trust's performance with the objectives, planned activities and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly financial statements incorporating a Statement of Financial Performance, a Statement of Financial Position, a Statement of Changes in Equity and a Statement of Cashflows.

Annual Report

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

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

- Chief Executive's commentary on operations for the relevant year.
- Comparison of Te Manawa Museums Trust's performance to the objectives, planned activities and performance targets set out in the SOI, with an explanation of any material variances.
- Financial statements incorporating a statement of financial performance, statement of financial position, statement of changes in equity, statement of cashflows, statement of accounting policies and notes to the accounts.
- Auditor's report on the financial statements and the performance targets.
- Any other information that the Trustees consider appropriate.

Board Approval

This Statement of Intent was approved by the Te Manawa Museums Trust Board on 15 June 2023

Signed  _____

Date 15/06/2023 _____

Caroline Tate, Chair, Te Manawa Museums Trust Board

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Budget Assumptions and Comments:

Revenue

1. Palmerston North City Council (PNCC) Funding:

PNCC Operating Grant

2023/24: \$3,756,570 (As per Council advice - \$3,506,570 plus additional grant of \$250,000)

2024/25: \$3,681,899 (2023/24 plus 5.0% on 2023/24 - not including additional \$250,000)

2025/26: \$3,792,356 (2025/26 plus 3.0% on 2024/25 year - not including additional \$250,000)

2. Interest Revenue:

Interest Income has been based on average bank balances remaining between \$686k and \$794k (the approximate required level to preserve Te Manawa tagged reserves) with weighted average bank interest rates forecast at 4.0%.

3. Other Operating Revenue:

Other Operating Revenue is expected to increase from the 2022/23 forecast, with increased targets from commercial activities such as retail sales and venue hire, as well as increased targets for fundraising applications as museum activities return to business as usual after the "Covid" years.

4. Net Collection Movements

The forecast level of donated collection assets is maintained at the same level as prior years. (\$15,000).

The prospective financial statements do not provide for a forecast net movement in the market value of collection, due to data not being readily available for assumptions regarding the future market value of collections assets. Revaluation of collection assets is a non-cash item. The next revaluation of the Art Collection will take place during the final quarter of the 2023/24 financial year, and the next Heritage Collection revaluation is to take place during the 2024/25 financial year. The revaluation of the art collection conducted during the 2020/21 year resulted in an increase in the value of the art collection of \$1,526,862

Expenditure

5. Payroll:

The Payroll budget for all years incorporates requirements of the remuneration system adopted by Te Manawa.

6. Operating Expenditure:

Operating costs have been budgeted for the next three years based on current contractual commitments, as well as anticipated maintenance costs (i.e. cleaning, repairs and maintenance, security and administrative costs) with adjustments for anticipated CPI increases.

7. Occupancy Costs:

Te Manawa has received notice of some suppliers' intention to increase costs. An inflation adjustment of 5.00% has been applied across most expense categories.

8. PNCC Leases and Service Level Agreements:

It has been assumed that there will be no increase in charges from PNCC in relation to service level agreements - IT, vehicles and phones.

9. Depreciation:

The forecast depreciation for the next financial years is based on the planned plant and equipment additions and the upgrade of the semi-permanent exhibitions.

10. Operating Surplus/(Deficit) after Collection Movements:

A net surplus has been budgeted for each of the three years covered by the financial statements 2023/24 (\$75.5k) 2024/25 (\$22.9k) and 2025/26(\$9.2k).

The operating surplus will be used towards the additional capital expenditure noted below, and included in the table in paragraph 12.

The \$250,000 additional grant from Council has been allocated as follows:

Operating expenditure: \$155,000

Capital expenditure: \$ 95,000 (exhibition case ware and light fittings)

Prudent management of operating expenditure will be required to achieve the budgeted results. Revenue generation opportunities will be sought to ensure that operating cash surpluses are maintained going forward.

STATEMENT OF FINANCIAL POSITION:

11. Cash & Short-Term deposits:

Cash & Cash Equivalents (including term deposits with a maturity of up to 3 months) are budgeted to remain relatively consistent at between \$480k and \$514k. This is enough to meet the Trust's current budgeted obligations and commitments.

12. Capital expenditure:

Planned Capital Expenditure Summary	Budget 2022/23 \$	Actual 2022/23 \$	Budget 2023/24 \$	Budget 2024/25 \$	Budget 2025/26 \$
Software	-	-	-	-	-
Leasehold Improvements	5,000	926	60,000	5,000	5,000
Information Technology	40,000	36,674	-	34,600	27,000
Exhibitions	201,000	9,223	180,000	115,000	176,974
Furniture & Fittings	10,000	18,132	15,000	35,558	20,950
Plant & Equipment	168,910	138,988	90,000	91,050	112,094
Collection Assets (Owned)	50,000	59,792	60,000	60,000	60,000
Total assets additions	474,910	263,735	405,000	341,208	402,018

The planned capital expenditure on Fixed Assets and Collection Assets for the year is \$405,000. This sum includes additional expenditure on lighting and case ware, as outlined in paragraph 10 above. This has been made possible from the additional grant to be received from Palmerston North City Council.

13. STATEMENT OF CASHFLOWS:

Forecast net cash flows from operating activities are enough to cover the planned capital expenditure for the three financial years.

14. STATEMENT OF CASH BALANCES & RESERVES:

Careful managing of resources will be required to maintain positive untagged reserves over next years, in order to both meet our operational costs and gradually increase our semi-permanent and touring exhibition capabilities. There is also an increased reliance on third party revenue to meet the forecast level of operating costs and allow for the strategic reserves to be built up.

The tables below indicate the way Te Manawa intends to gradually build up its strategic reserves within the constraint of maintaining positive untagged reserves.

Te Manawa Museums Trust Endowment Fund Forecast

Endowment Fund	Balance 1/7/22	Actual at 30/06/23	Budget transfers in/(out)	2022/23 Budget	Budget transfers in/(out)	Budget transfers in/(out)	2023/24 Budget
Clevely Fund	10,874	10,874	-	10,874	-	-	10,874
Total Endowment Funds	10,874	10,874	-	10,874	-	-	10,874

The Semi-permanent exhibition reserve is designed for the purpose of securing funding for future semi-permanent exhibition refresh and/or internally developed and built Te Manawa touring shows.

Specific Reserves	Balance 1/7/22	Actual at 30/06/22	Budget transfers in/(out)	2022/23 Budget	Budget transfers in/(out)	Budget transfers in/(out)	2023/24 Budget
Collection Development	16,362	14,021		14,021	-	-	14,021
Historical Building Maintenance	22,081	22,081	-	22,081	-	-	22,081
Semi-Permanent Exhibition Development Reserve	299,674	365,398	32,862	398,260	32,863		431,123
Total Specific Reserves	338,117	401,500	32,862	434,362	32,863	-	467,225

Te Manawa Museums Trust
Prospective Statement of Revenue and Expenses

For the Three Years Ended 30 June 2024, 2025 & 2026

	Actual	Budget	Actual	Budget	Budget	Budget
	2021/2022	2022/2023	2022/2023	2023/2024	2024/25	2025/26
	\$	\$	\$	\$	\$	\$
Revenue						
PNCC Operational Grant	3,264,227	3,329,511	3,352,361	3,756,570	3,681,899	3,792,356
MDC Grant	20,000	20,000	20,000	20,000	20,000	20,000
Interest Received	8,192	8,400	30,383	20,760	21,000	21,000
Fundraising & Sponsorship	106,810	537,050	40,000	186,000	250,000	300,000
Other Revenue	189,551	381,730	325,819	283,490	389,944	423,826
Total Revenue	3,588,780	4,276,691	3,768,563	4,266,820	4,362,843	4,557,182
Expenditure						
Personnel Costs	2,053,668	2,422,554	2,197,522	2,420,806	2,378,004	2,443,164
Museum Activities	1,034,497	1,205,478	1,076,628	1,087,853	1,258,351	1,377,465
Occupancy Costs	230,003	279,168	278,996	279,339	286,669	299,426
PNCC Leases & SLA's	81,738	81,738	81,740	81,738	81,738	81,738
Depreciation/Amortisation	279,984	302,550	289,836	337,356	351,200	361,167
Assets Written Off	903	-	(433)	-	-	-
Total Operating Expenditure	3,680,793	4,291,488	3,924,289	4,207,092	4,355,962	4,562,960
Operating Surplus/(Deficit) Before Collection Movements	(92,013)	(14,797)	(155,726)	59,728	6,881	(5,778)
Collection Movement Income						
Custodial Assets	16,971	-	-	-	-	-
Donated Assets	-	15,000	39,573	15,000	15,000	15,000
Collection Movement Expense						
Custodial Assets Returned	-	-	800	-	-	-
Collection Assets Deaccessioned	(10)	-	100,306	-	-	-
Net Collection Movements	16,961	15,000	(61,533)	15,000	15,000	15,000
Net Surplus/(Deficit) Before revaluation	(75,052)	203	(217,259)	74,728	21,881	9,222
Other Comprehensive Revenue and Expenses		-	-	-	-	-
Total Comprehensive Revenue and Expense	(75,052)	203	(217,259)	74,728	21,881	9,222

The accompanying notes and accounting policies form part of the prospective financial statements

Te Manawa Museums Trust

Prospective Statement of Financial Position

As at 30 June 2024, 2025 & 2026

Notes	Actual	Budget	Actual	Budget	Budget	Budget
	2021/22	2022/23	2022/2023	2023/2024	2024/25	2025/26
	\$	\$	\$	\$	\$	\$
Assets						
<i>Current Assets</i>						
Cash & Cash Equivalents 11	454,000	401,874	265,459	514,047	480,920	265,989
Short Term Deposits	671,317	340,358	685,364	330,422	369,003	475,619
Stock of Merchandise	33,508	32,000	26,153	28,000	30,000	30,000
Receivables	1,071	18,000	19,743	15,000	15,000	15,000
Interest Receivable	2,968	2,000	10,513	4,000	2,500	2,600
Prepayments	77,211	25,000	71,296	25,000	15,000	15,000
Total Current Assets	1,240,075	819,232	1,078,528	916,469	912,423	804,208
<i>Fixed Assets</i>						
Information Technology	45,494	43,708	51,350	55,708	52,236	44,236
Property Plant & Equipment						-
Exhibitions	248,809	490,814	173,158	411,221	418,896	495,029
Furniture & Fittings	73,908	70,097	74,588	112,668	65,664	74,312
Leasehold Improvements	38,877	46,555	30,069	42,608	46,555	47,021
Plant & Equipment	442,565	452,144	363,678	450,070	400,510	415,570
Collection Assets (Owned)	8,021,370	7,975,767	8,120,430	8,124,615	8,240,430	8,300,430
Collection Assets (Custodial)	9,044,115	9,044,114	8,958,966	9,044,114	9,044,114	9,044,114
Work in Progress	42,100	12,105	76,050	15,000	20,000	15,000
Total Fixed Assets	17,957,238	18,135,304	17,848,289	18,256,004	18,288,405	18,435,712
<i>Other Non-Current Assets</i>						
Intangible Assets - Software	8,148	6,031	6,954	3,816	2,377	1,271
Total Non-Current Assets	17,965,386	18,141,335	17,855,243	18,259,820	18,290,782	18,436,983
Total Assets	19,205,461	18,960,567	18,933,771	19,176,290	19,203,205	19,241,191
<i>Current Liabilities</i>						
Payables Under Exchange Transactions	329,979	419,552	282,622	387,614	391,490	395,406
Income Received in Advance)	147,454	30,000	125,124	30,000	30,000	30,000
Provisions	-	-	-	-	-	-
Employee Benefits	246,817	260,619	273,431	345,800	355,619	365,850
Interest Payable	-	-	-	-	-	-
GST Payable (Receivable)	36,617	58,000	28,552	62,000	58,000	58,000
Current Portion of Term Liabilities	-	-	-	-	-	-
Total Current Liabilities	760,867	768,171	709,729	825,414	835,109	849,256
<i>Non-Current Liabilities</i>						
Employee Benefits	3,293	3,267	-	3,310	3,266	3,266
Total Non-Current Liabilities	3,293	3,267	-	3,310	3,266	3,266
Total Liabilities	764,160	771,438	709,729	828,724	838,375	852,522
Equity						
Trust Equity	10,776,531	10,722,223	10,668,412	10,467,292	10,542,020	10,563,901
Retained Surplus Current Year	(75,052)	2,203	(217,259)	74,728	21,881	9,222
Asset Revaluation Reserve	7,327,447	7,073,190	7,327,447	7,327,447	7,327,447	7,327,447
Specific Reserves 14	401,501	380,639	434,568	467,225	462,608	477,225
Endowment Funds 14	10,874	10,874	10,874	10,874	10,874	10,874
Total Trust Funds	18,441,301	18,189,129	18,224,042	18,347,566	18,364,830	18,388,670
Total Liabilities and Trust Funds	19,205,461	18,960,567	18,933,771	19,176,290	19,203,205	19,241,191

Te Manawa Museums Trust

Prospective Statement of Cash Flows

For the Three Years Ended 30 June 2024, 2025 & 2026

Notes	Actual	Budget	Forecast	Budget	Budget	Budget
	2020/21	2022/23	2022/2023	2023/2024	2024/25	2025/26
	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities						
Cash was provided from:						
PNCC Grants	3,231,908	3,264,227	3,264,227	3,756,570	3,681,899	3,792,356
Fundraising Activities	32,977	320,000	537,050	186,000	250,000	300,000
Other Revenue	720,174	279,454	368,083	283,490	389,944	423,826
MDC Grants	20,000			20,000	20,000	20,000
Interest	7,088	5,400	855	20,760	21,000	21,000
	4,012,147	3,869,081	4,170,215	4,266,820	4,362,843	4,557,182
Cash was disbursed to:						
Payroll	1,439,707	2,373,074	2,373,074	2,420,806	2,368,004	2,443,164
Suppliers	1,963,631	1,270,809	1,303,591	1,448,930	1,626,758	1,758,629
Interest	-	-	-	-	-	-
GST	-69,217	-	8,065	58,000	60,000	65,000
Net Change in working Capital	-	-	-	-	-	-
	3,334,121	3,643,883	3,684,730	3,927,736	4,054,762	4,266,793
Net Cash Flows from Operating Activities*	678,026	225,198	485,485	339,084	308,081	290,389
Cash Flows from Investing Activities						
Cash was provided from:						
Sale of Assets	-	-	-	-	-	-
Cash was disbursed to						
Change in short Term Investments	51,483	600,000	14,047	485,000	-	103,303
Purchase of Intangible Assets - Software	0	120,000	5,000	-	-	-
Purchase of Leasehold Improvements	2,431	30,000	11,443	60,000	5,000	5,000
Purchase of Information Technology	35,525	56,770	33,688	-	34,600	27,000
Purchase of Exhibitions	430,055	185,000	43,215	180,000	115,000	176,974
Purchase of Furniture & Fittings	25,915	10,000	14,180	15,000	35,558	20,950
Purchase of Plant & Equipment	122,386	168,910	117,028	90,000	91,050	112,094
Purchase of Collection Assets	100,735	78,500	25,000	60,000	60,000	60,000
Work in Progress		-	30,000		-	-
	768,530	1,249,180	293,600	890,000	341,208	505,321
Net Cash Flows from Investing Activities	(768,530)	(1,249,180)	(293,600)	(890,000)	(341,208)	(505,321)
Net Increase/(Decrease) in Cash Held	(90,504)	(1,023,982)	191,885	(550,916)	(33,127)	(214,932)
Opening Cash Balances	694,163	1,308,407	454,000	1,064,963	514,047	480,920
Closing Total Cash Balances	603,659	284,425	645,885	514,047	480,920	265,989

The accompanying notes and accounting policies form part of the prospective financial statements.

Notes to the Prospective Financial Statements

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).

BASIS OF PREPARATION

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

Statement of Compliance

The prospective 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.

The reporting period for these prospective financial statements are the years ending 30 June 2024, 30 June 2025 and 30 June 2026. The prospective financial statements are presented in New Zealand dollars, unless otherwise stated.

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.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

There are no standards, amendments, and interpretations, issued but not yet effective that have not been early adopted, and which are relevant to the Trust.

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 categorized 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, except for 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	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 during 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. 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.

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 which have 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.

Critical Accounting Estimates and Assumptions

In preparing these prospective 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.

Public Benefit Entity Prospective Financial Statements (PBE FRS 42)

The Trust has complied with PBE FRS 42 in the preparation of these prospective financial statements. In accordance with PBE FRS 42, the following information is provided:

(i) Description of the nature of the entity's current operation and its principal activities

The Trust is a Council Controlled Organisation, as defined in the Local Government Act 2002. The Trust's principal activities are outlined within this Statement of Intent.

(ii) Purpose for which the prospective financial statements are prepared

It is a requirement of the Local Government Act 2002 to present prospective financial statements that cover 3 years and include them within the Statement of Intent. The purpose of the Statement of Intent is to state publicly the activities and intentions of Te Manawa for the year and the objectives to which these activities will contribute. Prospective financial statements are revised annually to reflect updated assumptions and costs.

(iii) Bases for assumptions, risks and uncertainties

The financial information has been prepared on the basis of best estimate assumptions as the future events which the Trust expects to take place. The Trust has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this Statement of Intent.

(iv) Cautionary Note

The financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

(iv) Other Disclosures

The prospective financial statements have been authorised by the Board for delivery to the Palmerston North City Council on 15 June 2023. The Trust is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. The Statement of Intent is prospective and as such contains no actual operating results.