

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

It gives me great pleasure to write this report on our first year of operation following the redevelopment of the Globe Theatre.

At the beginning of the year the Globe Theatre Trust Board was uncertain of what to expect, as we waited for the community to re-engage with the Globe following our eighteen-month closure. To this end we held a highly successful three-month long festival primarily planned to welcome home our regular users.

The venues have been much appreciated by our clients and their audiences. As our performing arts community has continued to discover the immense possibilities created by the versatility of each space we have watched them use the theatre in new and creative ways. Their work has attracted new hirers, who in turn have attracted new audiences into the theatre.

All this has meant new challenges for the Trust Board as we came to understand the many additional demands of the new complex, a challenge that, I have to admit, the Board continues to find most satisfying.

At year-end we are relatively pleased with the position in which we find ourselves. Budgets have generally been adhered to, and although the re-development, so long in the planning, has depleted our cash reserves, we are confident that we will soon be able to regain full financial stability and certainty.


As you will know the Board is planning further developments of the complex with plans to complete the bar area, to improve access to the original Globe auditorium and to develop the technical capabilities of both venues. Furthermore the Trust Board is setting out to explore new ways in which the Globe can add further value to our community, providing a performance centre of imagination and excellence of which we can all be most proud.

Although we were very disappointed not to have the café bar area completed during the development, with the much-valued help of Manawatu Theatre we have established a temporary bar that, even though it has no running water, serves its primary purpose. However, it is true that the constant delays completing this area have been most frustrating, occupying much of the time of several of our voluntary Board members.

During the year The Globe Theatre Trust received support from COGS for assistance with administration and from Manawatu Theatre Society to support costs associated with developing the cafe/bar area. In addition, we have secured funding from Pub Charities for assistance with the kitchen refurbishment and the Palmerston North Performance Trust for assistance to build the piano box. Both these projects are due to be completed during the next year. The Trust Board is deeply indebted for this continuing support from the community.

I cannot let this occasion go by without thanking the Palmerston North City Council for their continuing support. This has ensured that our community has a new Performing Arts venue of which we can all be most proud. Let me assure you that the Trust Board is ready for the challenge of continuing to ensure this venue will increase the cultural richness of our community.


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I would also like to thank the staff, Bruce Warwick and William Muirhead, for their untiring efforts ensuring everything runs so smoothly in some very trying circumstances, and our wonderful Secretary, Penny Odell, whose friendly advice is so highly valued by the Board.


Personally, I cannot speak highly enough of the work of our Treasurer/Deputy Chairperson, Denise Servante, who ensures that Globe Theatre finances work to the benefit of the Theatre and, more importantly, our community. Finally, I thank the Board members themselves who are all incredibly committed to the task of ensuring that the Globe development achieves our mutual dreams.

This year sees the retirement of Sheridan Hickey from the Board. With her passion for the performing arts in our community she has been Board member for more than ten years and we have considerably benefitted from her energy and sage advice. She has also become the face of the annual Globe Awards, highly valued by our friends in the theatre. We will miss her greatly. We would also like to take the opportunity to welcome the new Council appointee, John McDonald, to the Board. We hope that he enjoys his time with the Globe as much as I know the other Board members do.

Stephen Fisher

Chairperson, Globe Theatre Trust Board

23 September 2015



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The Globe Theatre Trust Financial Statements For the Year Ended 30 June 2015

Prepared under New Zealand Equivalents
to International Financial Reporting Standards

24 September 2015

The Globe Theatre Trust
312 Main Street
Palmerston North 4410


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STATEMENT OF RESPONSIBILITY

We are responsible for the preparation of the Globe Theatre Trust's financial statements and statement of performance, and for the judgements made in them. We are responsible for any end-of-year performance information provided by the Globe Theatre Trust under section 19A of the Public Finance Act 1989. We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of the Globe Theatre Trust for the year ended 30 June 2015.

Signed on behalf of the Board:

Board member

24 September 2015

Board member

24 September 2015

ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 2015

Legal name, type of entity and legal basis

Globe Theatre Trust (the Trust)

The Globe Theatre Trust (the Trust) is a trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is controlled by Palmerston North City Council and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Trustees.

The Trust's purpose or mission

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

Structure of the Trust's operations, including governance arrangements

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

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Main sources of the Trust's cash and resources

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

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

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


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



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TRUST DETAILS AS AT 30 JUNE 2015

Nature of Business	Theatre
Establishment Date	15 April 2002
Trustees	S Fisher (Chairperson) M Dale R Harris S Hickey M May P Monk D Servante
Treasurer	D Servante
Secretary	P Odell
Manager	B Warwick
Address	Corner Pitt & Main Streets PO Box 132 Palmerston North Telephone: (06) 351 4409
Bankers	Bank of New Zealand
Solicitors	Cooper Rapley
Registered Office	C/ Palmerston North City Council Civic Administration Building The Square Palmerston North
Incorporation Number	1206039
Inland Revenue Number	43-006-495


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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Actual 2015	Budget 2015	Actual 2014
Revenue				
Donations, Fundraising and other similar revenue	2	46,332	68,500	216,446
Council Funding	3	53,614	53,614	52,770
Investment Revenue		357	500	3,539
Sales of Goods and Services	4	57,217	55,435	24,200
Total revenue		157,521	178,049	296,955
Expenditure				
Costs related to providing goods and services	5	23,024	3,000	9,272
Fundraising		-	-	162
Grants and Donation		-	-	30,000
Administration and Overhead	6	43,606	36,000	25,714
Other Expenses	7	72,183	76,750	71,636
Depreciation		34,886	34,000	10,637
Total Expenditure		173,700	149,750	147,421
Net Surplus/(Deficit)		(16,179)	28,299	149,534

Explanations of major variances against budget are provided in note 18.

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	2015	2014
Assets			
Current Assets			
Bank Accounts and Cash	8	25,543	123,265
Debtors and Prepayments	9	6,369	30,448
Total Current Assets		31,912	153,713
Non-Current Assets			
Property, Plant and Equipment	10	260,195	288,189
Total Non-Current Assets		260,195	288,189
Total Assets		292,107	441,902
Liabilities			
Current Liabilities			
Creditors and Accrued Expenses	11	15,619	149,235
Unused Grants and Donations with Conditions	12	5,000	5,000
Total Current Liabilities		20,619	154,235
Non-Current Liabilities			
Total Non- Current Liabilities		-	-
Total Liabilities		20,619	154,235
Net Assets		271,488	287,667
Trust Equity			
Contributed capital		100	100
Retained surpluses		271,388	287,567
Total Trust Equity	13	271,488	287,667

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
Accumulated Surpluses/(Deficit)	287,667	138,134
Current Period Surplus/(Deficit)	(16,179)	149,534
Total Current Period Surplus/(Deficit)	(16,179)	149,534
Balance at 30 June	13	271,488

Explanations of major variances against budget are provided in note 18

The accompanying notes form part of these financial statements

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015	2014
Cash Flows from Operating Activities			
Receipts of Council Grants		47,985	51,766
Donations, Fundraising and other similar revenue		55,751	115,730
Receipts from sale of goods and services		56,952	24,006
Interest Received		358	5,095
Payments to Suppliers		(178,635)	(96,774)
Goods and Services Tax (net)		6,717	(4,562)
Net Cash Flows from Operating Activities		(10,873)	95,261
Cash Flows from Investing & Financing Activities			
Purchase of Fixed Assets		(86,850)	(112,906)
Net Cash Flow from Investing & Financing Activities		(86,850)	(112,906)
Net Increase/(Decrease) in Cash			
		(97,723)	(17,645)
Opening Cash Balance		123,266	140,911
Closing bank accounts and cash	7	25,543	123,266

Explanations of major variances against budget are provided in note 18.

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of Accounting Policies

REPORTING ENTITY

The financial statements for the Trust are for the year ended 30 June 2015, and were approved by the Board of Trustees on 25 September 2015.

BASIS OF PREPARATION

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

Statement of compliance

The financial statements of the Trust have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Measurement base

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Policies

The Trust transitioned on 1 July 2014 from preparation of financial information in accordance with New Zealand International Reporting Standards to Public Benefit Entity Simple Format Reporting on an Accrual Basis (PBE-SFR-A) and comparative information for the year ended 30 June 2014 has been restated to comply with the new standard.

The adjustments arising on transition to the new standard are provided in Note 21.

GST

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

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Theatre Hire

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

Interest Revenue

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

Grants

Grants received from the Palmerston North City Council are the primary source of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the Trust's trust deed.

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

Fundraising and Donations

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

Donated assets revenue

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

Advertising, marketing, administration, overhead and fundraising costs

These are expensed when the related service has been received.

Bank Accounts and Cash

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

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

Debtors and other receivables

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.



Investments

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Property, plant, and equipment

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

Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount.

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation

Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows

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

Creditors and other payables

Creditors and accrued expenses are measured at the amount owed.

Employee Costs Payable

A liability for employee costs payable is recognised when an employee has earned the entitlement.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date. A liability and expense for long service leave and retirement gratuities is recognised when the entitlement becomes available to the employee.

Provisions

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

Income Tax

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

Accumulated Funds

Accumulated Funds are measured through the following components:

- Retained Earnings;
- Contributed Capital;

Budget figures

The budget figures are derived from the statement of intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.



Tier 2 PBE Accounting Standards applied

The Trust has applied the following Tier 2 Accounting Standards in preparing its financial statements.

Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Globe Theatre Trust has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Grants Approval Committee and the approval has been communicated to the applicant. The Globe Theatre Trust's grants awarded have no substantive conditions attached.

2 Donations, Fundraising and other similar revenue

Donations and Fundraising Revenue	Actual 2015	Budget 2015	Actual 2014
Donations and Fundraising	10,443	6,000	24,727
Creative Communities	-	-	5,000
Central Energy Trust (via PNCC)	-	-	80,002
Eastern & Central Trust Community Trust	-	-	70,000
Infinity Trust	-	-	15,000
Square Trust	-	-	21,717
Central Energy Trust	33,389	-	-
COGS	2,500	-	-
Other	-	62,500	-
Total Donations and Fundraising Revenue	46,332	68,500	216,446

3 Council Funding

Grant Revenue	Actual 2015	Budget 2015	Actual 2014
PNCC Grant	53,614	53,614	52,770
Total Grants Revenue	53,614	53,614	52,770

4 Sales of Goods and Services

	Actual 2015	Budget 2015	Actual 2014
Theatre Rental	29,769	49,435	3,821
Tickets	11,000	6,000	10,850
Recoverable expenses	16,078	-	8,843
Other Sales	371	-	686
Total Sales Revenue	57,217	55,435	24,200

5 Costs relating to providing goods and services

	Actual 2015	Budget 2015	Actual 2014
Shows Expenses	23,024	3,000	9,272
Total Costs of Goods Sold	23,024	3,000	9,272

6 Administration and Overhead Costs

	Actual 2015	Budget 2015	Actual 2014
Advertising	-	-	5,150
Cleaning	3,421	1,500	960
Hire of Plant and Equipment	-	-	80
Light, heating and power	10,630	12,000	6,609
Marketing	5,079	5,000	3,950
Repairs and Maintenance	4,693	3,000	3,918
Postage, Printing and Stationery	1,132	-	-
Recoverable expenses	16,502	12,000	2,562
Telephones and Internet	2,149	2,500	2,481
Interest expenses	-	-	5
Total Administration and Overheads Costs	43,606	36,000	25,714

7 Other Expenses

	Actual 2015	Budget 2015	Actual 2014
Audit Fees	6,769	8,000	6,572
Bank Charges	134	250	196
Consulting and Accountancy	2,445	3,500	1,772
General Expenses	938	3,000	4,792
Insurance	2,044	7,000	1,972
Legal expenses	44	250	44
Manager's Fee	25,778	24,050	23,815
Assistant Manager's Fee	24,793	20,000	17,596
Professional Development	207	1,000	-
Project Expenses	1,177	-	12,882
Security	1,005	3,000	1,188
Subscriptions and compliance costs	1,087	-	-
Technician	3,342	6,000	-
Travel	1,375	700	806
Waste Disposal	1,044	-	-
Total Other Expenses	72,210	76,750	71,636

8 Bank Accounts and Cash

	2015	2014
Bus One Call Account	-	4,116
Cash on hand	458	171
Non-profit current	16,058	103,201
Rapid Save (donations)	9,027	15,778
Total Cash and Cash Equivalents	25,543	123,265

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9 Debtors and Prepayments

	2015	2014
Accounts Receivable	5,977	4,911
GST Receivable	-	17,621
Prepayments	392	3,462
Sundry Debtors Accruals	-	4,453
Total Debtors and Other Receivables	6,369	30,448

10 Property, Plant and Equipment

	Furniture and Fittings	Theatre Equipment	Computer Equipment	Total
Cost				
Balance at 1 July 2013	-	170,169	3,172	173,341
Additions	22,143	249,128	1,595	272,866
Disposals	-	-	-	-
Balance at 30 June 2014	22,143	419,297	4,767	446,207
Accumulated Depreciation and Impairment Losses				
Balance at 1 July 2013	-	146,227	1,156	147,381
Depreciation Expense	382	9,754	502	10,637
Impairment Losses	-	-	-	-
Disposals	-	-	-	-
Balance at 30 June 2014	382	155,981	1,658	158,021
Carrying Amount	21,762	263,316	3,109	288,187
Cost				
Balance at 1 July 2014	22,143	419,297	4,767	446,207
Additions	1,666	2,631	-	4,297
Work In Progress	2,595	-	-	2,595
Disposals	-	(8,610)	(444)	(9,054)
Balance at 30 June 2015	26,404	413,318	4,323	444,045
Accumulated Depreciation and Impairment Losses				
Balance at 1 July 2014	382	155,981	1,658	158,021
Depreciation Expense	2,381	31,710	796	34,887
Impairment Losses	-	-	-	-
Disposals	-	(8,610)	(444)	(9,054)
Balance at 30 June 2015	2,763	179,080	2,009	183,854
Carrying Amount	23,642	234,238	2,314	260,193

There are no restrictions over the title of the Trust's property, plant, and equipment; nor is any pledged as security for liabilities.

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11 Creditors and Accrued Expenses

	2015	2014
Accrued Expenses	8,223	53,347
Creditors	6,502	95,888
GST Payable	894	-
Total Creditors and Other Payables	15,619	149,235

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

12 Unused Donations and Grants with Conditions

	2015	2014
Pub Charity Grant	5,000	5,000
Total Unused Donations and Grants with Conditions	5,000	5,000

Grants received in advance relate to funding received for the provision of specific development where conditions of the grant have not yet been satisfied.

13 Accumulated Surpluses

	2015	2014
Contributed Capital		
Balance at 1 July	100	100
Capital Contribution		
Balance at 30 June	100	100
Retained Surplus		
Balance at 1 July	308,426	138,034
Surplus/(Deficit) for the Year	(37,334)	170,393
Balance at 30 June	271,092	308,426
Total Equity	271,192	308,526

14 Capital Commitments and Operating Leases

The Trust has no capital commitments and no operating lease commitments (2014 \$nil).

15 Contingencies

CONTINGENT LIABILITY

The Trust has no contingent liabilities (2014 \$nil).

CONTINGENT ASSETS

The Trust has no contingent assets (2014 \$nil).

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16 Related Party Transactions

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

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

PALMERSTON NORTH CITY COUNCIL

The total amount of operating grants received from the Council is disclosed in the statement of financial comprehensive income, being \$53,614 (2014 \$52,770). No other grants have been received from Council-administered funding (2014 \$5,000). There is no outstanding balance at balance date (2014 nil).

The Trust has no grants received in advance (2014 nil) with the Council. The Trust has made no grants to Council (2014 \$30,000).

No capital contributions were received from the Council (2014 \$80,002).

Goods and services of \$2,468 (excl GST) (2014 \$2,795) were purchased from the Council on normal commercial terms. At balance date the amount outstanding is \$269 (2014 \$440).

Goods and Services of \$1,867 were supplied to the Council on normal commercial terms (2014 \$2,138). At balance date, there was nil owing (2014 \$2,138)

MANAWATU THEATRE SOCIETY

A donation of \$9,000 (2014 \$nil) was received from the Manawatu Theatre Society and is disclosed in the Statement of Financial performance.

KEY MANAGEMENT PERSONNEL

Goods and services of \$4,884 were supplied to the Manawatu Theatre Society (2014 \$3,263), a society in which Trustees S Fisher and M Dale are both members, on normal commercial terms. At balance date, there was \$1,435 owing (2014 \$2,935).

Goods and services of \$17,586 (2014 nil) were purchased from the Manawatu Theatre Society, a society in which Trustees S Fisher and M Dale are both members, on normal commercial terms. At balance date, there was \$856 owing (2014 nil). The Trust has no outstanding accruals owing to the Manawatu Theatre Society, a society in which Trustees S Fisher and M Dale are both members, relating to retained ticket and programme sales (2014 \$15,961).



Services of \$555 (2014 nil) were supplied to Young Fry Productions, a company in which Trustee S Hickey is the sole shareholder, on normal commercial terms. At balance date, there was nil owing (2014 nil). Goods and services of \$140 (2014 nil) were purchased from Young Fry Productions, a company in which Trustees S Hickey is the sole shareholder, on normal commercial terms. At balance date, there was nil owing (2014 nil)

No goods and services (2014 \$79) were purchased from Trustee Stephen Fisher and at balance date, there was \$nil owing (2014 nil)

No goods and services (2014 \$196) were purchased from Trustee Denise Servante and at balance date, there was \$nil owing (2014 nil).

Goods and services of \$191 (2014 nil) were purchased from Trustee Phil Monk on normal commercial terms. At balance date, there was \$nil owing (2014 nil).


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Goods and services of \$86. (2014 \$4,065) were purchased from Trustee Russell Harris on normal commercial terms. At balance date, there was \$nil owing (2014 nil).

No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2014 nil).

Trustees are not paid any remuneration. All remuneration paid to the General Manager is disclosed in Note 7. No other benefits were provided.

The Key Management Personnel is made up of seven Trustees, including the Chairperson, Treasurer, the Board Secretary and the General Manager.

17 Donated Goods and Services

No Donated Goods or Services were received (2014 Manawatu Standard donated \$19,214 of advertising) during the year.

18 Capital Management

The Trust's capital is its equity, which comprises Trust capital and retained surpluses. Equity is represented by net assets.

The Trust deed requires the Board of Trustees to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently. The Trust's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

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

19 Explanation of major variances against budget

Generally the variations in the Trust's budgeted figures arise from lack of experience of managing the redeveloped theatre complex. This is the first full year of operation with two theatres, with a ticketing service being offered to hirers and with the potential for a tenanted cafe/bar facility. Specific explanations for major variations from the Trust's budgeted figures in the 30 June 2015 statement of intent are as follows:

Donations and fundraising revenue:

The original budget assumed fundraising \$62,500 in 2014/15 towards an accessible walkway linking the cafe/bar with the main theatre (Globe 1) to be built in 2015/16. This was envisaged in partnership with the Palmerston North City Council. The project has been deferred for a year.

Sales of goods and services:

The original budget for sales revenue did not allow for monies received through ticket sales. The provision of a ticketing system which was an additional service introduced for hirers during 2014/15.

Income from venue hire (including recoverable expenses) was less than budgeted due to the lack of a commercial tenant in the cafe/bar facility. The Board continues to seek a commercial tenant for this venue but in the meantime has an arrangement with the Manawatu Theatre Society to provide a bar and refreshment service when required by hirers.

Cost relating to providing goods and services:

Show expenses were \$20,000 higher than budgeted for. This was due to the costs associated with the opening festival when the Trust Board sponsored a number of professional shows to celebrate the new theatre complex during July 2014. Some of these additional costs were recouped in additional revenue from ticket sales and some revenue from ticket sales was received during 2014.

Administration and overheads

Additional expenses were incurred in the cleaning, repairs and maintenance and recoverable expenses categories of expenditure. These figures were unknown prior to the full year operating with the new complex and provision has been made in future budgets.

20 Events after Balance Date

There were no events after balance date that require disclosure.

21 Ability to continue Operating

The Trust intends to continue operating in future periods.

22 Significant adjustments arising on transition to the new PBE SFR-A

The main adjustments to the 30 June 2014 comparative statement of financial performance and statement of financial position arising on the transition to the new PBE SFR-A standard are explained below:

Statement of financial position

2014

Debtors and prepayments – Prepayments of \$3,462 have been reclassified and aggregated with debtors.

Unused Donations Grants subject to conditions – The Trust has reviewed its grant and funding arrangements and identified arrangements that all prior Grants with unfulfilled conditions were previously recorded as Grants in advance aggregated with Creditors. Unused portion of \$5,000 has now been reclassified into a separate class.

Accrued Revenue of \$20,859 from a CET Grant has been removed from Sundry Debtors and Accruals as the funds were not receipted at 30 June 2014

Statement of financial performance

2014

A donation of advertising received in 2014 with a value of \$19,214 from Manawatu Standard is no longer recognisable under the new reporting standards and has been removed from revenue and advertising costs

Accrued Revenue of \$20,859 from a CET Grant has been removed from Project Grant revenue as the funds were not receipted at 30 June 2014

Theatre Hire of \$3,821 has been reclassified as Sales Revenue

Fundraising Income of \$43,941 has been reclassified as Donations and Fundraising

Other Income of \$42,817 has been reclassified as Sale of goods and services

Board Costs of \$8,589 has been reclassified as Other Expenses

Management Costs of \$162 have been reclassified as Fundraising Expenses

Management Costs of \$57,067 have been reclassified as Other Expenses

Management Costs of \$3,950 have been reclassified as Administration and Overhead Costs

Operational Costs of \$5 have been reclassified as Interest Expense

Operational Costs of \$40,979 have been reclassified as Administration and Overhead Expenses

Operational Costs of \$5,979 have been reclassified as Other Expenses

Project contributions of \$207,578 have been reclassified to Donations, Fundraising and other similar revenue.

Other income of \$5,000 have been reclassified to Donations, Fundraising and other similar revenue.

Management costs of \$31,710 have been reclassified to Costs related to provision of goods and service

Statement of cashflows

The figures presented in the Statement of Cashflows comparative balances have been realigned to reflect the categories used in the reclassification of the Statement of Financial Performance comparatives.

Adjustment to comparative figures

The Board undertakes certain transactions on behalf of Theatre hirers. Previously the full amount of the money received and paid over to the Theatre hirers were recognised in the Trust's accounts.

The Trust now recognises the commission portion only of the transactions. As a result the 2014 figures have been updated as follows:

	2014 \$		
	Before adjustment	Adjustment	After adjustment
Statement of Financial Performance:			
Sales of goods and Services	46,638	(22,438)	24,200
Costs related to providing goods and services	31,710	(22,438)	9,272
Statement of Cash flows			
Receipts from sale of goods and services	46,444	(22,438)	24,006
Payments to suppliers	(119,212)	22,438	(96,774)

The figures presented in the Statement of Cashflows comparative balances have been realigned to reflect the categories used in the reclassification of the Statement of Financial Performance comparatives.

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STATEMENT OF SERVICE PERFORMANCE - FOR THE 12 MONTHS ENDED 30 JUNE 2015

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

Planned activities	Outputs (KPIs)			
	2013/14 target	Outcome 2013/14	2014/15 target	Outcome
<p>2014 Fundraising Plan Implemented within desired timeframes and proposed budget</p> <p>2015: On-going fundraising for outstanding priorities.</p>	On-going fundraising targets achieved as planned	Achieved: \$43,000 raised from individuals/businesses and \$207,000 from grants.	Funding in place for priority 2 projects	Partly achieved: Priority 2 projects identified as fit out of kitchen for café bar and building a piano box to enable a baby grand piano to be moved on site Target \$25,000, to date \$14,000 achieved
<p>2014 To launch the "Friends of the Globe Theatre" to raise funds on an on-going basis for the redevelopment project and the future operation of the theatres</p>	"Friends of the Globe Theatre" has 200 contact names, contributing \$12,000 per annum	Achieved: Database of 443 Friends of the Globe (including those who asked to join our database through the online ticketing system). This includes 44 "Silver Patrons" (who have given at least \$500 to "Buy a Seat" between 1 July 2013 and 30 June 2014), with those and other donations from individuals and businesses totalling \$22,285.	N/A	N/A

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1. Continue with the Theatre's Redevelopment Plans to ensure that the Theatre remains a first class Theatre for hire, providing a quality and accessible resource for community and professional hirers				
Planned activities	Outputs (KPIs)			
	2013/14 target	Outcome 2013/14	2014/15 target	Outcome
2014 Prepare the Business Plan	Review of mission, vision and objectives once new auditorium is operating	Not achieved: Theatre re-opened on 22 May 2014. The review of mission, vision and objectives has been moved forward as a KPI for 2014/15 to allow for six months' operation of the new facility.	Review of mission, vision and objectives once new auditorium is operating	Achieved: input into 2015/16 Statement of Intent
2015 Prepare the Business Plan for 2015/16 onwards				
2014 Prepare and seek tenders for the Café contract	Tender process complete, tenant in Café and Café operational	Not achieved; A full-time café operation was dropped from the immediate development. It will be re-considered as and when appropriate.	Café/bar operational	Achieved; despite the limitations of the kitchen area due to incomplete fitout, the bar has been operating to meet hirers needs throughout the year. A profit share arrangement is in place between MTS and the Trust Board.
2015 Work in partnership with Manawatu Theatre Society to ensure the theatre going experience is enhanced by a night-time café/bar				
2014 Oversee the construction timeline leading up to the completed redevelopment of the Globe Theatre	Redevelopment project completed.	Achieved: Trust Board members have continued to work alongside Council Staff to ensure that the theatre re-opened May 22, 2014. The second auditorium reopened in July 2014, slightly after the year-end	N/A	N/A

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2. Develop the relationship with key stakeholders to promote partnerships; increase the usage of the Theatre; ensuring the Theatre is accessible, inclusive and user-friendly			
Planned activities	Outputs (KPIs)		
	2013/14 target	Outcome 2013/14	2014/15 target
2014 and 2015 Continue to renew and develop the Memorandum of Understanding with the Manawatu Theatre Society	Maintenance of Memorandum of Understanding, continued bookings from the Manawatu Theatre Society	Achieved; Manawatu Theatre Society headlined the re-opening festival with their production of Calendar Girls. Ongoing MOU signed.	Maintenance of Memorandum of Understanding, continued bookings from the Manawatu Theatre Society
2014 and 2015 Develop a Memorandum of Understanding arrangement with regular users and key community groups	Maintenance of Memorandum of Understanding arrangements, increasing the number as opportunities arise	Ongoing: MOU to be signed with regular users. Regular users have been invited back into the theatre through various free of charge festival events.	Maintenance of Memorandum of Understanding arrangements, increasing the number as opportunities arise
2014 and 2015 Seek additional hirers for the Theatre, including a wider customer base related to the new auditorium space	Capturing the details of the users, both existing and new, on the Theatre's hirer database	Partially Achieved: New hirers attracted into the theatre through the re-opening festival, however the database has been developed in early July after the year-end cut off.	Capturing the details of the users, both existing and new, on the Theatre's hirer database
			Outcome Achieved: MTS have had 3 productions in the theatre (Calendar Girls, as part of the opening festival, Stiff for the Christmas show and Badjelly the Witch for the Easter school holidays show). Achieved: Formal relationships have been established with all existing regular users. One new regular user has been established during the year. Partly achieved/ongoing: Hirers details captured through Xero accounting system, not all details are up to date. Booking forms have been developed to capture this information more completely.

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3. Marketing - current and projected operations and services.				
Planned activities	Outputs (KPIs)			
	2013/14 target	Outcome 2013/14	2014/15 target	Outcome
2015 Globe Theatre festival	N/A	N/A	Completion of opening festival of the arts in Palmerston North. Feasibility of annual event assessed.	Achieved: analysis included in 6 month report to Palmerston North City Council.
2014 and 2015 Direct marketing campaign	Review and implementation of an effective marketing strategy	Achieved: Marketing campaign centred around the web-site and the online ticketing system. Increased use of Social Media. Use of electronic database to communicate with select target groups.	Review and implementation of an effective marketing strategy	Partly achieved/ongoing: Draft marketing strategy currently being finalised as part of operational review.
2014 and 2015 Computerised database of Theatre hirers, including details of technical requirements etc	System developed as necessary	Achieved: Information collected since Theatre re-opened (22 May). Ongoing into 2014/15.	System developed as necessary	Partly achieved/ongoing: The booking forms will add to these details over time.


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3. Marketing - current and projected operations and services.

Planned activities	Outputs (KPIs)			
	2013/14 target	Outcome 2013/14	2014/15 target	Outcome
2014 and 2015 Computerised database of Theatre audience/patrons	Increase in the number of patrons on the database	Achieved: Automatically generated through Patron Base ticketing system. Approximately 500 names have indicated a willingness to be added to the database.	Increase in the number of patrons on the database	747 names and email addresses captured by Patronbase 122 "Friends of the Globe" Total: 869
2014 and 2015 Website includes computerized booking and ticketing functions	System in place ready for Theatre re-opening, if deemed feasible	Achieved: Website has been regularly updated. Now includes a well-used online booking option. The website will undergo further development in coming months.	Monitoring and review of website to ensure it meets needs of users and management	Achieved: website upgraded in early 2015. Ongoing review.
2014 and 2015 Continue to organise and promote one-off events to market the theatre to existing and new user groups	At least two events organised and promoted through the Trust Board	Achieved: Ten Globe promoted one off events were a feature of the re-opening festival, planned to broaden the audience base.	At least two events organised and promoted through the Trust Board	Achieved; Seven of the ten Globe events that formed part of the festival were held in July/August 2014. Globe Awards held in February 2015. 2 concerts for ANZAC Day held in April (featuring Vicki Lee singing Vera Lynn)

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4. Organisational development to ensure that the Theatre continues to provide a quality and accessible venue for hire that is well resourced and equipped for community and professional hirers			
Planned activities	Outputs (KPIs)		
	2013/14 target	Outcome 2013/14	2014/15 target
2014 and 2015 Fostering a sense of community by encouraging youth, assisting amateurs and promoting participation, delivering outstanding customer service	At least 60% community usage	Achieved: 77% community use. The Theatre has adopted 'Showcasing Our Community' as its catchphrase. To this end the re-opening festival is planned to attract a broad range of activities by local community groups and national acts to attract a broad cross section of the local community.	At least 60% community usage
2014 and 2015 Delivering all services to the agreed budget	Services delivered within +10% variance	Not achieved: See note 18 to the accounts.	Services delivered within +10% variance
			Achieved: 83% community use
			Partly achieved: generally budgeted income and expenditure was mostly within 10% of budget. The exceptions were ticket sales and proceeds to hirers (not budgeted for) and project grants (priority for capital projects changed during the financial year). See note 18 to the accounts.



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4. Organisational development to ensure that the Theatre continues to provide a quality and accessible venue for hire that is well resourced and equipped for community and professional hirers				
Planned activities	Outputs (KPIs)			
	2013/14 target	Outcome 2013/14	2014/15 target	Outcome
2014 and 2015 Ongoing promotion and monitoring of usage	To be confirmed once redevelopment timeframe is confirmed. Monthly usage per auditorium operating at full capacity is 20 usage nights and 10 performance nights per month. Anticipated that the market will be developed for two auditoria over two-half years of operation to bring up to full capacity	Achieved: 43 Usage nights and 28 Performance nights in six weeks between 22 May to June 30, 2014. Theatres not opened until 22 May - six months later than anticipated at the preparation of the SOI last year.	120 performance nights and 240 usage nights. Monthly usage per auditorium operating at full capacity is 20 usage nights and 10 performance nights per month. Assumes no additional use and 20% of existing use moves from the 200 seater to the 100 seater	Achieved: 129 performance nights and 192 usage nights. The number of performance nights was exceeded although the overall usage did not quite meet the target. The Trust Board notes that Globe 2 was not fully operational for the first two months of the year (during the busiest time of the year) and that this contributed to the slight under achievement of overall usage. Note: A performance night refers to events where an audience comes to watch a production of performing arts. A usage night refers to all other uses and includes rehearsals, set-up time, dark nights (when the theatre is set up for a production so that no-one else can hire it but no performance takes place) meetings and exhibitions.

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4. Organisational development to ensure that the Theatre continues to provide a quality and accessible venue for hire that is well resourced and equipped for community and professional hirers				
Planned activities	Outputs (KPIs)			
	2013/14 target	Outcome 2013/14	2014/15 target	Outcome
2014 and 2015 Introduction of a computerized booking and invoicing system	Booking and invoicing system fully operational. Customer feedback monitored and rated satisfactory or better	Achieved: Computerised ticketing system in operation. Achieved: Computerised invoicing in operation. Accounts managed through online system, Xero which allows for invoicing.	Booking and invoicing system fully operational. Customer feedback monitored and rated satisfactory or better	Partly achieved: Invoicing system is in place. Improvement of the system to link booking forms to invoicing is required. This will form part of the operational review. Customer feedback needs to be more regularly collected and collated.
2014 and 2015 Maintenance programme reviewed	Updated as necessary and carried out as required	Partly achieved: Theatre maintenance under review. Much has been done as part of the re-development. main auditorium underwent some maintenance of lights and other equipment to ensure fit for purpose for the re-opening festival.	Updated as necessary and carried out as required	Achieved.
2014 and 2015 Review and monitor the technical inventory to prioritise further development	Ongoing implementation of the outcome of the review	Achieved: Technical inventory under continuing review.	Ongoing implementation of the outcome of the review	Achieved: Asset register reviewed and updated during this year.

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