

10 November 2014

49 Victoria Avenue
Palmerston North
PO Box 149, Palmerston North 4440

Fax: 06 356 7794
www.auditnz.govt.nz

Mr Stephen Fisher
Chairperson
Globe Theatre Trust Board
P O Box 132
Palmerston North

Dear Stephen

Audit of Globe Theatre Trust Board to 31 June 2014

Please find enclosed our audit opinion and your signed financial statements for the year ended 30 June 2014. We have also enclosed a copy of your Letter of Representation for your records.

We wish to thank you and your staff for the assistance and cooperation extended during the course of the audit. If you have any questions please contact me directly on 021 222 8318.

Yours sincerely



Debbie Perera
Associate Director

Independent Auditor's Report

To the readers of Globe Theatre Trust financial statements and statement of service performance for the year ended 30 June 2014

The Auditor-General is the auditor of Globe Theatre Trust (the Trust). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 6 to 24, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Trust on pages 25 to 27.

Opinion

In our opinion:

- the financial statements of the Trust on pages 6 to 24:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Trust's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the Trust on pages 25 to 27:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Trust's service performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

Our audit was completed on 7 November 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position, financial performance and cash flows; and

- fairly reflect its service performance achievements.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Trustees' responsibilities arise from the Local Government Act 2002 and clause 13.2 of the Trust Deed of the Trust.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001, clause 13.2 of the Trust Deed of the Trust and section 69 of the Local Government Act 2002.

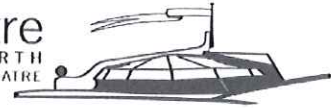
Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Trust.



Debbie Perera
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand



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

Following an extended period of closure, work on the Globe Theatre development began in October last year culminating in the grand opening on May 22nd, 2014. Since this time the building has won considerable praise from the theatre-going community as thousands of patrons attended the opening festival planned to showcase our community and realisation of the shared vision of the Palmerston North City Council and the Globe Theatre Trust Board.

The building itself has generated notable interest from new hirers, while interest in hiring the new smaller auditorium has been excellent. Our enlarged foyer has also hosted a variety of events. A notable addition to our services has been a direct and on-line ticketing service for our hirers to use for their public performances. This is proving very popular and hopefully makes using the theatre even easier for our community users. We continue to engage with our community to ensure that our facility reflects the diverse needs of our hirers and the community.

The financial statements for the year are attached. They show a movement in our funds from cash to assets and a decrease in our accumulated reserve of \$100,000 (set aside for the redevelopment project). Both these aspects of the accounts are expected once a major capital project takes place. During the past two years, the Globe Theatre Trust Board received donations of over \$200,000 towards the fit-out of the new auditorium and bar/foyer area. We are extremely grateful to all those who donated towards the project. There were several very generous donations from local trust funds but our gratitude is also directed at the many individual theatre-lovers who gave \$500 to "buy-a-seat".

Although the theatre is now operating as a fully functioning performing arts venue with a variety of performance spaces, we continue to see the provision of appropriate disability access to the original theatre, through the lounge area to a new entrance towards the front of the theatre opposite the present entrance, as our number one priority. We will continue to offer "buy-a-seat" and other opportunities for local people to show their support for the performing arts in Palmerston North.

The new facility continues to provide many day to day challenges for the Trust Board but the tireless energy of both our Theatre Manager, Bruce Warwick, and our newly appointed Assistant Manger, William Muirhead have ensured that, as far as possible, both our hirers and our patrons continue to find their theatre experience a positive one and we are thankful to both of them for their efforts.

I would personally like to thank the Council staff, and our Secretary Penny Odell for their advice and support throughout the development project. Together with the amazingly dedicated members of the Trust Board, who have been tireless advocates for the project, they have all ensured the result is a outstanding facility for our City and a great credit to them all.

These past few months have been an exciting time for the Globe Theatre Trust Board and the wider performing arts community both of whom are most appreciative that this City has seen fit to invest in its arts facilities. The down side is that the Trust Board has not always kept up with the necessary paperwork to meet our statutory duties as below. However, these have been instances of timing but not of content! Hopefully in this coming year we can settle back into a more normal operational mode. We remain confident that the new Globe Theatre facility will continue to be a busy and vibrant theatre reflecting our community.

Stephen Fisher

Chairperson, Globe Theatre Trust Board

9 October 2014.

~~AS~~ AS

The Globe Theatre Trust Financial Statements For the Year Ended 30 June 2014

Prepared under New Zealand Equivalents
to International Financial Reporting Standards

November 2014

The Globe Theatre Trust
312 Main Street
Palmerston North 4410



CONTENTS

Trust Details as at 30 June 20145

Statement of Comprehensive Income for the Year Ended 30 June 2014..... 6

Statement of Financial Position as at 30 June 2014.....7

Statement of Changes in Equity for the Year Ended 30 June 2014.....7

Statement of Cash Flows for the Year Ended 30 June 2014.....8

Reconciliation of Operating Surplus with Net Cash Flows for the Year Ended 30 June 2014.....9

Notes to the Financial Statements..... 10

 1 Statement of Accounting Policies..... 10

 2 Project Contributions..... 15

 3 Income 15

 4 Board Costs 15

 5 Management Costs..... 15

 6 Operational Costs 16

 7 Technical Costs..... 16

 8 Cash and Cash Equivalents..... 16

 9 Debtors and Other Receivables..... 16

 9 Debtors and Other Receivables (Continued)..... 17

 10 Accrued Revenue..... 17

 11 Prepaid Expenses..... 18

 12 Property, Plant and Equipment..... 18

 13 Creditors and Other Payables..... 19

 14 Equity 19

 15 Capital Commitments and Operating Leases 19

 16 Contingencies..... 19

 17 Related Party Transactions..... 20

 18 Other Financial Instrument Disclosures 21

 18A Categories of Financial Instruments 21

 18B Financial Instrument Risks..... 21

 19 Capital management..... 23

 20 Explanation of major variances against budget..... 23

TRUST DETAILS AS AT 30 JUNE 2014

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



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Actual 2014	Budget 2014	Actual 2013
Income				
Council Operating Grants – PNCC		52,770	52,500	52,300
Theatre Hire		3,821	26,500	20,882
Fundraising		43,941	-	20,663
Interest		3,539	500	3,629
Project Contributions	2	207,578	6,000	1,865
Other Income	3	47,817	4,000	519
Total Income		359,466	89,500	99,858
Expenditure				
Board Costs	4	8,589	12,550	8,118
Management Costs	5	92,890	57,700	44,286
Operational Costs	6	46,958	30,000	24,227
Technical Costs	7	-	6,000	90
Depreciation	12	10,637	34,000	11,336
Donation - PNCC		30,000	-	-
Total Expenditure		189,073	140,250	88,057
Surplus/(Deficit)		170,393	-50,750	11,801
Plus Other Comprehensive Income		-	-	-
Total Comprehensive Income		170,393	-50,750	11,801

Explanations of major variances against budget are provided in note 20.

The accompanying notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	2014	2013
Assets			
Current Assets			
Cash and Cash Equivalents	8	123,265	140,911
Debtors and Other Receivables	9	22,533	4,983
Accrued Revenue	10	25,312	1,556
Prepayments	11	3,462	212
Total Current Assets		174,572	147,662
Non-Current Assets			
Property, Plant and Equipment	12	288,189	25,960
Total Non-Current Assets		288,189	25,960
Total Assets		462,761	173,622
Liabilities			
Current Liabilities			
Creditors and Other Payables	13	154,235	35,488
Total Current Liabilities		154,235	35,488
Non-Current Liabilities			
Total Non- Current Liabilities		-	-
Total Liabilities		154,235	35,488
Net Assets		308,526	138,134
Trust Equity			
Contributed capital		100	100
Retained surpluses		308,426	138,034
Total Trust Equity	14	308,526	138,134

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
Balance as at 1 July	138,134	126,333
<i>Comprehensive Income</i>		
Surplus/(Deficit)	170,393	11,801
Total Comprehensive Income	170,393	11,801
Balance at 30 June	14	138,134

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014	2013
Cash Flows from Operating Activities			
Grants and Donations		77,496	52,300
Theatre Hire		3,821	20,170
Sundry		42,623	519
Contributions - Projects		90,000	22,527
Interest Received		5,095	3,670
Payments to Suppliers		-119,212	-72,432
Goods and Services Tax (net)		-4,562	-3,251
Net Cash Flows from Operating Activities		95,261	23,503
Cash Flows from Investing Activities			
Purchase of Fixed Assets		-112,906	-1,215
Net Cash Flow from Investing Activities		-112,906	-1,215
Cash Flows from Financing			
Loan Drawdown		0	0
Net Cash Flow from Financing Activities		0	0
Net Increase/(Decrease) in Cash and Cash Equivalents			
		-17,645	22,288
Cash and Cash Equivalents at the Beginning of the Year		140,911	118,623
Cash and Cash Equivalents at the End of the Year	8	123,266	140,911

The GST (net) component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

RECONCILIATION OF OPERATING SURPLUS WITH NET CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014	2013
Surplus/(Deficit)		170,393	11,801
Non-Cash Items			
Interest			
Depreciation		10,637	11,336
PNCC Capital Grant		(80,002)	
Total Non-Cash Items		(69,365)	11,336
Movement in Working Capital			
(Increase)/Decrease in Receivables and Prepayments		(45,778)	(2,210)
Increase/(Decrease) in Payables and Accruals		40,011	2576
Net Movement in Working Capital		(5,767)	366
Net Cash Flows from Operating Activities		95,261	23,503

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of Accounting Policies

REPORTING ENTITY

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 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. Accordingly, the Trust has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements for the Trust are for the year ended 30 June 2014, and were approved by the Board of Trustees on 7 November 2014.

BASIS OF PREPARATION

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).

The financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement base

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

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars (NZ\$).

Changes in accounting policies

There have been no changes in accounting policies during the year.

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

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Trust, are:

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Although under this Accounting Standards Framework, The Trust can elect to be a Tier 3 reporting entity with Simple Format Reporting. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, the Trust will transition to the new standards in preparing its 30 June 2015 financial statements. The Trust has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

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

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 become receivable 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.

Theatre Hire

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

Vested 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 income. Such income is recognised when control over the asset is obtained.

Interest income

Interest income is recognised using the effective interest method.

Volunteer services

Good practice 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.

Advertising costs

Advertising costs are expensed when the related service has been rendered.

Leases

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 includes 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

Debtor and other receivables are initially measured at their face value, 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 debt 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).

Investments

Investments in bank deposits are initially measured at fair value plus transaction costs (if any).

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest rate, less any provision for impairment. The indicators and the accounting for impairment of bank deposits is the same as explained for debtors and other receivables.

Property, plant, and equipment

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

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 its fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are presented net in the surplus or deficit.

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.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write-off the cost of the assets to their estimated residual values 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%)



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

Impairment of property, plant, and equipment

Property, plant, and equipment are reviewed for indicators of impairment as at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the Trust would, if deprived of the asset, replace its remaining service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. The 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.

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 expenditure 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 expenditure 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

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented 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 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 a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

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

Critical accounting estimates and assumptions

In preparing these financial statements, the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of 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:

Estimating useful lives and residual values of property, plant, and equipment

At each balance date, the Trust reviews the useful lives and residual values of its property, plant, and equipment. Assessing the appropriateness of useful life and residual value estimates requires the Trust to consider a number of factors such as 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 affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset's carrying amount. The Trust minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- 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.

However, to the extent that impairment loss for that class of asset was previously recognised in the profit and loss account, a reversal of the impairment loss is also recognised in the profit and loss account.

Critical judgements in applying the Trust's accounting policies

Judgement is exercised when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

Equity

Equity is measured through the following components:

- Retained Earnings;
- Contributed Capital;

2 Project Contributions

Project Contributions	Actual 2014	Budget 2014	Actual 2013
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	20,859		
Other		6,000	1,865
Total Project Contributions	207,578	6,000	1,865

3 Income

Other Income	Actual 2014	Budget 2014	Actual 2013
Creative Communities Grant	5,000	-	-
Ticket Sales	33,288	-	-
Reimbursements	8,844	-	-
Other Income	686	4,000	519
Total Other Income	47,818	4,000	519

4 Board Costs

	Actual 2014	Budget 2014	Actual 2013
Audit Fees	6,572	5,300	6,380
Insurance	1,972	7,000	1,738
Legal	44	250	-
Total Board Costs	8,589	12,550	8,118

5 Management Costs

	Actual 2014	Budget 2014	Actual 2013
Accountancy	1,772	3,500	-
Bank Charges	196	150	52
Educational Programme	-	1,000	-
General Manager's Fee	23,815	24,050	23,583
Assistant Manager's Fee	17,596	20,000	1,954
Marketing Costs	4,113	5,000	3,439
Professional Development	-	500	109
Redevelopment project costs	12,882	-	11,041
Projects/Shows	31,711	3,000	3,542
Travel	806	500	565
Total Management Costs	92,890	57,700	44,286

6 Operational Costs

	Actual 2014	Budget 2014	Actual 2013
Cleaning	960	1,500	877
General Expenses	4,876	3,000	2,687
Advertising	24,364	-	-
Kitchen Hire	-	-	2,000
Phones and Internet	2,481	2,500	2,462
Power and Gas	6,609	8,000	7,579
Reimbursable Expenses	2,562	10,000	6,836
Security	1,188	3,000	1,786
Repairs	3,918	2,000	-
Total Operational Costs	46,958	30,000	24,227

7 Technical Costs

	Actual 2014	Budget 2014	Actual 2013
Technician	-	6,000	90
Total Technical Costs	-	6,000	90

8 Cash and Cash Equivalents

	2014	2013
Cash at Bank and on Hand	123,265	52,893
Short-term deposits maturing in three months	-	88,018
Total Cash and Cash Equivalents	123,265	140,911

9 Debtors and Other Receivables

	2014	2013
Debtors and Other Receivables	1,649	3,757
GST Receivable	17,621	1,226
Receivables from Related Parties	3,263	-
Provision for Impairment	-	-
Total Debtors and Other Receivables	22,533	4,983

FAIR VALUE

The carrying value of debtors and other receivables approximates their fair value.

IMPAIRMENT

The ageing profile of receivables at year end is detailed below:

	2014			2013		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	22,377		22,377	4,086		4,086
Past due 1-30 days						
Past due 31-60 days						
Past due 61-90 days						
Past due > 90 days	155		155	897		897
Total	22,533		22,533	4,983		4,983

All receivables greater than 30 days in age are considered to be past due.

The provision for impairment has been calculated based on a review of significant debtor balances and a collective assessment of all debtors (other than those determined to be individually impaired) for impairment. The collective impairment assessment is based on an analysis of past collection history and write-offs.

	2014	2013
Individual Impairment	-	-
Collective Impairment	-	-
Total Provision for Impairment	-	-

Individually impaired receivables are assessed as impaired due to the significant financial difficulties being experienced by the debtor and Trust management concluding that it is remote that the overdue amounts will be recovered.

9 Debtors and Other Receivables (Continued)

Movements in the provision for impairment of receivables are as follows:

	2014	2013
Balance at 1 July	-	-
Additional provisions made	-	-
Receivables written off	-	-
Balance at 30 June	-	-

10 Accrued Revenue

	2014	2013
CET grant	20,859	-
Ticket sales	1,059	-
Energy costs related party accrued receivable	2,138	-
Supplier overpayment	1,256	-
Accrued Interest	-	1,556
Total Accrued Revenue	25,312	1,556

11 Prepaid Expenses

	2014	2013
Insurance	190	212
Travel Expenses	3,272	-
Total Prepaid Expenses	3,462	212

12 Property, Plant and Equipment

	Furniture and Fittings	Theatre Equipment	Computer Equipment	Total
Cost				
Balance at 1 July 2012	-	170,169	1,957	172,126
Additions	-	-	1,215	1,215
Disposals	-	-	-	-
Balance at 30 June 2013	-	170,169	3,172	173,341
Accumulated Depreciation and Impairment Losses				
Balance at 1 July 2012	-	135,324	723	136,045
Depreciation Expense	-	10,903	433	11,336
Impairment Losses	-	-	-	-
Disposals	-	-	-	-
Balance at 30 June 2013	-	146,227	1,156	147,381
Carrying Amount		23,942	2,018	25,960
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	413,745	4,767	440,655
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	155,795	1,658	157,835
Carrying Amount	21,762	263,316	3,109	288,187

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

A new category of Furniture and Fittings has been added for 2014. Depreciation is calculated as for Theatre Equipment (10% straight line).

13 Creditors and Other Payables

	2014	2013
Creditors & Accruals	103,274	11,471
Related Parties	45,961	2,300
Grants Received in Advance	-	21,717
Total Creditors and Other Payables	154,235	35,488

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.

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

14 Equity

	2014	2013
Contributed Capital		
Balance at 1 July	100	100
Capital Contribution		
Balance at 30 June	100	100
Retained Surplus		
Balance at 1 July	138,034	126,233
Surplus/(Deficit) for the Year	170,393	11,801
Balance at 30 June	308,526	138,034
Total Equity	308,526	138,134

15 Capital Commitments and Operating Leases

The Trust has no capital commitments and no operating lease commitments (2013 \$nil).

16 Contingencies

CONTINGENT LIABILITY

The Trust has no contingent liabilities (2013 \$nil).

CONTINGENT ASSETS

The Trust has no contingent assets (2013 \$nil).

17 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 Trust has no grants received in advance (2013 \$5,000) with the Council. However, a grant of \$30,000 from the Trust to Council has been made towards the redevelopment costs (2013 \$0). This is still owing at balance date.

The total amount of operating grants received from the Council is disclosed in the statement of financial comprehensive income, being \$52,770 (2013 \$52,300). In addition, a grant of \$5,000 was received from Creative Communities which is administered by Council on behalf of Creative New Zealand (2013 \$0). There is no outstanding balance at balance date (2013 nil).

Capital contributions of \$80,002 (2013 nil) were also received from the Council. This related to a grant from Central Energy Trust which was received and administered by the Council for assets to be carried on the Trust's asset register.

Goods and services of \$2,795 (excl GST) (2013 \$2,217) were purchased from the Council on normal commercial terms. At balance at balance date the amount outstanding \$440 (2013 nil).

Goods and Services of \$2,138 were supplied to the Council on normal commercial terms (2013 \$546). At balance date, there was \$2,138 owing (2013 nil)

KEY MANAGEMENT PERSONNEL

Goods and services of \$3,263 were supplied to the Manawatu Theatre Society (2013 \$1,085), a society in which Trustees S Fisher and M Dale are both members, on normal commercial terms. At balance date, there was \$2,935 owing (2013 \$2,300).

No goods or services (2013 \$2,390) 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 nil owing (2013 \$2,300). However, the Trust has accrued \$15,961 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 (2013 \$0).

Services of \$0 (2013 \$135) were supplied to 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 (2013 \$nil).

Goods and services of \$79 (2013 \$nil) were purchased from Stephen Fisher on normal commercial terms. At balance date, there was \$nil owing (2013 nil)

Goods and services of \$196 (2013 \$96) were purchased from Denise Servante on normal commercial terms. At balance date, there was \$nil owing (2013 nil)

Goods and services of \$4,064.87 (2013 \$nil) were purchased from Russell and Christine Harris on normal commercial terms. At balance date, there was \$nil owing (2013 nil)

No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2013 nil).

Trustees are not paid any remuneration. All remuneration paid to the General Manager is disclosed in Note 5. No other benefits were provided.

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

18 Other Financial Instrument Disclosures

18A Categories of Financial Instruments

The carrying amounts of financial instruments in each of the NZ IAS 39 categories are as follows:

	2014	2013
Loans and Receivables		
Cash and Cash Equivalents	123,265	140,911
Debtors and Other Receivables	47,845	6,539
Total Loans and Receivables	171,110	147,450
Financial Liabilities at Amortised Cost		
Creditors and Other Payables	154,235	35,488
Total Financial Liabilities at Amortised Cost	154,235	35,488

18B Financial Instrument Risks

The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its financial instruments. The Trust has established borrowing and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to fair value interest rate risk is limited to its fixed interest borrowings and bank deposits. The Trust does not actively manage its exposure to fair value interest rate risk due to the minimal impact on the overall operations of the Trust.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Trust to cash flow interest rate risk.

The Trust's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements as investments mature.

The Trust presently has no variable interest rate financial instruments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust is not exposed to currency risk, as it does not enter into foreign currency transactions.

Sensitivity analysis

For financial instruments held at the balance date, the Trust has no exposure to market risks on those financial instruments that give rise to an impact on the surplus or deficit and equity.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Trust, causing it to incur a loss.

Due to the timing of its cash inflows and outflows, the Trust invests surplus cash with registered banks, which gives rise to credit risk. Cash at bank and term deposits are held with financial institutions that have a current Standard and Poor's credit rating of AA or greater.

The Trust has processes in place to review the credit quality of customers prior to the granting of credit.

The Trust's debtors are mostly from Palmerston North City Council, government entities, and small businesses in the Palmerston North Region.

The Trust's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents, debtors and other receivables, and investments.

The Trust has no significant concentrations of credit risk, as it has a large number of credit customers and limits have been established that restrict the maximum amount of funds that can be invested in a single registered bank.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

The Trust mostly manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

PRICE risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market process. The Trust is not exposed to price risk.

Contractual maturity analysis of financial liabilities

The table below analyses the Trust's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years	2-5 Years	More than 5 Years
2014						
Creditors and Other Payables	154,235	154,235	154,235			
Total	154,235	154,235	154,235			
2014						

Creditors and Other Payables	149,235	149,235	149,235			
Grants received in advance	5,000	5,000	5,000			
Total	154,235	154,235	154,235			
	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years	2-5 Years	More than 5 Years
2013						
Creditors and Other Payables	35,488	35,488	35,488			
Total	35,488	35,488	35,488			
2013						
Creditors and Other Payables	13,771	13,771	13,771			
Grant received in advance from the Palmerston North City Council	21,717	21,717	21,717			
Total	35,488	35,488	35,488			

19 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.

20 Explanation of major variances against budget

Explanations for major variations from the Trust's budgeted figures in the 30 June 2014 statement of intent are as follows:

Statement of comprehensive income

The Theatre re-opened on 22 May 2014, having been closed for the rest of the year for the redevelopment project. This was later than expected meaning that income from theatre hire was lower than anticipated.

When the budget for 2013/14 was prepared, the costs that would be incurred by the Trust Board were not known. In addition, the income that the Board would generate from its fundraising activities was not known. The Board approached the redevelopment project with a wish list of items for the fit out of the new building and committed itself to purchasing these items only when it had received adequate income from its fundraising. A minimal amount of income and expenditure was recorded in the budget for 2013/14 which explains the significant variations in:

- 1) Project Contributions (\$202,578 actual c.f. \$6,000 budgeted). Most of the additional income has been reinvested in purchasing assets for the fit out of the new auditorium. These are shown in the Statement of Financial Position as an increase in non-current assets and in the Cash Flow Statements as an increase in fixed assets, and.

2) Management Costs (\$92,890 actual expenditure c.f. \$57,700 budgeted). This is due to additional expenditure of \$12,882 in redevelopment project costs (no budget allocation) and \$31,711 in project costs (c.f. \$3,000 budgeted). Additional expenditure includes for example, the expenses incurred by the Trust in arranging its own festival events (\$12,544), relocation of the Paul Dibble sculptures (\$8,000) and other incidental expenses.

There has been a variation in the Other Income (\$47,818 actual c.f. \$4,000 budgeted). Since the re-opening, the Trust has been able to offer a ticketing service to its clients. A total of \$32,891 was received as income for tickets. Of this, \$22,438 has been passed back to clients. The Trust retains a booking fee of \$2.00 per ticket sold. In addition, the Trust has promoted its own shows as part of the re-opening festival. The balance of ticketing income is income earned by the Trust for these events.

Board Costs have been under budget (\$8,589 actual c.f. \$12,550 budgeted). This is because an increased budgetary provision was made for insurance since it was unclear whether the existing contents insurance held by Council would be sufficient to cover the increased assets following redevelopment. Correspondence with PNCC confirmed that in the interim, insurance would continue to be covered by PNCC. This is under review during 2014/15.

Technical costs were significantly under budget (\$0 spent from a budget allocation of \$6,000). This is because maintenance and renewal of equipment has been allocated in the operational expenses.

Operating Costs were over-budget (\$46,958 actual c.f. \$30,000 budgeted). This is entirely due to an increased in advertising costs, which relate to advertising costs for the festival (\$24,364 actual c.f. \$nil budgeted). However, the Manawatu Standard supplied \$19,214 (inc GST) of advertising as part of its sponsorship of the festival. In addition, a grant was received of \$5,000 from Creative Communities for this expenditure.

Also within Operating Costs, Reimbursable expenses is lower than anticipated (\$2,562 actual c.f. \$10,000 budgeted). This is because the theatre was closed for longer than expected and also because power and cleaning reimbursements have not been included in this amount. This is a change to previous practice.

Depreciation was significantly lower than anticipated. This was due to assets transferred to the Trust's asset register later in the year, than previously thought.

The Trust Board requested several variations to the building contract and these were agreed to by the project managers at the Council. The Trust Board agreed to contribute \$30,000 towards the additional building costs incurred by the Council. This has been accrued as a current liability and is shown separately as a donation in Expenditure in the Statement of Comprehensive Income.

20 Breach of statutory deadlines

Section 67 of the Local Government Act 2002 (the Act) requires the Trust to deliver its Annual Report for the year to the Palmerston North City Council (the Council) and make it available to the public within three months after the end of the financial year. This was breached this year. The Annual Report was adopted subject to the final Audit Report on 9 October 2014.

Schedule 8 Part 2 of the Act requires the Trust to deliver the draft Statement of Intent (SOI) to the Council on or before 1 March each year. The draft 2014/15 SOI was delivered to Council on 7 March 2014.

Section 66 (1) of the Act requires the Trust to deliver its six-month report to Council within two months after the end of the first half of each financial year. The six-month report was delivered to Council on 27 March 2014.

STATEMENT OF SERVICE PERFORMANCE – ANNUAL REPORT (30 JUNE 2014)

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)	
	Target 2013/14	Actual 2013/ 2014
Fundraising Plan Implemented within desired timeframes and proposed budget	On-going fundraising targets achieved as planned	Achieved: \$43,000 raised from individuals/businesses and \$207,000 from grants.
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	"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 a least \$500 to "Buy a Seat" between 1 July 2013 and 30 June 2014), with those and other donations from individuals and businesses totaling \$22,285.
Prepare the Business Plan for 2014/15 onwards	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.
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.
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

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)	
	Target 2013/14	Actual 2013/ 2014
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.
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.
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.
3. Marketing - current and projected operations and services.		
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.
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.
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.
Website developed to include 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 web-site will undergo further development in coming months.
Continue to organise and promote one-off events to market the theatre to new audiences	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.

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.

		Outputs (KPIs)	
Planned activities	Target 2013/14	Actual 2013/ 2014	
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.	
Delivering all services to the agreed budget	Services delivered within +10% variance	Not achieved: See note 20 to the accounts.	
Ongoing promotion and monitoring of usage	To be confirmed once redevelopment timeframe is confirmed. Monthly usage per auditorium operating at full capacity is 20 useage 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.	
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.	
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.	
Review and monitor the technical inventory to prioritise further development	Ongoing implementation of the outcome of the review	Achieved: Technical inventory under continuing review.	

