

Southland Museum & Art Gallery Trust Board Inc

INTERIM ANNUAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

Southland Museum & Art Gallery Trust Board Inc

TABLE OF CONTENTS

	<i>Page No.</i>
Entity Information	3
Statement of Financial Performance	4
Statement of Financial Position	5
Statement of Cash Flows	6
Statement of Accounting Policies	7 - 8
Notes to the Financial Statements	9 - 12

Southland Museum & Art Gallery Trust Board Inc

ENTITY INFORMATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

Legal name

Southland Museum & Art Gallery Trust Board (the Trust)

Type of entity and legal basis

The Trust is incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand

The Trust's purpose

The purpose of the Trust is to ensure prudent administration of the Museum facilities and collections within that facility and to monitor the management contract, which is currently with the Invercargill City Council.

Structure of the Trust's operations, including governance arrangements

The Trust comprises a board of eight trustees who oversee the governance of the Trust.

3 trustee's are appointed by Invercargill City Council

2 trustee's are appointed by Southland District Council

1 trustee is appointed by Tangata Whenua

2 trustee's are appointed by trustee's appointed by Invercargill City Council & Southland District Council

1 trustee is appointed by Friends of the Museum

The current trustees are:

Cr Ludlow (Chairperson)	<i>Invercargill City Council</i>
Cr Esler	<i>Invercargill City Council</i>
Cr Sycamore	<i>Invercargill City Council</i>
Cr Macpherson	<i>Southland District Council</i>
Cr Patterson	<i>Southland District Council</i>
Jane Davis	Tangata Whenua
G Neave	Community Representative
Wallace Jack	Community Representative
Jim Watson	Friends of the Museum

The Trust has a management contract with Invercargill City Council for the operations of the museum facilities.

Main source of Trust's cash and resources

Grants received from Southland Regional Heritage Committee and Invercargill City Council are the primary sources of funding to the Trust.

Registered office

108 Gala Street
P O Box 1012
Invercargill

Postal address

P O Box 1012
Invercargill
Phone (03) 219 9069
Fax (03) 218 3872

Auditor

Audit New Zealand
on behalf of the Auditor - General

Bankers

Westpac
62 Kelvin St
Invercargill

Solicitors

Preston Russell Law
45 Yarrow St
Invercargill

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

<i>Revenue</i>	<i>Note</i>	2015 \$	Restated 2014 \$
Grants and donations revenue	1	1,032,727	776,992
Interest revenue		2,380	701
Revenue from providing services	2	8,000	8,000
<i>Total Revenue</i>		1,043,107	785,693
<i>Expenses</i>			
Cost of providing services	3	766,834	643,988
Depreciation of property, plant, and equipment	4	41,762	40,903
<i>Total Expenses</i>		808,596	684,891
Total Surplus / (Deficit)		234,511	100,802

The Statement of Accounting Policies and Notes on pages 7 to 12 are an integral part of, and should be read in conjunction with, these financial statements.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	<i>Note</i>	2015 \$	Restated 2014 \$
Assets			
<i>Current assets</i>			
Bank accounts and cash	5	451,455	136,879
Debtors and prepayments	6	40,416	44,144
Total current assets		491,871	181,023
<i>Non-current assets</i>			
Property, Plant and Equipment	4	2,588,606	2,652,687
Redevelopment Capital Work in Progress		280,095	226,802
Total Non - current assets		2,868,701	2,879,489
TOTAL ASSETS		3,360,572	3,060,512
Liabilities			
<i>Current Liabilities</i>			
Creditors and accrued expenses	7	1,049	59,886
Unused donations and grants with conditions	8	52,769	0
TOTAL LIABILITIES		53,818	59,886
TOTAL ASSETS less TOTAL LIABILITIES		3,306,754	3,000,626
Total Trust Equity			
Accumulated surpluses	9	3,295,485	2,989,357
Reserves	9	11,269	11,269
TOTAL TRUST EQUITY		3,306,754	3,000,626

Darren Ludlow
CHAIRMAN

29 February 2016

Dean Johnston
TREASURER

The Statement of Accounting Policies and Notes on pages 7 to 12 are an integral part of, and should be read in conjunction with, these financial statements.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

		2015	Restated
	Note	\$	2014
			\$
<i>Cash flows from operating activities</i>			
Receipts from grants and donations		1,023,786	1,346,352
Receipts from providing services		8,000	8,000
Interest receipts		2,380	701
Payments to suppliers		(843,600)	(1,291,245)
GST (net)		(6,253)	277
Net cash flows from operating activities		184,313	64,085
<i>Cash flows from investing and financing activities</i>			
Payments to acquire property, plant and equipment		(15,204)	-
Payments to acquire redevelopment capital work in progress		-	(44,001)
Net cash flows from investing and financing activities		(15,204)	(44,001)
Net increase/(decrease) in cash for the year		169,109	20,084
Add opening bank balance and cash balance		282,346	116,795
Closing bank accounts and cash balance	5	451,455	136,879

The Statement of Accounting Policies and Notes on pages 7 to 12 are an integral part of, and should be read in conjunction with, these financial statements.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

ACCOUNTING POLICIES APPLIED

BASIS OF PREPARATION

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared under the assumption that the Trust will continue to operate in the foreseeable future.

The Trust is a reporting entity for the purposes of the Charitable Trusts Act 1957 and its financial statements comply with that Act.

The trustees of the Trust do not have the power to amend the financial statements after issue.

The interim financial statements were authorised for issue by the Trust on 29 February 2016.

GOODS AND SERVICES TAX (GST)

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

SIGNIFICANT ACCOUNTING POLICIES

REVENUE

Grants and Donations

Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Interest revenue

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

Other Revenue

Revenue is measured at the fair value of consideration received.

EXPENDITURE

All expenditure is recognised in the Statement of Financial Performance in the period in which it is incurred and expensed when the related services has been received.

INCOME TAX

The Trust is exempt from the payment of income tax. Accordingly no charge for income tax applies or has been provided for.

DONATED SERVICES

The work of the museum is dependent on the voluntary service of many individuals and organisations. Since these services are not normally purchased by the museum and because of the difficulty of determining their value with reliability, donated services are not recognised in these financial statements.

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

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.

CREDITORS AND ACCRUED EXPENSES

Creditors and other payables are measured at the amount owed.

Southland Museum & Art Gallery Trust Board Inc

STATEMENT OF ACCOUNTING POLICIES FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded on the cost basis, less accumulated depreciation and impairment losses.

The Trust has elected not to revalue property plant and equipment and record the asset value on the cost basis.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Depreciation

Depreciation has been charged in the Financial Statements on the basis of the economic life rates recommended by the Inland Revenue Department as follows:

Building	2% SL
Fit-out	9 - 40% DV

Exhibits and Collections

The Trust has not recognised significant exhibits and donated assets because the value of these are not readily available. However the direct purchase costs of exhibits and art collections acquired during the year have been capitalised.

The collection is valued at \$10,000,000 for insurance purposes.

TIER 2 PBE ACCOUNTING STANDARDS APPLIED

The Trust has not applied any Tier 2 Accounting Standards in preparing its financial statements.

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

1 GRANTS AND DONATIONS REVENUE	Note	2015 \$	Restated 2014 \$
Grant - Invercargill City Council		324,618	226,575
Grant - Southland Regional Heritage Committee		458,061	420,542
Redevelopment Grants		0	128,571
Bequests received - cash		248,400	0
Donations received - cash		1,648	1,304
<i>Total grants and donations revenue</i>		1,032,727	776,992

Grants and donation revenue with conditions which have not been recorded as a liability:

Description	Original amount	Not fulfilled amount	Purpose and nature of the conditions
Estate C F Broadley - Bequests received - cash	\$33,354	\$33,354	The bequest requires the trust to spend the funds on Tuatara related expenses. Although the bequest is for a specific purpose, there is no obligation to return unspent funds, so no liability has been recorded for the unspent amount.
Estate D I Alloo - Bequests received - cash	\$248,400	\$233,338	The bequest requires the trust to spend the funds 66.67% on Natural History Gallery and 33.33% on Tuatara related expenses. Although the bequest is for a specific purpose, there is no obligation to return unspent funds, so no liability has been recorded for the unspent amount.

2 REVENUE FROM PROVIDING SERVICES	2015 \$	Restated 2014 \$
Rental revenue	8,000	8,000
<i>Total revenue from providing services</i>	8,000	8,000

3 COST OF PROVIDING SERVICES	2015 \$	Restated 2014 \$
Operating costs	1,155	3,876
Management Fee - Invercargill City Council	765,679	640,112
<i>Total cost of providing services</i>	766,834	643,988

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

4 <i>PROPERTY, PLANT AND EQUIPMENT</i>	Buildings \$	Art Works \$	Total \$
<i>Carring amount at 1 July 2013</i>	1,908,368	785,222	2,693,590
Additions	-	-	-
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	(40,903)	-	(40,903)
Impairment loss	-	-	-
<i>Carring amount at 30 June 2014</i>	1,867,465	785,222	2,652,687
<i>Carring amount at 1 July 2014</i>	1,823,098	791,222	2,614,320
Additions	11,048	5,000	16,048
Disposals (net of accumulated depreciation)	-	-	-
Depreciation expense	(41,762)	-	(41,762)
Impairment loss	-	-	-
<i>Carring amount at 30 June 2015</i>	1,792,384	796,222	2,588,606

The Trust has not recognised exhibits and donated art works because the value of these are not readily available. However the direct purchase costs of exhibits and art collections acquired during the year have been capitalised.

5 <i>BANK ACCOUNTS AND CASH</i>	2015 \$	Restated 2014 \$
Westpac Cheque account	27,433	76,294
Westpac Redevelopment Account	138,656	14,770
Bank accounts		
- Bequest	283,040	42,005
- Baird Library	781	766
- Capital acquisition	1,545	3,044
<i>Total cash and cash equivalents</i>	451,455	136,879

Some restrictions exist on the cash reserve funds which are set aside for special purposes at the discretion of the Trustees.

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

6 DEBTORS AND PREPAYMENTS	Note	2015 \$	Restated 2014 \$
Donations - Invercargill City Council		1,648	1,303
GST - Inland Revenue		38,768	42,841
<i>Total Debtors and prepayments</i>		40,416	44,144
<hr/>			
7 CREDITORS AND ACCRUED EXPENSES		2015 \$	Restated 2014 \$
Audit fee		-	-
Southland Regional Heritage Committee.		-	10,000
Signal Management Group		-	49,785
Invercargill City Council.		-	-
Other payables		1,049	101
<i>Total creditors and accrued expenses</i>		1,049	59,886
<hr/>			
8 UNUSED DONATIONS AND GRANTS WITH CONDITIONS		2015 \$	Restated 2014 \$
Invercargill City Council - Redevelopment Grant		52,769	-
<i>Total unused donations and grants with conditions</i>		52,769	-
<hr/>			
The grant requires the Trust to spend the funds on the museum redevelopment project and has a "use or return" condition.			
9 TRUST FUNDS		2015 \$	Restated 2014 \$
Accumulated surpluses			
<i>Balance as at 1 July</i>		3,060,974	2,888,555
Total Surplus / (Deficit) for the year		234,511	100,802
<i>Balance at 30 June</i>		3,295,485	2,989,357
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Reserves			
<i>Education Service Reserve *</i>		11,269	11,269
<i>Total trust funds</i>		3,306,754	3,000,626

* The Education Service reserve comprises the remains of a grant from the Ministry of Education for the delivery of Curriculum Support Programmes. This grant is for the Learning Experiences Outside The Classroom (LEOTC) program.

Southland Museum & Art Gallery Trust Board Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

10 COMMITMENTS	2015	Restated
	\$	2014
		\$
Commitments to receive services	1,531,357	1,515,357

The Trust Board has signed a management contract with the Invercargill City Council for the operation of the Museum. The contract can be terminated on 6 months written notice and is negotiated each year.

11 CONTINGENCIES

There are no known contingent liabilities or contingent assets at 30 June 2015 (30 June 2014: nil).

13 POST BALANCE DATE EVENTS

There have been no significant events between year end and the signing of the Financial Statements.