



The Nelson Provincial
MUSEUM
Pupuri Taonga o Te Tai Ao

ANNUAL REPORT OF TASMAN BAYS HERITAGE TRUST
1 JULY 2008 TO 30 JUNE 2009



Hei Tiki o Meremoko
The Nelson Provincial Museum: B.32.2005

NINTH ANNUAL REPORT TO STAKEHOLDERS

In 2008-09 the Board saw the retirement of Dr Mike Johnston who volunteered in a governance role with the Nelson Provincial Museum for thirty years. This record of service will never be equalled. Robin Whalley, a foundation Trustee, retired after eight years on the Trust and the last fifteen months as Chairman. The Board gained from the reappointment of Hamish Neale and Annette Walker as well as welcoming three new trustees, Chris Bowater, Bede Carran and Liz Richards.

The Trust's audited accounts ending 30 June 2009 delivered an improved financial position due to the careful management of the redraw and repayment of the primary loan in a market of falling interest rates. Despite the shadow of the global economic crisis, the Trust has retained the Collection and Exhibition Reserves and benefited from the receipt of a generous bequest, donated by the late Mr. J A Cross.

The credit for the operational financial performance is due to three people, Cathy Knight, Peter Millward and Debbie McCrae. Cathy Knight stepped up to Acting Chief Executive last June. She held a steady hand at the helm, supervised the retail conversion of the former art gallery at Town Acre 445 and steered the staff through the physical challenges and high energy activity of *Body in Action*. Peter Millward joined the Trust as Chief Executive Officer, in advance of the Nelson summer holiday season. Since then he has worked closely with all our Museum staff to extend the outreach of the Nelson Provincial Museum and has overseen two outstanding exhibitions in *Our Stories* and *NZ Fossils - Dead Precious!*

Debbie McCrae ensures the Trust's financial accountability. She delivers full financial information to the Board and withstands monthly interrogation by the Trustees. It is her knowledge of the nuances of the Museums' transactions that provides invaluable assistance to the Chief Executive, Chairman, our Audit and Risk Management Committee and during the exhaustive Audit NZ process.

The Trust applauds all our workers, full-time, part-time, volunteers or contractors who take pride in The Nelson Provincial Museum and maintain a standard of excellence. The Museum is a public service for the preservation and presentation of the regional collection and to promote education through research, information and interpretation. The level of service that we are able to provide is dependent upon baseline funding from our two stakeholder Councils and the Trust's inclusion in their ten year plans.

The collection projects and exhibition programme are dependent upon donations from charitable bodies and private sponsors. The Trust acknowledges the funds received from the NZ Lotteries Grants Board, The Canterbury Community Trust, Chinese Poll Tax Heritage Trust, The Lion Foundation and Pub Charity. The Trust is truly grateful to these sponsors who supported the Museum: Cawthron Trust, The Chatton Group, More FM, Bluebridge, Real Property Kiwisaver, Staig & Smith, Colliers International, Mango Restaurant and The Lewis House. The Trust is indebted to The Nelson Mail reporters and Martin De Ruyter for giving the Museum a sense of currency and colour photos.

In the life of the life of the Nelson Provincial Museum, Pupuri Taonga O Te Tai Ao every year is memorable. Here are some diary entries for the last year. Hammers, hard hats and smash and grab! A giant eagle flew in to Nelson and Vernon landed at Isel Park. A monstrous dinosaur survived the Cook Strait crossing while a good egg hatched in hand luggage on a flight from Australia. We picked a winner in *Unpicking the Past*, healed hearts with *Our Stories* and signed the joint agreement as kaitiaki of the Hei Tiki Merenako. Our news was all in Enews. The Board broke the code easy as ABC, 123, TDC, NCC, LTCCP, IFRS, LGA, CCO, SOI, MOU, CPI, OCR, Do Ray Me, with a little help from chocolate and cof-f-ee from ZATORI!

Finally, thank you to my fellow trustees for the hard graft of governance, carried out with individual flair and collective goodwill.

That was the year that was.

Sara Chapman
Chairman

**TASMAN BAYS HERITAGE TRUST
CHIEF EXECUTIVE OFFICER'S REPORT
1 July 2008 – 30 June 2009**

In the last year visitor numbers have reached 59345 which is a new record. Of these visitors, 49241 have seen the short term exhibitions and / or permanent exhibition at TA445 in Nelson City. The educational programme has provided an additional 9083 school student visitors. These programmes which are offered to regional schools with the support of a contract with the Ministry of Education are responsible for 16% of all visitors. The numbers are equivalent to just over 60% of school students in the region. The Museum continues to attract numbers of students from the preschool and tertiary ends of the education spectrum. Two things stand out in the past year, first the attendance of over 30000 people to the *Body in Action* exhibition including over 3000 school students, and secondly the extraordinary success of the *Our Stories* exhibition. The special exhibition looked at the lives of people with disabilities and enabled school groups to work with these people culminating in a multimedia presentation done in the manner of a Film Festival. The pride and engagement of schools and their guests was deeply moving.

In terms of exhibitions *Unpicking the Past* provided visitors with a rare opportunity to see clothing and textiles from our Nelson Provincial Museum collection. The manner in which these objects were teamed up with stories and photos from family records in the Archives and in some cases specific items of household technology used in creating the garments saw this exhibition awarded the Selecon Exhibition Excellence Award at the Museums Aotearoa Conference in Gisborne. The popular success of *Body in Action* has continued with the *NZ Fossils – Dead Precious!* exhibition which staff enhanced with a number of highly attractive models. The *Hochstetter* exhibition staged at the same time had a number of interesting links to the region, our own Museum and to the Fossils exhibition. Both these exhibitions have been used as the impetus to generate a broader community engagement through our monthly newsletter now enjoyed by more than 1000 recipients and a newly launched Family Membership scheme. The Fossils exhibition attracted an unprecedented level of media support and interest that has been very much welcomed. The support of local philanthropic organizations such as the Cawthron Trust and partnerships such as the one with More FM have enabled us to offer a good range of changing exhibitions to support the permanent exhibition of local and regional social and natural history and greatly enhanced our ability to make them known to our potential visitors.

Isel Park has assisted more than 1000 visitors with research enquiries ranging from advice on care of family heirlooms and assistance with family histories through to people involved in doing research on projects with books and publications as potential outcomes. Prints from the magnificent photographic collection remain very popular. A number of significant additions have been made to the collections this year including a collection of memorabilia from the family of Sir Keith Holyoake. The

nationally important Photographic Collection will be treated with greater care than ever thanks to grants that have seen us able to purchase new cabinets for the glass plate negative collection and a new coolstore for temperature sensitive photographic material. Installing the materials in these units will be undertaken in the coming year. Both projects require careful planning and some additional staffing support. As we move our collection records and images onto the Vernon Collection Management System we will be in a position to make these records available through the Vernon Web Browser to an unimaginably large public forum. While this will undoubtedly assist people in their research it will almost certainly increase pressure on the largely part-time staff who manage our Collections and Research Facility. We have had many visitors during the year, several MPs and other people such as Mary Fowler and Bruce Henderson who are related directly to Lord Rutherford and Lord Nelson respectively and for whom items in our collection have a particular resonance.

The Nelson Provincial Museum continues to be active in its support of local initiatives such as the Nelson Heritage Advisory Group, takes a lead role in the Regional Museums group by running workshops and seminars, has a significant amount of Collection material on display in other regional facilities, copies of photos in dozens of local shops and buildings, and continues to be a major resource for The Prow.

Staffing changes in the past year include a new CEO, an internal promotion to Collection Services Manager and a new Manager of Library and Archives. A minor restructure saw the inclusion of the Information Services Manager role amongst the permanent staffing and the institution of a Senior Management Team. The total number of FTE positions remains at 13.5 so there are a range of positions still being covered by part-time staffing. Given the current economic climate this is unlikely to change any time soon but the level of support from the regional population, and the two Councils that co-fund the basic operating expenses of The Nelson Provincial Museum are two constants that give us a great deal of encouragement.

None of this would be possible without the dedicated work of a very professional staff, unstinting encouragement and governance from a dedicated Trust Board and much valued advice and support from our Iwi Komiti. It was a wise person who first observed that there is no I in TEAM.

Peter Millward
Chief Executive Officer

TASMAN BAYS HERITAGE TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2009

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Trustee Directory

Robin Whalley	(appointed September 2000) Chairperson to November 2008, retired November 2008
Mike Johnston	(appointed September 2000) resigned January 2009
Mairangi Reiher	(appointed March 2001)
Annette Walker	(appointed May 2002)
Hamish Neale	(appointed December 2005)
Sara Chapman	(appointed November 2006) Chairperson from November 2008
Bede Carran	(appointed March 2009)
Chris Bowater	(appointed March 2009)
Liz Richards	(appointed March 2009)

Trust Secretary

Cathy Knight

Registered Office

Cnr Trafalgar and Hardy Street
Nelson

Chief Executive

Peter Millward (appointed October 2008)
Cathy Knight (appointed acting CEO from June 2008 to October 2008)

Bankers

Nelson Building Society

Auditors

Audit New Zealand on behalf of the Auditor General

Solicitor

Hunter Ralfe

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Actual 2009	Budget 2009	Actual 2008
Income				
Council operating grants		1,443,800	1,443,800	1,196,800
Interest		21,618	12,000	25,319
Contracts		129,344	129,000	129,344
Other revenue	2	563,759	260,000	740,917
Total income		2,158,521	1,844,800	2,092,380
Expenses				
Advertising and marketing costs		12,811	20,000	12,362
Employee benefit costs		726,448	780,500	726,320
Depreciation expense		486,984	373,000	407,286
Purchases		12,514	6,000	10,650
Finance costs	3	330,656	264,000	390,880
Property costs		157,418	142,500	127,431
Other expenses	4	430,111	418,000	533,678
Total expenses		2,156,942	2,004,000	2,208,607
Surplus/(deficit) attributable to the Trust		1,579	(159,200)	(116,227)

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**


	Note	Actual 2009	Actual 2008
Balance at 1 July		14,617,702	14,733,929
Surplus/(deficit) for the year		1,579	(116,227)
Total recognised income /(expense) for the year ended 30 June attributable to the Trust		1,579	(116,227)
Balance at 30 June	10	14,619,281	14,617,702

The accompanying notes form part of these financial statements.


**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2009**

	Note	Actual 2009	Actual 2008
Assets			
Current assets			
Cash and cash equivalents	5	597,978	431,994
Trade and other receivables	6	46,931	-
Inventories		7,915	17,107
Investments		-	102,550
Total current assets		652,824	551,651
Non-current assets			
Property, plant and equipment	7	18,576,463	18,877,154
Total assets		19,229,287	19,428,805
Liabilities			
Current liabilities			
Trade and other payables	8	55,965	115,451
Employee benefit liabilities		33,333	32,531
Revenue in advance		-	181,025
Borrowings	9	21,593	131,147
Total current liabilities		110,891	460,154
Non-current liabilities			
Borrowings	9	4,499,115	4,350,949
Total non-current liabilities		4,499,115	4,350,949
Total liabilities		4,610,006	4,811,103
Net Assets			
		14,619,281	14,617,702
Trust equity			
Retained earnings		13,491,722	13,383,191
Revaluation reserve – land and buildings		1,127,559	1,127,559
Museum reserves		-	106,952
Total equity attributable to the Trust	10	14,619,281	14,617,702

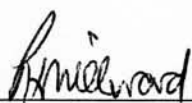
Authorised for Issue on Behalf of the Trust by:


S Chairman
Chairperson

Date: 29.09.2009


B Carran CA
Trustee

Date: 30/9/09


P Millward
Chief Executive

Date: 29.09.2009

The accompanying notes form part of these financial statements.


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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Actual 2009	Actual 2008
Cash flows from operating activities			
Council operating grants		1,262,775	1,377,825
Contracts		129,344	129,344
Interest received		21,618	25,319
Receipts from other revenue		523,492	749,633
Payments to suppliers and employees		(1,357,365)	(1,383,278)
Interest paid		(202,490)	(271,098)
Goods and services tax (net)		(38,093)	27,691
Net cash from operating activities	11	339,281	655,436
Cash flows from investing activities			
Sale of Investments		102,550	-
Purchase of property, plant and equipment		(186,293)	(235,971)
Purchase of Investments		-	(102,550)
Net cash from investing activities		(83,743)	(338,521)
Cash flows from financing activities			
Proceeds from borrowings		155,000	-
Repayment of borrowings		(244,554)	(208,686)
Net cash from financing activities		(89,554)	(208,686)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		165,984	108,229
Cash, cash equivalents and bank overdrafts at the beginning of the year		431,994	323,765
Cash, cash equivalents and bank overdrafts at the end of the year		597,978	431,994

The GST (net) component of operating activities reflects the net GST paid and received with 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.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of significant accounting policies for the year ended 30 June 2009

Reporting Entity

The Tasman Bays Heritage Trust (the Trust) is a Charitable Trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is controlled by Nelson City Council and Tasman District 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 foster, promote, and celebrate a sense of history and awareness of the importance of the region's heritage and identity, and the relationship of the Tangata Whenua to their taonga. 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 of the Trust are for the year ended 30 June 2009.

Basis of preparation

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

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a historical cost basis, except for the revaluation of land and buildings which are carried at fair value.

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.

Standards and interpretations issued but not yet effective

The following standards, interpretations and amendments that have been issued but are not yet effective, that the Trust has not applied have been determined to have a material impact on the Trust:

NZ IAS 1: Presentation of Financial Statements;

NZ IAS 23: Borrowing costs;

NZ IFRS 7: Financial Instruments

Revenue

Revenue is measured at the fair value of consideration received.

Grants

Grants received from the Nelson City and Tasman District Councils 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 deed. The Trust also receives other government assistance for specific purposes, and these grants usually contain restrictions on their use.

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.

Other revenue

Where a physical asset is donated or vested in the Trust for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Trust are recognised as revenue when control over the asset is obtained.

Interest income is recognised using the effective interest method.

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.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Income Tax

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

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Trust recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Trust will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the statement of financial performance 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 shown within borrowings as a current liability in the statement of financial position.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories

Inventories held for sale on a commercial basis are valued at the lower of cost and net realisable value.

Property, plant and equipment

Property, plant and equipment are shown at cost, with the exception of land and buildings, less accumulated depreciation and impairment losses.

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.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when 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 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:

Office furniture and equipment	5-10 years	(10% - 20%)
Exhibits and collections		
Exhibitions fitout	14 years	(7%)
Plant and equipment	3-14 years	(7% - 33.3%)
Buildings	9-40 years	(2.5% - 11%)

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

Exhibits and collection assets are very long lived and the Trust endeavours to maintain them in perpetuity. The residual value of these assets remains high relative to their gross carrying value. Given these matters, depreciation accounting is not applied on the grounds of materiality on the basis that depreciation, if any, is minimal. The Trustees review collection and exhibit assets each balance date and should any impairment be identified the write down is recognised immediately through the Statement of Financial Performance.

Revaluation

The Trust revalues its land and buildings to fair value every three years or more frequently if it has been determined that there is a material difference to their carrying value.

Intangible assets

Software acquisition

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

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

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

Amortisation

Computer software licenses are amortised on a straight-line basis over their estimated useful life of 3 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of. The amortisation charge for each period is recognised in the statement of financial performance.

Impairment of non-financial assets

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

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or 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 total impairment loss is recognised in the statement of financial performance.

Employee benefits

Short-term benefits

Employee benefits that the Trust expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Trust recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent the Trust anticipates it will be used by staff to cover those future absences.

Provisions

The Trust recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Trustees at the beginning of the year in the statement of intent. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Trust for the preparation of the 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 judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values

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 of property, plant and equipment 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 impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by:

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

The carrying amounts of property, plant and equipment are disclosed in note 7.

Critical judgements in applying the Trust's accounting policies

The Trustees must exercise their judgement 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.

2 Other revenue

	Actual 2009	Actual 2008
Donations	315,270	161,472
Grants	173,403	301,893
Sales	45,162	270,661
Other Revenue	29,924	6,891
Total other revenue	<u>563,759</u>	<u>740,917</u>

The Trust is grateful for all donations and charitable grants. During the year this included Canterbury Community Trust \$40,000; Lotteries & Heritage \$68,591; Cawthron Institute \$30,000; Chinese Poll Tax Heritage Fund \$5,000; Pub Charity \$4,395; Lion Foundation \$4,000. Sales include admission fees to special exhibitions.

3 Finance costs

	Actual 2009	Actual 2008
Bond Interest	935	9,531
Nelson Building Society *	201,555	261,567
Nelson City Council and Tasman District Council *	128,166	119,782
Total finance costs	<u>330,656</u>	<u>390,880</u>

* For further information refer to Note 9.

4 Other expenses

	Actual 2009	Actual 2008
Exhibition expenses	107,047	269,698
Audit fees for financial statement audit	18,049	17,610
Other	305,015	246,370
Total other expenses	<u>430,111</u>	<u>533,678</u>

5 Cash and cash equivalents

	Actual 2009	Actual 2008
Cash at bank and on hand	21,178	221,882
Short-term deposits maturing three months or less from date of acquisition	576,800	210,112
Total cash and cash equivalents	<u>597,978</u>	<u>431,994</u>
Bank overdrafts		-
Net cash, cash equivalents and bank overdrafts for the purposes of the statement of cash flows.	<u>597,978</u>	<u>431,994</u>

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

6 Trade and other receivables

	Actual 2009	Actual 2008
Gross trade and other receivables	46,931	-
Less provision for impairment	-	-
Total trade and other receivables	<u>46,931</u>	<u>-</u>

The carrying value of receivables approximates their fair value.

7 Property, plant and equipment

	Land and Buildings	Plant and Equipmen	Exhibition Fit-Out	Office Furn and Equipment	Exhibition and Collection	Total
Cost						
Balance at 1 July 2007	8,480,000	627,695	324,347	134,309	9,958,680	19,525,031
Additions	56,000	74,491	-	96,038	9,442	235,971
Disposals	-	-	-	-	-	-
Balance at 30 June 2008	<u>8,536,000</u>	<u>702,186</u>	<u>324,347</u>	<u>230,347</u>	<u>9,968,122</u>	<u>19,761,002</u>
Balance at 1 July 2008	8,536,000	702,186	324,347	230,347	9,968,122	19,761,002
Additions	52,266	120,997	-	4,986	8,044	186,293
Balance at 30 June 2009	<u>8,588,266</u>	<u>823,183</u>	<u>324,347</u>	<u>235,333</u>	<u>9,976,166</u>	<u>19,947,295</u>
Depreciation						
Balance at 1 July 2007	260,898	126,117	43,246	46,300	-	476,561
Charge for the year	262,391	99,017	23,168	22,711	-	407,287
Balance at 30 June 2008	<u>523,289</u>	<u>225,134</u>	<u>66,414</u>	<u>69,011</u>	<u>-</u>	<u>883,848</u>
Balance at 1 July 2008	523,289	225,134	66,414	69,011	-	883,848
Charge for the year	268,455	168,567	23,167	26,795	-	486,984
Balance at 30 June 2009	<u>791,744</u>	<u>393,701</u>	<u>89,581</u>	<u>95,806</u>	<u>-</u>	<u>1,370,832</u>
Carrying amounts						
At 1 July 2007	8,219,102	501,578	281,101	88,009	9,958,680	19,048,470
At 30 June and 1 July 2008	8,012,711	477,052	257,933	161,336	9,968,122	18,877,154
At 30 June 2009	7,796,522	429,482	234,766	139,527	9,976,166	18,576,463

Land and Buildings were valued at fair value using an optimised depreciated replacement cost methodology by independent valuers Telfer Young (Nelson) Limited. The valuation is effective as at 30 June 2006.

8 Trade and other payables

	Actual 2009	Actual 2008
Trade payables	55,965	87,528
Other payables	-	27,923
Total trade and other payables	<u>55,965</u>	<u>115,451</u>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

9 Borrowings

	Actual 2009	Actual 2008
Current		
Heritage Bonds	-	131,147
Nelson Building Society Loan	21,593	-
Total current borrowings	<u>21,593</u>	<u>131,147</u>
Non-current		
Loans from Nelson City Council and Tasman District Council	1,959,115	1,830,949
Nelson Building Society loan	2,540,000	2,520,000
Total non-current borrowings	<u>4,499,115</u>	<u>4,350,949</u>

Loans from Nelson City Council, Tasman District Council and Nelson Building Society

The Trust's loan from Tasman District Council with a face value of \$1,200,000 (2008 - \$1,200,000) is issued at a nil interest rate. Maturity date is 30 June 2012 with another review at the end of that period.

The Trust's loan from Nelson City Council with a face value of \$1,200,000 (2008 - \$1,200,000) is issued at a nil interest rate. Maturity date is 30 June 2012 with another review at the end of that period.

As the loans are at nil interest these were discounted to their fair value upon receipt. A finance cost is recognised to unwind this discount as the loan approaches its maturity date.

The Trust's loan from Nelson Building Society, with a face value of \$2,540,000, is interest-only and issued for a seven year term, current interest rate is 5.08%.

The Trust's loan from Nelson Building Society, with a face value of \$21,593, is issued at a fixed interest rate of 6.25%. Maturity date is 22 March 2010. This loan was repaid in September 2009.

Security

The loans from Nelson City Council and Tasman District Council are unsecured.

The loans from Nelson Building Society are secured by mortgage over Trust property.

Maturity Analysis and Effective Interest Rates

The following is a maturity analysis of the Trust's borrowings. There are no early repayment options.

2009	
Less than one year	\$21,593
Later than one year but not more than five years	\$1,959,115
Later than five years	\$2,540,000
2008	
Less than one year	\$131,147
Later than one year but not more than five years	\$1,830,949
Later than five years	\$2,520,000

Fair values of non-current borrowings

The fair values of non-current borrowings are \$4,499,115 (2008 - \$4,350,949)

The fair values of the Council loans are based on cash flows discounted using a rate based on the borrowing rate of 7.0% (2008 7.0 %). The fair value of the NBS loan is its face value.

The carrying amounts of borrowings repayable within one year approximate their fair value.

10 Reconciliation of equity

	Actual 2009	Actual 2008
Museum Reserves		
Opening balance	106,952	106,952
Transfers to retained earnings	(106,952)	-
Closing balance	-	106,952
Revaluation Reserve		
Opening balance	1,127,559	1,127,559
Revaluation gains	-	-
Closing balance	1,127,559	1,127,559
Retained earnings		
Balance at 1 July	13,383,191	13,499,418
Surplus/(deficit) for the year	1,579	(116,227)
Transfers from museum reserves	106,952	-
Balance at 30 June	13,491,722	13,383,191

11 Reconciliation of net surplus/ (deficit) after tax to net cash from operating activities

	Actual 2009	Actual 2008
Surplus/(deficit)	1,579	(116,227)
Add/(less) non-cash items:		
Fair value adjustments to loans	128,166	119,782
Depreciation expense	486,984	407,286
Add/(less) movements in working capital items:		
Trade and other receivables	(46,931)	9,805
Inventories	9,192	1,958
Trade and other payables	(59,486)	41,137
Employee benefits	802	10,670
Revenue in Advance	(181,025)	181,025
Net cash from operating activities	339,281	655,436

12 Commitments and operating leases

	Actual 2009	Actual 2008
Commitments		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	5,785	55,000

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Actual 2009	Actual 2008
Not later than one year	4,863	5,778
Later than one year and not later than five years	-	-

This contract is for Videopro (formally Vidcom) (at TA 445). There are no restrictions placed on the Trust by any of its leasing arrangements.

13 Contingencies

Contingent liability

The Trust has no contingent liabilities (2008 – nil)

Contingent assets

The Trust has no contingent assets (2008 – nil).

14 Related party transactions

The Trust was settled by Nelson City Council and Tasman District Council and receives a significant amount of operating grants from the Councils to deliver its objectives as specified in the Trust deed. Nelson City Council and Tasman District Council are the ultimate controlling parties of the Trust.

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

Nelson City Council contributed \$724,100 (2008 - \$598,400) and **Tasman District Council** contributed \$719,700 (2008 - \$598,400) towards the operating funding of the Trust.

There were no outstanding balances at balance date.

The Trust received \$181,025 (excluding GST) from the Nelson City Council in June 2008 for the first quarter operating grant for the year ended 30 June 2009.

No provision has been required, nor any expense recognised for impairment of receivables from related parties (2008 \$nil).

Other related party transactions:

Tasman Bays Heritage Trust received \$40,000 grant funding from the Canterbury Community Trust, Liz Richards was appointed as a Trustee of the Canterbury Community Trust in June 2002.

Key Management Personnel Compensation

Key Management Personnel includes the Trustees, the current and former Chief Executive Officers, the Board Secretary and the Financial Services Officer.

	Actual 2009	Actual 2008
Salaries and other short term employee benefits	156,203	146,720

15 Trustee fees

	Actual 2009	Actual 2008
Patricia O'Shea	-	1,667
Robin Whalley	5,209	6,500
Mike Johnston	4,578	4,000
Mairangi Reiher	8,000	4,000
Annette Walker	8,000	4,000
Hamish Neale	8,000	4,000
Sara Chapman	11,003	4,000
Bede Carran	2,667	-
Chris Bowater	2,667	-
Liz Richards	2,000	-
Total Trustee's fees	52,124	28,167

16 Events after the balance sheet date

There were no significant events after the balance sheet date.

17 Categories of financial assets and liabilities

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

	Actual 2009	Actual 2008
<i>Loans and receivables</i>		
Cash and cash equivalents (see Note 5)	597,978	431,994
Trade and other receivables (see Note 6)	46,931	-
Total loans and receivables	644,909	431,994
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (note 8)	55,965	115,452
Unsecured loans from Nelson City and Tasman District Councils (note 9)	1,959,115	1,830,949
NBS loan (secured) (see Note 9)	2,561,593	2,520,000
Heritage Bonds	-	131,147
Total financial liabilities measured at amortised cost	4,576,673	4,597,548

18 Financial instrument risks

The Trust is risk averse and seeks to minimise exposure from its treasury activities. 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

The Trust's borrowings are disclosed in note 9.

Fair value interest rate risk

Fair value interest rate risk is the risk that the 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 borrowings and short-term bank deposits.

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.

The Trust currently has no variable interest rate debt or investments.

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.

Credit risk

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

Due to the timing of its cash inflows and outflows, the Trust invests surplus cash with registered banks. The Trust's Investment policy limits the amount of credit exposure to any one institution.

The Trust's maximum credit exposure for each class of financial instrument is represented by the total carrying amount cash equivalents (note 5) and gross trade receivables (note 6). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Trust has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specified credit ratings.

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 aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Trust maintains a target level of investments that must mature within specified timeframes.

The Trust manages its borrowings in accordance with its Borrowing policy.

19 Performance information

The 2008/09 Strategic Plan contained 20 Objectives/KPIs.

Performance Target	Result
1. Museum open 363 days.	Achieved – the Museum was closed on Good Friday and Christmas Day
2. Museum to attract 40,000 visitors	Exceeded – Visitor numbers for year ended 30 June were 59,345

Tasman Bays Heritage Trust

3. Compile budgets/SOI by 30 November 2008 and finalise by 28 February 2009.	Delivered 9 February 2009
4. Operate within annual budget.	Year end ahead of budget
5. Maintain and enhance the Research facility at IseI	In Progress/Achieved – improved storage of photographic materials and improved public facility with installation of heat pumps
6. Prioritise strategies that contribute towards sustainable growth	In Progress – a new model of financing exhibitions is being developed by the Board and CEO
7. Meet with Iwi Liaison Komiti 4 times/year	Achieved – quarterly meetings have been held and a special meeting on the issue of photo permissions
8. Progress the digital strategy	In Progress/Achieved – significant improvement in use of Vernon collection management system is delivering substantial amounts of material to the website
9. Seek funding from three philanthropic bodies	Achieved – grants received from Cawthron Trust, Canterbury Community Trust and Lotteries and Heritage
10. Develop an exhibitions policy	Completed and approved by the Board on 26 May 2008
11. Approve programme of special exhibitions	Achieved – three exhibitions mounted in the past year and a programme in place to the end of 2010
12. Undertake in-house surveys on at least 2 exhibitions per annum	Achieved – 1 in 20 adult visitors surveyed during the NZ Fossils exhibition
13. Provide LEOTC programmes for 6,000 students	Exceeded – 9083 school students attended programmes in this financial year
14. Review and renew the MOU with the Shareholders, to align it with the Local Government Act 2002, no later than 30 June 2009	Negotiation process signalled to NCC/TDC. Renewal deferred until the completion of LTCCP's. Trust awaiting legal draft
15. Ensure Trust deliver SOI to shareholders for each financial year	Delivered 9 February 2009
16. Deliver half year financial accounts to shareholders no later than 28 February 2009	Delivered 27 January 2009
17. Complete the annual draft strategic plan by 30 November 2008 and finalise by 28 February 2009	Delivered 9 February 2009. Approved as part of LTCCP
18. Deliver year end financial accounts to shareholders no later than 30 September 2009	With Audit NZ – Due 30 Sept 09
19. Repay/renew/retire bonds by 31 August 2008	Delivered 5 August 2008
20. Provide quality financial, administration, technology and other services for Trust facilities, within the constraints of financial investment	Delivered improvements by Audit & Risk Management Committee, IT investment and staff training. New role of Manager Corporate Services

AUDIT REPORT**TO THE READERS OF
TASMAN BAYS HERITAGE TRUST'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2009**

The Auditor-General is the auditor of Tasman Bays Heritage Trust (the Trust). The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust, on his behalf, for the year ended 30 June 2009.

Unqualified Opinion

In our opinion:

- The financial statements of the Trust on pages 4 to 19:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Trust's financial position as at 30 June 2009; and
 - the results of its operations and cash flows for the year ended on that date.
- The performance information of the Trust on pages 19 and 20 fairly reflects the achievements measured against the performance targets adopted for the year ended 30 June 2009.

The audit was completed on 30 September 2009, and 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 Trust and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;

- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Trustees and the Auditor

The Trustees are responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Trust as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date. The Trustees are also responsible for preparing performance information that fairly reflects service performance achievements for the year ended 30 June 2009. The Trustees' responsibilities arise from the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 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 Institute of Chartered Accountants of New Zealand.

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



S M Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand