ART DECO TRUST INCORPORATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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Registration Number:	CC21328
Date of incorporation	24-Feb-08
Nature of business and principal activities	The Trust is primarily involved in the preservation, restoration, promotion and celebration of the Art Deco era
Registered office	7 Tennyson Street Napier
Postal address	P.O. Box 113 Napier
Board of governance	Barbara Arnott (elected 25 November 2020) (appointed as Chair 9 December 2020) Pamela Reading-Windle Stuart Ainslie (resigned 28 July 2021) Tania Wright Simon Dunn Rachel Bashnik Hamish Saxton (resigned 26 August 2020) Ben Hutton (appointed 30 September 2020)

	Note	2021 $	2020 $
Revenue	5	**1,276,398**	**2,342,082**
Expenditure			
Operating Expenses	6	774,686	1,721,381
Administration Expenses		429,000	484,457
Total Expenses		**1,203,686**	**2,205,838**
Operating Surplus		**72,712**	**136,244**
Finance Income		1,499	1,938
Surplus for the Year		**74,211**	**138,182**
Other Comprehensive Revenue and Expense		-	-
Total Comprehensive Revenue and Expense		**74,211**	**138,182**

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	Heritage Fund Reserve	Accumulated Revenue and Expense	Total Net Assets/Equity
	$	$	$
Balance as at 1 September 2019	**33,987**	**495,060**	**529,047**
Net Surplus	12,531	125,651	138,182
Total Comprehensive Revenue and Expense	12,531	125,651	138,182
Balance at 31 August 2020	**46,518**	**620,711**	**667,229**
Balance as at 1 September 2020	46,518	620,711	667,229
Net Surplus/(Deficit)	(11,677)	85,888	74,211
Total Comprehensive Revenue and Expense	(11,677)	85,888	74,211
Balance at 31 August 2021	**34,841**	**706,599**	**741,440**

ART DECO TRUST INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021

	Note	2021 $	2020 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	11	542,196	661,340
Prepayments		20,886	15,300
Receivables (from exchange transactions)	11	2,206	2,277
Inventory	7	75,650	112,721
		640,938	**791,638**
Non-Current Assets			
Property, Plant and Equipment	8	275,546	304,810
Intangible Assets	9	46,967	46,530
		322,513	**351,340**
TOTAL ASSETS		**963,451**	**1,142,978**
LIABILITIES			
Current Liabilities			
Payables (from exchange transactions)	11	53,811	78,265
Revenue Received in Advance		29,723	264,702
Employee Entitlements		41,727	36,032
		125,261	**378,999**
Non-current Liabilities			
Loans and Borrowings	10, 11	96,750	96,750
		96,750	**96,750**
TOTAL LIABILITIES		**222,011**	**475,749**
NET ASSETS / EQUITY			
Heritage Fund Reserve	12	34,841	46,518
Accumulated Revenue and Expense		706,599	620,711
TOTAL NET ASSETS / EQUITY		**741,440**	**667,229**
TOTAL NET ASSETS / EQUITY AND LIABILITIES		**963,451**	**1,142,978**

These Financial Statements have been authorised for issue by the Trustees on 27th October 2021

Trustee

Trustee

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ART DECO TRUST INCORPORATED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

	2021	2020
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	437,644	1,590,026
Interest Income	1,499	1,938
Receipts from Donations, Sponsorship and Grants	592,871	827,679
Payments to Suppliers and Employees	(1,084,457)	(2,006,208)
Grants Paid	(39,200)	(3,000)
Net Cash Inflow/(Outflow) from Operating Activities	**(91,643)**	**410,435**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Purchase of Intangible Assets	(16,980)	(14,472)
Payments for Purchase of Property, Plant and Equipment	(10,521)	(13,452)
Net Cash Outflow from Investing Activities	**(27,501)**	**(27,924)**
Net Increase/(Decrease) in Cash and Cash Equivalents	**(119,144)**	**382,511**
Cash and Cash Equivalents at the Beginning of the Year	661,340	278,828
Cash and Cash Equivalents at the End of the Year	**542,196**	**661,340**

Cash and Cash Equivalents Comprise

	2021	2020
	$	$
Cash on hand	800	800
General account	108,288	522,744
Heritage Fund account	50,841	56,239
Interest bearing call accounts	382,267	81,557
Cash and Cash Equivalents per statement of financial position	**542,196**	**661,340**

1 Reporting Entity

Art Deco Trust Incorporated (the "Trust") is an entity registered under the Charitable Trusts Act 1957 and the Charities Act 2005.

The Trust is domiciled and registered in New Zealand and is primarily involved in the preservation, restoration, promotion and celebration of the Art Deco era. The Trust's offices are situated at 7 Tennyson Street, Napier.

For the purpose of complying with generally accepted accounting practice in New Zealand ('NZ GAAP"), the Trust is a public benefit enitity.

2 Basis of Preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with NZ GAAP, Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") and the requirements of the Charities Act 2005. The Trust is eligible to report in accordance with PBE Standards RDR because it is not publicly accountable and does not have expenditure in excess of $30 million.

These financial statements were authorised for issue by the Trustees on

(b) Measurement Basis

These financial statements have been prepared under the historical cost convention.

(c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars ($) which is the Trust's functional and presentation currency, rounded to the nearest dollar.

There has been no change in the functional currency of the Trust during the year.

3 Use of Judgements and Estimates

In December 2019, a new virus, COVID-19, was detected in Wuhan, China. The virus was soon common in other countries and on 11 March 2020 the World Health Organization declared that the outbreak should be considered a pandemic.

The result of this pandemic has been a substantial reduction in economic activity throughout the world, as governments have introduced measures (such as the closure of national borders, the closure of non-essential businesses, the cancellation of public events and the imposition of restrictions on individuals) in an attempt to reduce transmission of the virus. The New Zealand Government's reponse has been a 4 level Alert system to prevent the spread of COVID-19 and eliminate the disease from our borders. Since April 2021 a Trans-Tasman bubble has operated periodically between Australia and New Zealand allowing some international tourism between the two countries but COVID-19 outbreaks in both countries means the border has been completely closed since early July 2021.

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The Trust is unable to operate retail and tours activities at Alert level 3 or higher and unable to operate events at Alert level 2 or higher. Generally when the Trust has been able to operate revenue is impacted due to lower visitor numbers as a result of almost no international visitors. Also when the Auckland or Wellington regions have been held at higher Alert levels than our region, the restrictions placed on travel out of affected regions at Alert level 3 & 4 further impacted our visitor numbers. The New Zealand Government ordering Auckland into Alert level 3 and the rest of New Zealand into Alert level 2 on 14th February 2021 resulted in the Trust cancelling the 2021 Art Deco Festival. In total 76 trading days in the financial year were impacted by the Trust either being closed due to lockdown or a lack of tourists due to other regions being in lockdown.

Although the Trust has been significantly impacted by COVID-19, the Trustees have concluded that the Trust will be able to continue operating for at least 12 months from the date of signing these financial statements. That conclusion has been reached because:

- The Trust's current cash resources, combined with local and central Government funding for the next 12 months, is in the position that even with reduced revenue from trading operations, it can maintain current expenditure for at least 12 months from the date of signing these financial statements.
- The Trust's primary source of income is a government grant that extends for a period of two years starting September 2020; First year $317,000, Second year $183,000. This funding is provided through the MBIE Strategic Tourism Asset Protection Programme (STAPP), future funding beyond the second year into a third year (2022-2023) is yet to be confirmed.
- Domestic activity in the Tourism Sector is strong and is anticipated to continue throughout the coming summer months. Interest in the 2022 Festival is high and we are anticipating good sales.
- Government indications are once NZ reaches a 90% vaccination rate our international borders will open up and we are expecting a return of international tourism. A review of all Trust operations will have to be undertaken if international tourism does not return in the next 12 months.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the financial statements include the following:

- Revenue recognition – exchange versus non-exchange revenue

  Revenue must be classified as arising from either exchange or non-exchange transactions. Where there is a non-exchange transaction, management must determine whether there are associated conditions (a condition is a requirement to return assets that have not been used for the purposes specified by the other party to the transaction). Information on the manner in which exchange and non-exchange transactions are accounted for is provided in the accounting policy on revenue (policy 4(a)).

(b) Assumptions and Estimation Uncertainties

There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year.

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4 Significant Accounting Policies

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

The significant accounting policies of the Trust are detailed below:

(a) Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Trust. It is measured at the fair value of consideration received or receivable. Revenue is stated net of Goods and Services Tax.

The Trust receives revenue from both exchange and non-exchange transactions. An exchange transaction is defined as a transaction in which one entity receives assets or services (or has liabilities extinguished) and directly gives approximately equal value to another entity in exchange. A non-exchange transaction is a transaction in which the Trust receives an asset (such as cash), but does not provide approximately equal value in return.

Where a non-exchange transaction has an associated condition (which is a requirement to return assets that have not been used for the purposes specified by the other party to the transaction), a liability is recognised. Revenue is recognised (and the liability extinguished) as the condition is met.

The following specific recognition criteria in relation to the Trust's revenue streams must also be met before revenue is recognised.

i. Revenue From Exchange Transactions

Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable and net of returns.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Rendering of Services

Revenue from services rendered is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date, specifically, income from events and from walks and tours is recognised when the event, walk or tour occurs.

Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

Membership Income

Membership income is recognised over the period of the membership (usually 12 months). Amounts received in advance for memberships relating to future periods are recognised as a liability until such time as that period covering the membership occurs.

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ii. Revenue From Non-Exchange Transactions

Non-exchange transactions are those where the Trust receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of donated goods and services, inflows of resources from non-exchange transactions are only recognised as assets where both:
• It is probable that the associated future economic benefit or service potential will flow to the entity, and
• Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:
• It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
• The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Trust's non-exchange transaction revenue streams must also be met before revenue is recognised.

Grants, Donations and Sponsorship

The recognition of non-exchange revenue from Grants, Donations and Sponsorship depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Donated Goods and Services

Donated goods and services are recognised at the value of the goods or service provided at the time these are provided. A corresponding asset or expense is recognised at the same time, for the same value.

(b) Finance Income

Finance income comprises interest and dividend income on financial assets. Interest income is recognised as it accrues, using the effective interest method.

(c) Employee Benefits

i. Short-Term Employee Benefits

Short-term employee benefit liabilities are recognised when the Trust has a legal or constructive obligation to remunerate employees for services provided and that are expected to be settled wholly before 12 months after the reporting date. Short-term employee benefits are measured on an undiscounted basis and expensed in the period in which employment services are provided.

ii. Defined Contribution Plans

Defined contribution plans such as Kiwisaver are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in surplus or deficit in the periods during which services are rendered by employees.

(d) Financial instruments

The Trust initially recognises financial instruments when the Trust becomes a party to the contractual provisions of the instrument.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Trust is recognised as a separate asset or liability.

The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Trust also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Trust's financial assets are classified as loans and receivables.

The Trust's financial liabilities are classified as financial liabilities at amortised cost.

Financial instruments are initially measured at fair value, plus directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

i. Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and receivables.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash balances, call deposits and short term deposits with original maturities of three months or less.

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ii. Financial Liabilities at Amortised Cost

Amortised cost financial liabilities are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised cost comprise payables, and loans and borrowings.

(e) Impairment of Non-Derivative Financial Assets

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Trust on terms that the Trust would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, economic conditions that correlate with defaults, or the disappearance of an active market for a security.

i. Financial Assets Classified as Loans and Receivables

The Trust considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Trust uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

Individual receivables that are known to be uncollectable are written off when identified, along with associated allowances.

(f) Inventory

Inventory is initially measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Inventories are subsequently measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Property, Plant and Equipment

i. Recognition and Measurement

Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value at initial recognition.

Items of property, plant and equipment are subsequently measured under the cost model, which means items are measured at cost (or fair value for items acquired through non-exchange transactions) less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour;
- Costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Trust has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs if a qualifying asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

ii. Subsequent Expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Trust. Ongoing repairs and maintenance is expensed as incurred.

iii. Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, are depreciated separately.

Depreciation is recognised in surplus or deficit over the estimated useful lives of each component of an item of property, plant and equipment.

The major depreciation rates are as follows:

- Leasehold improvements: 5 - 20% straight line
- Furniture and Fixtures: 6.7% straight line
- Office Equipment: 6.7 - 50% straight line
- Heritage assets: 2% straight line

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Intangible Assets

i. Recognition and Measurement

Intangible assets are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value at initial recognition. All of the Trust's intangible assets are subsequently measured at cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment.

ii. Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in surplus and deficit as incurred.

iii. Amortisation

Amortisation is recognised in surplus or deficit over the estimated useful lives of each amortisable intangible asset.

The major amortisation rates are as follows:

- Software: 25 - 33% diminishing value

Amortisation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

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(i) Impairment of Non-Financial Assets

The carrying amounts of the Trust's non-financial assets, other than inventory, are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication of impairment exists:
- if the asset is a cash generating asset (i.e. an asset held with the primary objective of generating a commercial return), an estimate of it's recoverable amount is calculated.
- if the asset is a non-cash generating asset, an estimate of its recoverable service amount is calculated.

An impairment loss is recognised where the carrying amount of an asset exceeds its recoverable amount/recoverable service amount. Impairment losses directly reduce the carrying amount of assets and are recognised in surplus or deficit.

The recoverable amount/recoverable service amount of an asset is the greater of its value in use and fair value less costs to sell. In assessing value in use for a cash generating asset, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use for a non-cash generating asset is its depreciated replacement cost.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Operating Leases

An operating leases is a lease in which the lessor retains substantially all of the risks and rewards of ownership. Operating leases are not recognised in the Trust's statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(k) Goods and Services Tax (GST)

The Trust is registered for GST, therefore all amounts are recorded exclusive of GST, except receivables and payables which are stated inclusive of GST.

(l) Income tax

The Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

(m) Comparative Information

Comparative information has been reclassified, where necessary, to achieve consistency in disclosure with the current year.

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5 Revenue

	2021	2020
	$	$
Revenue From Exchange Transactions:		
Shop sales	190,450	450,098
Walks and tours	144,934	462,598
Ticket sales to events	102,189	674,248
Revenue From Non-Exchange Transactions:		
Grants	529,363	305,331
Donations	19,933	22,316
Sponsorship	145,981	176,507
Membership income	19,336	28,178
NCC Service fee	113,237	109,378
Donated goods and services	10,975	113,428
Total Revenue	**1,276,398**	**2,342,082**

Revenue From Operations Comprises:

	2021	2020
Merchandising	190,450	450,098
Walks and Tours	173,941	493,806
Events	398,974	1,115,891
Heritage Fund Income	20,235	21,291
Art Deco Trust Administration	492,798	260,996
Total Revenue From Operations	**1,276,398**	**2,342,081**

Grant income includes grants from the following organisations:

	2021	2020
Napier City Council	43,870	20,500
Lion Foundation	40,000	40,000
Pub Charity	25,499	53,186
Grassroots Trust Central Ltd	28,661	3,387
Hawkes Bay Regional Council	15,000	-
Eastern & Central Community Trust	5,000	4,000
Perpetual Guardian Stout Trust	4,000	4,000
Four Winds Foundation	-	7,866
The Ministry of Social Development COVID-19 Wage Subsidy	5,858	92,070
Lottery Grants Board	19,475	11,687
Hastings District Council	25,000	20,000
Infinity Foundation	-	48,635
The Ministry of Business, Innovation & Employment STAPP Fund	317,000	-
	529,363	**305,331**

Donated goods and services is comprised of:

	2021	2020
Advertising	-	29,500
Beverages	-	17,300
Catering	-	5,000
Entertainment	-	48,000
Equipment	-	7,000
Other	10,975	6,628
	10,975	**113,428**

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6 Expenses

	2021 $	2020 $
Total Operating Expenses relate to the following activities:		
Merchandising	138,221	367,221
Walks and Tours	207,337	325,119
Events	397,216	1,020,156
Heritage fund expenses	31,912	8,885
	774,686	**1,721,381**

Total expenses include:		
Depreciation and amortisation	55,032	58,548
Cost of sales	98,166	223,683
Lease costs	31,108	47,733
Personnel costs	516,728	656,635
Defined contribution plan expenditure	12,431	16,098

7 Inventory

	2021 $	2020 $
Merchandise	75,650	112,721

During the reporting period inventory items with a cost value of $9,276 were written down to net realisable value of nil (2020: $6,414 written down to net realisable value of nil).
There are no items of inventory pledged as security against any of the Trust’s assets (2020: nil).

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8 Property, Plant & Equipment

	Leasehold improvements	Furniture & fittings	Office equipment	Heritage assets	Total
Cost	**$**	**$**	**$**	**$**	**$**
Balance as at 1 September 2020	403,207	92,822	196,000	41,223	**733,252**
Additions (exchange)	-	-	7,371	3,150	**10,521**
Disposals	-	2,542	27,652	-	**30,194**
Balance as at 31 August 2021	**403,207**	**90,280**	**175,719**	**44,373**	**713,579**
Accumulated Depreciation and Impairment					
Balance as at 1 September 2020	166,209	87,765	172,829	1,639	**428,442**
Depreciation	22,154	1,280	14,231	824	**38,489**
Disposals	-	2,451	26,447	-	**28,898**
Balance as at 31 August 2021	**188,363**	**86,594**	**160,613**	**2,463**	**438,033**
Net book value					
As at 31 August 2019	**256,707**	**6,591**	**37,307**	**40,408**	**341,013**
As at 31 August 2020	**236,998**	**5,057**	**23,171**	**39,584**	**304,810**
As at 31 August 2021	**214,844**	**3,686**	**15,106**	**41,910**	**275,546**

9 Intangible Assets

	Software	Total
Cost	**$**	**$**
Balance as at 1 September 2020	61,970	**61,970**
Additions (exchange)	16,980	**16,980**
Balance as at 31 August 2021	**78,950**	**78,950**
Accumulated Amortisation and Impairment		
Balance as at 1 September 2020	15,440	**15,440**
Amortisation	16,543	**16,543**
Balance as at 31 August 2021	**31,983**	**31,983**
Net book value		
As at 31 August 2019	**40,951**	**40,951**
As at 31 August 2020	**46,530**	**46,530**
As at 31 August 2021	**46,967**	**46,967**

10 Loans and Borrowings

	Effective interest rate	Year of maturity	2021 Current	2021 Non-current	2020 Current	2020 Non-current
			$	$	$	$
Napier City Council (2012)	0%	2026	-	48,750	-	48,750
Napier City Council (2019)	3%	2022	-	48,000	26,719	21,281
			-	**96,750**	**26,719**	**70,031**

The Napier City Council loans are unsecured, and repayable on demand, but in response to the COVID-19 pandemic crisis the Napier City Council passed resolutions to defer payments on the loans until 2024, and forgive interest payments until September 2022.

11 Financial Instruments

The tables below show the carrying values of the Trust's financial assets and financial liabilities:

31 August 2021	**Note**	**Financial Assets** **Loans and Receivables**	**Financial Liabilities** **Amortised Cost**	**Total**
Subsequently not measured at fair value				
Cash and Cash Equivalents		542,196	-	542,196
Receivables		2,206	-	2,206
Payables		-	(53,811)	(53,811)
Loans and Borrowings	10	-	(96,750)	(96,750)
		544,402	**(150,561)**	**393,841**

31 August 2020	**Note**	**Financial Assets** **Loans and Receivables**	**Financial Liabilities** **Amortised Cost**	**Total**
Subsequently not measured at fair value				
Cash and Cash Equivalents		661,340	-	661,340
Receivables		2,277	-	2,277
Payables		-	(78,237)	(78,237)
Loans and Borrowings	10	-	(96,750)	(96,750)
		662,817	**(174,987)**	**488,629**

12 Reserves

Heritage Fund Reserve

This reserve reflects the grants and donations made to and from the Robert McGregor Heritage Fund. These funds are held in a separate bank account and are kept specifically for Heritage grants. Total grants paid or approved for the year were $39,200 (2020: $27,010).

13 Operating Lease Commitments

	2021 $	2020 $
Operating leases as lessee		
Non-cancellable operating leases are payable as follows:		
Less Than One Year	2,228	14,100
Between One and Five Years	6,049	-
Total	**8,277**	**14,100**

The Trust has entered into a number of operating leases for buildings and equipment.

The building lease term is currently on a month by month basis. The lease is expected to remain on a month by month basis for the foreseeable future.
Equipment leases are monthly, for periods of two to four years.

During the year ended 31 August 2021 $31,107 was recognised as an expense in surplus of deficit in respect of operating leases as lessee (2020: $47,733).

14 Related Party Transactions

Key Management Personnel Remuneration

Key management personnel are members of the governing body, which comprise members of the board and executive employees. The aggregate remuneration of key management personnel and the number of individuals (determined on a full time equivalent basis) receiving remuneration is as follows:

	2021 No. of Individuals FTE	$	2020 No. of Individuals FTE	$
Board Honorarium	0.18	-	0.44	-
Executive Employees	0.90	88,103	0.50	98,158
	1.08	88,103	0.94	98,158

There are no other related party transactions with key management personnel or family members of key management personnel (2020: nil).

15 Capital Commitments and Contingent Liabilities

There were no capital commitments or contingent liabilities as at 31 August 2021 (2020: nil).

16 Events After Balance Date

There were no significant events after balance date requiring disclosure in the financial statements (2020;nil).

17 Prior Period Error

During the current period it was noted by the Trustees that the judgement made in relation to the timing of revenue recognition for the NCC Service Fee was incorrect, and resulted in non-exchange revenue being understated in prior periods.

The error was corrected for the current year results but the below table summarises the changes made to the statement of financial position, statement of changes in net assets/equity and the statement of comprehensive revenue and expense for the restated comparatives to correct this error.

	Impact on items in the statement of financial position		**Impact on items in the statement of comprehensive revenue and expense**
	Revenue Received in Advance	**Accumulated Revenue and Expense**	**Revenue**
	$	**$**	**$**
Balance reported at 1 September 2019	137,699	436,093	2,337,758
Effect of the prior year error (1 September 2019)	(58,967)	58,967	-
Restated balance at 1 September 2019	78,732	495,060	2,337,758
Balance reported at 31 August 2020	326,186	559,227	2,339,565
Effect of the prior year error (1 September 2019)	(58,967)	58,967	(58,967)
Effect of the prior year error (31 August 2020)	(2,517)	2,517	61,484
Restated balance at 31 August 2020	264,702	620,711	2,342,082

Tel: +64 6 835 3364
napier@bdo.co.nz
www.bdo.nz

BDO HAWKE'S BAY
86 Station Street
PO Box 944
Napier 4140

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ART DECO TRUST INCORPORATED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Art Deco Trust Incorporated ("the Society"), which comprise the statement of financial position as at 31 August 2021 and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 August 2021 and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society.

Boards' Responsibilities for the Financial Statements

The Board is responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the Society for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Hawke's Bay

BDO Hawke's Bay
Napier
New Zealand
27 October 2021