

**ART DECO TRUST INCORPORATED
PERFORMANCE REPORT
FOR THE YEAR ENDED 31 AUGUST 2023**

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PERFORMANCE REPORT FOR THE YEAR ENDED 31 AUGUST 2023
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ART DECO TRUST INCORPORATED
PERFORMANCE REPORT FOR THE YEAR ENDED 31 AUGUST 2023
GENERAL INFORMATION

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 (Chair) Pamela Reading-Windle (resigned 23 November 2022) Tania Wright (resigned October 2022) Simon Dunn Rachel Bashnick Ben Hutton Amy Cowan Thomas Bain (elected 23 November 2022) Chad Tareha (appointed 2 November 2022)

ART DECO TRUST INCORPORATED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 AUGUST 2023

The Art Deco Trust is a guardian, a storyteller and an interpreter of many unique national treasures.

We are the guardian of a collection of beautiful art deco buildings constructed after the 1931 Hawke's Bay earthquake and fire.

The Trust is a storyteller of courageous people who were able to imagine a different kind of city and adopt the energy and optimism of a modern art and design movement to create it.

The Trust is also the interpreter of the spirit of Art Deco to contemporary audiences in Hawkes Bay, New Zealand and beyond.

Guardian

The Art Deco Trust came out of a group formed in 1985 to protect the unique 1930s buildings that for 50 years had been unrecognised, undervalued and were under threat of demolition. Thanks to the advocacy of a new generation of courageous people with vision, these heritage buildings are now recognised, valued and protected. Thanks to the Trust's Robert McGregor Heritage Fund and Heritage Working Group, funds are now available to help preserve and restore Hawke's Bay's Art Deco heritage.

Storyteller

The story of how Napier rose out of the rubble and ashes of the 1931 earthquake is just the compelling opening chapter of a bigger and equally intriguing story of how Napier people, New Zealanders and many world-wide fell in love with treasures that had been hiding in plain sight for 50 years. There are the stories of those who created the buildings, of the battles lost and won in the fight to preserve the historic precinct, and of those buildings brought back from the brink.

Interpreter

Emerging after the First World War, the Art Deco Movement celebrated the modern age, the machine, and synthetic materials. Its designs were simple. Its spirit was optimistic and energetic. People had the opportunity to imagine a new future. Napier embraced the chance to modernise and bring beauty from the ashes. The Trust is the interpreter of that spirit of the 1930s to New Zealand in the 2020s.

The Art Deco Trust is governed by a Board of industry representatives and sets the strategic direction for the Trust. The goals articulated within this plan include:

ART DECO TRUST INCORPORATED
 STATEMENT OF SERVICE PERFORMANCE
 FOR THE YEAR ENDED 31 AUGUST 2023

Strategic Goal 1: Guardianship

To retain all Art Deco era buildings in Napier’s Heritage Precinct and encourage their maintenance and quality restoration.

In November 2017 the Robert McGregor Heritage Fund was launched to support façade enhancement and light restoration work of heritage buildings across the Heritage Precinct of Napier. A Heritage Fund Working Group is in place to review the applications and advise on Trust Heritage matters, with a Heritage Committee then approving the applications.

The bi-annual Art Deco Trust Heritage Awards recognise excellence for building owners who focus on repurposing, façade enhancement and heritage projects. Commencing in 2022 Art Deco Trust, together with all five (5) Hawke’s Bay Councils, is working to present a biannual Hawke’s Bay Regional Heritage awards to recognize excellence across a range of Heritage presentation, promotional and restoration project – with a regional focus on Heritage activities.

Description of Quantification	Actual (This year Sept 22 – Aug 23)	Actual (Last Year Sept 21 – Aug 22)
Number of buildings receiving funding from the Robert McGregor Heritage Fund	8	4
Number of Heritage Awards presented	8	Bi-annual awards started November 2022

ART DECO TRUST INCORPORATED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic Goal 2: Storytelling and Interpretation

To promote Art Deco era heritage and encourage the celebration of civic pride.

The founding members of the Art Deco Trust recognised that if the Art Deco buildings of Napier were economically significant and a vital part of the community, that their protection and preservation would be easier to achieve. In 1985 they initiated a marketing plan to promote the heritage city and this plan has been modified and maintained throughout the decades. The Trust implements marketing campaigns which result in a high level of media exposure and visitor numbers to the Hawke's Bay Region.

The Art Deco Festival Napier and Winter Deco festival programmes are key projects within these strategic goals showcasing the heritage of Napier to thousands of visitors attending both the ticketed and free community events organised by the Trust. The figures in the table below detail the actual tickets sold to the events.

Guided tours around the city also highlight the architectural gems of Art Deco Napier to locals and visitors alike and provide quality information on the unique story of the city.

Description of Quantification	Year Sept 22 – Aug 23		Year Sept 21 – Aug 22	
	Actual	Budget	Actual	Budget
Ticket purchase revenue for Annual Art Deco Festival Napier	Festival cancelled due to Cyclone	\$334,168	\$197,552	\$385,777
Ticket number sold for Annual Art Deco Festival Napier	Festival cancelled due to Cyclone	4154	4767	6106
Ticket purchase revenue for Winter Deco	\$83,871	\$60,000	\$45,509	\$44,500
Ticket number sold for Winter Deco	1657	966	957	650
Number of participants on guided walks	4458	4050	1733	2964
Number of participants on coach tours	6900	4000	656	0
Number of Vintage Car Tours provided	1142	556	272	242

ART DECO TRUST INCORPORATED
 STATEMENT OF SERVICE PERFORMANCE
 FOR THE YEAR ENDED 31 AUGUST 2023

Strategic Goal 3: Community Engagement

To foster, engage and maintain key stakeholder relationships for Art Deco Trust initiatives, keeping lines of communication open, consistent and mutually advantageous.

The backbone to the Art Deco Trust is the family of volunteers that assist across all Trust activities. The Trust is proud to have the support of a large, dedicated and passionate team of volunteers who are involved with taking guided walks, assisting in the Art Deco Centre and the key signature events.

Key stakeholders also include the members of the Art Deco Trust, sponsors, funders, Members and key strategic partners such as the Napier City Council, Hastings District Council, Hawke's Bay Regional Council and Hawke's Bay Tourism.

Description of Quantification	Year Sept 22 – Aug 23	Year Sept 21 – Aug 22
Art Deco Trust Members	641	705
Volunteers' hours worked	5893	4193
Volunteer training sessions	12	8
Volunteer Service Awards:		
5yrs	7	9
10yrs	6	3
15yrs	4	2
20yrs	4	2
25yrs	1	0
30yrs	2	4
Number of active Volunteers in the year	126	114
Number of new Volunteers in year	6	5

ART DECO TRUST INCORPORATED
 STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
 FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 \$	2022 \$
Revenue	5	1,565,320	1,565,275
Expenditure			
Operating Expenses	6	1,064,469	1,079,910
Administration Expenses		540,351	422,674
Total Expenses		<u>1,604,820</u>	<u>1,502,584</u>
Operating Surplus / (Deficit)		<u>(39,500)</u>	<u>62,691</u>
Finance Income		11,555	1,883
Surplus / (Deficit) for the Year		<u>(27,945)</u>	<u>64,574</u>
Other Comprehensive Revenue and Expense		-	-
Total Comprehensive Revenue and Expense		<u><u>(27,945)</u></u>	<u><u>64,574</u></u>



ART DECO TRUST INCORPORATED
 STATEMENT OF CHANGES IN NET ASSETS/EQUITY
 FOR THE YEAR ENDED 31 AUGUST 2023


	Heritage Fund Reserve	Accumulated Revenue and Expense	Total Net Assets/Equity
	\$	\$	\$
Balance as at 1 September 2021	34,841	706,599	741,440
Net Surplus/(Deficit)	(10,634)	75,208	64,574
Total Comprehensive Revenue and Expense	(10,634)	75,208	64,574
Balance at 31 August 2022	24,207	781,807	806,014
Balance as at 1 September 2022	24,207	781,807	806,014
Net Surplus/(Deficit)	(18,233)	(9,712)	(27,945)
Total Comprehensive Revenue and Expense	(18,233)	(9,712)	(27,945)
Balance at 31 August 2023	5,974	772,095	778,069

ART DECO TRUST INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

	Note	2023 \$	2022 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	11	704,692	635,811
Prepayments		10,086	14,600
Receivables (from exchange transactions)	11	1,491	14,789
Recoverables (from non-exchange transactions)	11	-	15,360
Inventory	7	115,755	64,454
		<u>832,023</u>	<u>745,014</u>
Non-Current Assets			
Property, Plant and Equipment	8	186,944	252,117
Intangible Assets	9	29,783	27,919
		<u>216,726</u>	<u>280,036</u>
TOTAL ASSETS		<u><u>1,048,749</u></u>	<u><u>1,025,050</u></u>
LIABILITIES			
Current Liabilities			
Payables (from exchange transactions)	11	79,143	68,942
Revenue Received in Advance		91,679	54,410
Employee Entitlements		51,859	47,684
		<u>222,680</u>	<u>171,036</u>
Non-current Liabilities			
Loans and Borrowings	10, 11	48,000	48,000
		<u>48,000</u>	<u>48,000</u>
TOTAL LIABILITIES		<u><u>270,680</u></u>	<u><u>219,036</u></u>
NET ASSETS / EQUITY			
Heritage Fund Reserve	12	10,974	24,207
Accumulated Revenue and Expense		765,817	781,807
TOTAL NET ASSETS / EQUITY		<u><u>778,069</u></u>	<u><u>806,014</u></u>
TOTAL NET ASSETS / EQUITY AND LIABILITIES		<u><u>1,048,749</u></u>	<u><u>1,025,050</u></u>

These Financial Statements have been authorised for issue by the Trustees on the 25th of October 2023


Trustee


Trustee

ART DECO TRUST INCORPORATED
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31 AUGUST 2023

	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	883,727	517,351
Interest Income	11,555	1,883
Receipts from Donations, Sponsorship and Grants	611,401	917,637
Payments to Suppliers and Employees	(1,369,195)	(1,304,388)
Grants Paid	(44,000)	(30,300)
Net Cash Inflow from Operating Activities	93,487	102,183
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Purchase of Intangible Assets	(15,000)	-
Payments for Purchase of Property, Plant and Equipment	(7,174)	(8,569)
Net Cash Outflow from Investing Activities	(22,174)	(8,569)
Net Increase in Cash and Cash Equivalents	71,313	93,614
Cash and Cash Equivalents at the Beginning of the Year	635,811	542,196
Cash and Cash Equivalents at the End of the Year	707,125	635,811

Cash and Cash Equivalents Comprise

	2023	2022
	\$	\$
Cash on hand	800	800
General account	283,950	209,869
Heritage Fund account	23,724	41,007
Interest bearing call accounts	396,218	384,134
Cash and Cash Equivalents per statement of financial position	704,692	635,811



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 entity.

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 the 25th of October 2023

(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.

(d) Changes in accounting policies

PBE IPSAS 41 – Financial Instruments came into effect for accounting periods starting on or after 1 January 2022. PBE IPSAS 41 supersedes *PBE IFRS 9 Financial Instruments* and most of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*, and also amends a significant portion of the required disclosures in PBE IPSAS 30 *Financial Instruments: Disclosures*.

The Trust's accounting policies have been updated to comply with the requirements of PBE IPSAS 41. The adoption of PBE IPSAS 41 has not had a material impact on the Trust's measurement and recognition of financial instruments, with the main impact for the Trust being the introduction of new classifications for financial instruments.

On the date of initial application, being 1 September 2022, the classification of financial assets previously classified as loans and receivables were changed to be classified as amortised cost.

PBE FRS 48 – Service Performance Reporting is effective for periods from 1 January 2022 and was adopted by the Trust on 1 September 2022.

PBE FRS 48 requires specific disclosures for the reporting of service performance information, which have been provided in the statement of service performance.

All other accounting policies have been applied consistently to all periods presented in these financial statements by the Trust.

3 Use of Judgements and Estimates

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)).
- Going Concern
Although the Trust has been significantly impacted by the cancellation of the 2023 Festival and disruption to retail and tours due to the aftermath of Cyclone Gabrielle, 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 mean the Trust is in the position that it can maintain current expenditure for at least 12 months from the date of signing these financial statements.
 - Domestic activity in the Tourism Sector is strong, with pre-bookings very strong and anticipated to continue throughout the coming summer months. Interest in the 2024 Festival is high and the Trustees are anticipating good attendance, and the related revenues.

(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.

4 Significant Accounting Policies

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.

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 of 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

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Trust becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through surplus or deficit (FVTSD), transaction costs that are directly attributable to its acquisition or issue. At initial recognition, an entity may measure short-term receivables and payables at the original invoice amount if the effect of discounting is immaterial.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, the Trust's financial assets are classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

Financial liabilities

On initial recognition the Trust's financial liabilities are classified as measured at amortised cost.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

iii. Derecognition

Financial assets

The Trust derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Trust neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Trust derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Trust also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

iv. Impairment of non-derivative financial assets

The Trust recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Trust measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Trust assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Trust considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Trust in full, without recourse by the Trust to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Trust considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Trust is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Trust expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

v. Credit-impaired financial assets

At each reporting date, the Trust assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Trust has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(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: 10 - 33.5% straight line, (2022 : 5 - 20% straight line)
- Furniture and Fixtures: 6.7% straight line
- Office Equipment: 6.7 - 50% straight line
- Heritage assets: 2% - 10% 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 - 40% diminishing value

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

(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 its 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 lease 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)

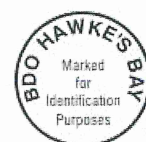
The Trust is registered for GST, therefore all amounts are recorded exclusive of GST, except receivables (from exchange transactions) and payables which are stated inclusive of GST.

(l) Income tax

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

ART DECO TRUST INCORPORATED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2023

5 Revenue	2023	2022
	\$	\$
Revenue From Exchange Transactions:		
Shop sales	275,575	120,192
Walks and tours	489,615	127,228
Ticket sales to events	100,727	282,514
Total Revenue From Exchange Transactions:	865,917	529,934
Revenue From Non-Exchange Transactions:		
Grants	235,201	615,397
Donations	26,629	14,908
Sponsorship	153,932	149,961
Membership income	18,484	20,050
NCC Service fee	116,037	107,994
Donated goods and services	149,120	78,281
Debt forgiveness	-	48,750
Total Revenue From Non-Exchange Transactions:	699,403	1,035,341
Total Revenue	1,565,320	1,565,275
Revenue From Operations Comprises:		
Merchandising	275,575	120,192
Walks and Tours	524,447	176,884
Events	409,518	563,646
Heritage Fund Income	25,767	20,151
Art Deco Trust Administration	330,014	684,402
Total Revenue From Operations	1,565,320	1,565,275
Grant income includes grants from the following organisations:		
Napier City Council	20,250	35,429
Lion Foundation	62,394	53,470
Pub Charity	49,015	38,396
Hawkes Bay Chamber of Commerce	40,000	-
Hawkes Bay Regional Council	-	15,000
Eastern & Central Community Trust	5,000	-
Grassroots Trust Limited	1,114	-
North & South Trust Limited	7,148	-
The Ministry of Social Development COVID-19 Wage Subsidy	-	8,159
Lottery Grants Board	50,280	25,000
Hastings District Council	-	25,000
The Ministry for Culture & Heritage, Arts and Culture Event Support Scheme	-	231,944
The Ministry of Business, Innovation & Employment STAPP Fund	-	183,000
	235,201	615,397
Donated goods and services is comprised of:		
Advertising	36,413	36,413
Beverages	4,060	18,531
Other	108,647	23,337
	149,120	78,281



ART DECO TRUST INCORPORATED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2023

6 Expenses	2023	2022
	\$	\$
Total Operating Expenses relate to the following activities:		
Merchandising	171,161	98,245
Walks and Tours	456,566	205,028
Events	392,742	745,852
Heritage fund expenses	44,000	30,785
	<u>1,064,469</u>	<u>1,079,910</u>
 Total expenses include:		
Depreciation and amortisation	85,512	51,044
Cost of sales	130,052	64,396
Lease costs	37,692	37,638
Personnel costs	565,162	533,464
Defined contribution plan expenditure	14,694	12,709
 7 Inventory		
	2023	2022
	\$	\$
Merchandise	115,755	64,454

During the reporting period no inventory items were written down to net realisable value (2022: nil)

There are no items of inventory pledged as security against any of the Trust's liabilities (2022: nil).



ART DECO TRUST INCORPORATED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2023

8 Property, Plant & Equipment

Depreciation rates for Leasehold Improvements have been re-assessed from 1st September 2022 to reflect decreased useful lives due to the Art Deco Trust's Board signing a lease agreement for new premises with occupation expected to happen from April 2025 onwards. These changes increased the cost of depreciation for these assets by \$43,442, from \$22,213 to \$65,655 in the year ending 31st August 2023.

	Leasehold improvements	Furniture & fittings	Office equipment	Heritage assets	Total
	\$	\$	\$	\$	\$
Cost					
Balance as at 1 September 2022	404,382	90,280	177,564	49,922	722,148
Additions (exchange)	-	-	7,174	-	7,174
Disposals	-	-	-	-	-
Balance as at 31 August 2023	404,382	90,280	184,738	49,922	729,322
Accumulated Depreciation and Impairment					
Balance as at 1 September 2022	210,401	87,382	168,233	4,012	470,030
Depreciation	65,532	464	4,657	1,694	72,348
Disposals	-	-	-	-	-
Balance as at 31 August 2023	275,934	87,847	172,890	5,707	542,377
Net book value					
As at 31 August 2021	214,844	3,687	15,106	41,910	275,546
As at 31 August 2022	193,981	2,897	9,330	45,910	252,117
As at 31 August 2023	128,448	2,433	11,848	44,215	186,944

9 Intangible Assets

	Software	Total
	\$	\$
Cost		
Balance as at 1 September 2022	78,950	78,950
Additions (exchange)	15,000	15,000
Balance as at 31 August 2023	93,950	93,950
Accumulated Amortisation and Impairment		
Balance as at 1 September 2022	51,030	51,030
Amortisation	13,137	13,137
Balance as at 31 August 2023	64,168	64,168
Net book value		
As at 31 August 2021	46,967	46,967
As at 31 August 2022	27,919	27,919
As at 31 August 2023	29,783	29,783

ART DECO TRUST INCORPORATED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2023

10 Loans and Borrowings

	Effective interest rate	Year of maturity	2023		2022	
			Current	Non-current	Current	Non-current
			\$	\$	\$	\$
Napier City Council (2019)	3%	2026	-	48,000	-	48,000
			-	48,000	-	48,000

The Napier City Council loan is unsecured, and repayable on demand. On 9th December 2021 the Napier City Council passed resolutions to defer principal and interest payments on the 2019 loan until September 2024.

11 Financial Instruments

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

31 August 2023

	Note	Financial Assets	Financial Liabilities	Total
		Amortised Cost	Amortised Cost	
<i>Subsequently not measured at fair value</i>				
Cash and Cash Equivalents		704,692	-	704,692
Receivables (from exchange transactions)		1,491	-	1,491
Payables		-	(79,143)	(79,143)
Loans and Borrowings	10	-	(48,000)	(48,000)
		706,184	(116,942)	579,041

31 August 2022

	Note	Financial Assets	Financial Liabilities	Total
		Loans and Receivables	Amortised Cost	
<i>Subsequently not measured at fair value</i>				
Cash and Cash Equivalents		635,811	-	635,811
Receivables (from exchange transactions)		14,789	-	14,789
Recoverables (from non-exchange transactions)		15,360	-	15,360
Payables		-	(68,942)	(68,942)
Loans and Borrowings	10	-	(48,000)	(48,000)
		544,402	(150,561)	549,017

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 \$52,800 (2022: \$30,300).



ART DECO TRUST INCORPORATED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 AUGUST 2023

13 Operating Lease Commitments	2023	2022
	\$	\$
Operating leases as lessee		
Non-cancellable operating leases are payable as follows:		
Less Than One Year	2,460	2,388
Between One and Five Years	1,780	3,700
Total	<u>4,240</u>	<u>6,088</u>

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 term with a monthly amount of \$2,937 (2022 : \$2,937). The rent is expected to remain on a month by month basis for the foreseeable future.

During the year ended 31 August 2023 \$37,692 was recognised as an expense in surplus of deficit in respect of operating leases as lessee (2022: \$37,638).

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 persons (measured in 'people' for members of the governing body, and 'full-time equivalent (FTEs) for executive employees) receiving remuneration is as follows:

	2023		2022	
	No. of Persons	\$	No. of Persons	\$
Members of the Governing Body	7 people	-	7 people	-
Executive Employees	1 FTE	112,211	1 FTE	103,972
		<u>112,211</u>		<u>103,972</u>

There are no other related party transactions with key management personnel or family members of key management personnel (2022: nil).

15 Capital Commitments and Contingent Liabilities

There were no capital commitments or contingent liabilities as at 31 August 2023 (2022: nil).

16 Events After Balance Date

There were no significant events after balance date requiring disclosure in the financial statements (2022:nil).



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

Report on the Audit of the Performance Report

Opinion

We have audited the performance report of Art Deco Trust Incorporated ("Society"), which comprise the financial statements on pages 7 to 24, and the service performance information on pages 3 to 6. The complete set of financial statements comprise the statement of financial position as at 31 August 2023, the statement of comprehensive revenue and expense, statement of changes in net assets/equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying performance report presents fairly, in all material respects:

- the financial position of the Society as at 31 August 2023 and (of) its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 31 August 2023, in accordance with the Society's service performance criteria,

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 of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Performance Report 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 Performance Report

Those charged with governance are responsible on behalf of the Society for:

- (a) the preparation and fair presentation of the financial statements and service performance information in accordance with PBE Standards RDR issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with PBE Standards RDR; and
- (c) such internal control as those charged with governance determine is necessary to enable the preparation of the financial statements and service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the performance report those charged with governance are responsible 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 those charged with governance either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the service performance information 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) and NZ AS 1 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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

A further description of the auditor's responsibilities for the audit of the performance report is located at the XRB's website at <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14/>

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