

**ART DECO TRUST INCORPORATED
FINANCIAL REPORT
FOR THE YEAR ENDED 31 AUGUST 2025**

ART DECO TRUST INCORPORATED
FINANCIAL REPORT FOR THE YEAR ENDED 31 AUGUST 2025
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ART DECO TRUST INCORPORATED
FINANCIAL REPORT FOR THE YEAR ENDED 31 AUGUST 2025
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	5 Clive Square East Napier
Postal address	P.O. Box 113 Napier
Board of governance	Barbara Arnott (Chair) Simon Dunn Rachel Bashnick Ben Hutton Amy Cowan Thomas Bain Chad Tareha

ART DECO TRUST INCORPORATED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 AUGUST 2025

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 2025

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. To be held every two years, with the awards held in November 2024, these Awards recognised excellence in heritage and history conservation, heritage tourism and heritage storytelling, and promote the values of world-class heritage retention and conservation to the wider community and provide much-deserved recognition for those who inspire us to connect with our past. The 2024 Heritage Awards were held at the MTG in Napier where awards were given in eight categories, and a Supreme Winner was announced.

Description of Quantification	(This year Sept 24 – Aug 25)	(Last Year Sept 23 – Aug 24)
Number of buildings receiving funding from the Robert McGregor Heritage Fund	6	5

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FOR THE YEAR ENDED 31 AUGUST 2025

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 24 – Aug 25		Year Sept 23 – Aug 24	
	Actual	Budget	Actual	Budget
Gross ticket revenue for Annual Art Deco Festival Napier	\$358,914	\$340,883	\$381,884	\$352,975
Tickets sold for Annual Art Deco Festival Napier	5999	4360	5661	3873
Gross ticket revenue for Winter Deco	\$57,189	\$50,000	\$64,574	\$60,000
Tickets sold for Winter Deco	697	425	800	982
Number of participants on guided walks	7125	7079	5359	8220
Number of participants on coach tours	8502	7000	9141	7000
Number of Vintage Car Tours provided	1255	1348	1449	1300

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STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 AUGUST 2025

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, and Hawke's Bay Tourism.

Description of Quantification	Year Sept 24 – Aug 25	Year Sept 23 – Aug 24
Art Deco Trust Members	626	627
Volunteers' hours worked	7330	7791
Volunteer training sessions	41	19
Volunteer Service Awards:		
5yrs	7	6
10yrs	3	4
15yrs	2	1
20yrs	1	2
25yrs	1	1
30yrs	2	1
35yrs	0	3
Number of active Volunteers in the year	110	108
Number of new Volunteers in year	11	14

ART DECO TRUST INCORPORATED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 31 AUGUST 2025

	Note	2025 \$	2024 \$
Revenue	5	2,298,362	2,070,828
Expenditure			
Operating Expenses	6	1,376,053	1,526,018
Administration Expenses		739,372	573,520
Total Expenses		2,115,424	2,099,538
Operating Surplus / (Deficit)		182,938	(28,709)
Finance Income		34,276	14,774
Surplus / (Deficit) for the Year		217,213	(13,935)
Other Comprehensive Revenue and Expense		-	-
Total Comprehensive Revenue and Expense		217,213	(13,935)

ART DECO TRUST INCORPORATED
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 AUGUST 2025

	Heritage Fund Reserve	Accumulated Revenue and Expense	Total Net Assets/Equity
	\$	\$	\$
Balance as at 1 September 2023	5,974	764,992	770,966
Net Surplus/(Deficit)	11,990	(25,925)	(13,935)
Total Comprehensive Revenue and Expense	11,990	(25,925)	(13,935)
Balance at 31 August 2024	17,964	739,067	757,031
Balance as at 1 September 2024	17,964	739,067	757,031
Net Surplus/(Deficit)	(10,294)	227,507	217,213
Total Comprehensive Revenue and Expense	(10,294)	227,507	217,213
Balance at 31 August 2025	7,670	966,574	974,244

ART DECO TRUST INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2025

	Note	2025 \$	2024 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	530,217	551,556
Term Deposits	8	500,000	200,000
Prepayments		7,055	7,094
Receivables (from exchange transactions)		11,491	6,256
Recoverables (from non-exchange transactions)		-	100,308
Inventory	9	135,648	147,310
		1,184,411	1,012,524
Non-Current Assets			
Property, Plant and Equipment	10	216,640	118,365
Intangible Assets	11	54,890	47,060
		271,529	165,424
TOTAL ASSETS		1,455,940	1,177,949
LIABILITIES			
Current Liabilities			
Payables (from exchange transactions)	12	112,279	77,521
Revenue Received in Advance	13	265,344	224,353
Employee Entitlements	14	72,073	71,020
Loans and Borrowings	15	16,000	16,000
		465,696	388,894
Non-current Liabilities			
Loans and Borrowings	15	16,000	32,000
		16,000	32,000
TOTAL LIABILITIES		481,696	420,894
NET ASSETS / EQUITY			
Heritage Fund Reserve	16	7,670	17,964
Accumulated Revenue and Expense		966,574	739,067
TOTAL NET ASSETS / EQUITY		974,244	757,031
TOTAL NET ASSETS / EQUITY AND LIABILITIES		1,455,940	1,177,925

These Financial Statements have been authorised for issue by the Trustees on the 19th of November 2025



Trustee



Trustee

ART DECO TRUST INCORPORATED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2025

	Note	2025 \$	2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		1,587,373	1,432,588
Interest Income		34,276	13,003
Receipts from Donations, Sponsorship and Grants		953,063	652,922
Payments to Suppliers and Employees		(1,860,883)	(1,985,083)
Grants Paid		(233,000)	(24,000)
Net Cash Inflow from Operating Activities		480,829	89,430
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Term Deposits		(300,000)	(200,000)
Purchases of Intangible Assets		(26,606)	(39,090)
Purchases of Property, Plant and Equipment		(175,563)	(3,476)
Net Cash Outflow from Investing Activities		(502,169)	(242,566)
Net Decrease in Cash and Cash Equivalents		(21,339)	(153,136)
Cash and Cash Equivalents at the Beginning of the Year		551,556	704,692
Cash and Cash Equivalents at the End of the Year	7	530,217	551,556

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 5 Clive Square East, 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 Trustees are eligible to prepare financial statements in accordance with XRB's Tier 3 (NFP) Standard, but have opted to prepare the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR").

These financial statements were authorised for issue by the Trustees on the 19th of November 2025

(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

All 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)).
- Revenue recognition – principal versus agent
The Trustees have determined that the Trust is acting as agent for transactions relating to associated events during Art Deco Festival and Winter Deco Festival. While the Trust does review and approve applications for associated events, it does not set ticket prices, and does not bear the liability for any refunds in relation to cancellation of associated events. As the Trust is the intermediary between the events holder and the ticket purchaser it charges administration fees, which are recognised in surplus or deficit, as Exchange Revenue.

(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.

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 sponsorship and 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 Trust, 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 and Donations

The recognition of non-exchange revenue from grants and donations 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 fair 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, and gains on derecognition of financial liabilities. 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 within 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 the Trust 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
- 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:

- Marketing media: 25% diminishing value, 30% straight line
- Software: 25 - 40% straight line
- Website: 40% diminishing value, 25% straight line

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 2025

5 Revenue	2025	2024
	\$	\$
Revenue From Exchange Transactions:		
Sponsorship	230,968	193,125
Membership income	19,921	16,121
Shop sales	346,112	343,856
Walks and tours	640,416	627,614
Ticket sales to events	147,369	235,980
Event Administration Fees	51,223	30,920
Total Revenue From Exchange Transactions:	1,436,009	1,447,616
Revenue From Non-Exchange Transactions:		
Grants	410,285	401,543
Donations	273,810	4,395
Donated goods and services	178,257	217,274
Total Revenue From Non-Exchange Transactions:	862,352	623,212
Total Revenue	2,298,362	2,070,828
Revenue From Operations Comprises:		
Merchandising	346,112	343,856
Walks and Tours	779,554	654,181
Events	599,099	728,124
Heritage Fund Income	14,706	21,990
Art Deco Trust Administration	558,891	322,676
Total Revenue From Operations	2,298,362	2,070,828
Grants and sponsorship include amounts recognised of \$184,370 from Napier City Council in relation to the 3 year service agreement (2024: \$242,830).		
Grants were also received from the following organisations:		
Lion Foundation	40,000	74,481
Pub Charity	50,000	50,000
Napier RSA	1,725	-
Hawke's Bay Tourism Limited	88,148	86,851
Eastern & Central Community Trust	-	10,000
Grassroots Trust Limited	8,715	10,000
North & South Trust Limited	-	7,800
Trillian Limited	13,433	4,250
Lottery Grants Board	110,000	8,000
First Light Community Trust	5,020	4,405
New Zealand Community Trust	-	3,000
Stout Trust	-	1,050
	317,041	259,838
Donated goods and services is comprised of:		
Advertising	55,770	60,770
Vintage Cars	117,812	144,735
Other	4,675	11,768
	178,257	217,274

ART DECO TRUST INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025

6 Expenses by nature	2025	2024
	\$	\$
Total Operating Expenses relate to the following activities:		
Merchandising	222,331	227,056
Walks and Tours	515,672	569,419
Events	612,550	719,543
Heritage fund expenses	25,500	10,000
	<u>1,376,053</u>	<u>1,526,018</u>

Included within surplus or deficit are the following expenses:

Depreciation and amortisation	92,757	89,463
Inventory recognised as an expense during the year	158,034	162,144
Lease costs	37,855	37,710
Personnel costs	550,234	576,665
Defined contribution plan expenditure	15,597	15,493
Contractors	91,944	93,595
Marketing	114,358	111,086
Grants	220,539	10,000

Fees paid or payable to BDO Hawke's Bay during the year for the audit of the financial statements were \$16,000 (2024: \$16,000). No other services were provided by the audit firm during the year.

7 Cash and Cash Equivalents	2025	2024
	\$	\$
Cash on hand	800	800
General account	269,721	25,261
Heritage Fund account	25,003	15,985
Interest bearing call accounts	234,693	509,520
Cash and Cash Equivalents per Cash Flow Statement	<u>530,217</u>	<u>551,566</u>

The per annum interest rate applicable to the interest bearing call accounts at reporting date was 0.45% (2024: 2.50%). There are no restrictions over any of the cash and cash equivalent balances held by the Trust.

8 Term Deposits	2025	2024
	\$	\$
Interest bearing 6 month term accounts	400,000	100,000
Interest bearing 12 month term accounts	100,000	100,000
Term Deposits	<u>500,000</u>	<u>200,000</u>

The per annum interest rate applicable to the interest bearing 6 month term accounts at reporting date was 3.95% (2024: 5.30%). The per annum interest rate applicable to the interest bearing 12 month term accounts at reporting date was 4.00% (2024: 6.00%) There are no restrictions over any of the term deposits balances held by the Trust.

9 Inventory	2025	2024
	\$	\$
Merchandise	135,648	147,311

During the reporting period no inventory items were written down to net realisable value (2024: nil)
There are no items of inventory pledged as security against any of the Trust's liabilities (2024: nil).

ART DECO TRUST INCORPORATED
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FOR THE YEAR ENDED 31 AUGUST 2025

10 Property, Plant & Equipment

	Leasehold improvements	Furniture & fittings	Office equipment	Heritage assets	Total
Cost	\$	\$	\$	\$	\$
Balance as at 1 September 2024	404,382	33,004	88,243	49,922	575,551
Additions (exchange)	44,613	94,740	35,191	1,019	175,563
Disposals	(404,383)	(28,506)	(52,328)	(3,031)	(488,246)
Balance as at 31 August 2025	44,613	99,239	71,106	47,910	262,867
Accumulated Depreciation and Impairment					
Balance as at 1 September 2024	340,619	31,350	77,816	7,401	457,185
Depreciation	64,463	1,731	6,100	1,688	73,982
Disposals	(404,383)	(27,994)	(52,145)	(418)	(484,940)
Balance as at 31 August 2025	700	5,086	31,771	8,671	46,228
Net book value					
As at 31 August 2023	128,448	2,433	11,848	44,215	186,944
As at 31 August 2024	63,763	1,655	10,427	42,521	118,365
As at 31 August 2025	43,913	94,153	39,335	39,239	216,640

11 Intangible Assets

	Marketing media	Website	Software	Total
Cost	\$	\$	\$	\$
Balance as at 1 September 2024	36,590	30,200	58,251	125,041
Additions (exchange)	12,500	10,000	4,106	26,606
Balance as at 31 August 2025	49,090	40,200	62,356	151,646
Accumulated Amortisation and Impairment				
Balance as at 1 September 2024	4,261	17,359	56,360	77,981
Amortisation	8,707	6,454	3,614	18,775
Balance as at 31 August 2025	12,968	23,813	59,974	96,756
Net book value				
As at 31 August 2023	-	18,682	11,100	29,783
As at 31 August 2024	32,329	11,291	3,441	47,060
As at 31 August 2025	36,122	14,837	3,932	54,890

ART DECO TRUST INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025

12 Payables (from exchange transactions)	2025	2024
	\$	\$
Trade Payables (from exchange transactions)	76,900	25,984
Sundry Accruals	35,379	51,537
	<u>112,279</u>	<u>77,521</u>

Payables are on standard payment terms and are interest free.

13 Revenue Received in Advance	2025	2024
	\$	\$
Exchange transactions	19,844	94,353
Non-exchange transactions	245,500	130,000
	<u>265,344</u>	<u>224,353</u>

14 Employee Entitlements	2025	2024
	\$	\$
Short-term employee benefits	56,476	55,527
Defined contribution plans	15,597	15,493
	<u>72,073</u>	<u>71,020</u>

15 Loans and Borrowings			2025		2024	
	Effective interest rate	Maturity	Current	Non-current	Current	Non-current
			\$	\$	\$	\$
Napier City Council	3%	30-Sep-26	16,000	16,000	16,000	32,000
			<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>32,000</u>

The Napier City Council loan is unsecured, and repayable in yearly instalments. During the year the Napier City Council forgave the repayment of principal and accrued interest due on 30 September 2024. The resulting net gain on financial liabilities at amortised cost is recognised in Finance Income in the Statement of Comprehensive Revenue and Expense.

16 Financial Instruments

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

31 August 2025

	Note	Financial Assets measured at Amortised Cost \$	Financial Liabilities measured at Amortised Cost \$
<i>Subsequently not measured at fair value</i>			
Cash and Cash Equivalents	7	530,217	-
Term Deposits	8	500,000	-
Receivables (from exchange transactions)		11,491	-
Recoverables (from non-exchange transactions)		-	-
Payables	12	-	(112,279)
Loans and Borrowings	15	-	(32,000)
		1,041,708	(144,279)

31 August 2024

	Note	Financial Assets measured at Amortised Cost \$	Financial Liabilities measured at Amortised Cost \$
<i>Subsequently not measured at fair value</i>			
Cash and Cash Equivalents	7	551,556	-
Term Deposits	8	200,000	-
Receivables (from exchange transactions)		6,256	-
Recoverables (from non-exchange transactions)		100,308	-
Payables		-	(39,065)
Loans and Borrowings	15	-	(48,000)
		858,121	(87,065)

17 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 \$28,000 (2024: \$33,000).

ART DECO TRUST INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025

18 Operating Lease Commitments

2025 **2024**
\$ \$

Operating leases as lessee

Non-cancellable operating leases are payable as follows:

Less Than One Year	3,802	5,237
Between One and Five Years	11,279	160
More than Five Years	18,380	-
Total	15,081	5,397

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

The building lease term is for a period of fifteen years, and is due to expire on 14 September 2040. There are two rights of renewal for further periods of five years each. Rent reviews are due at the commencement date and annually after that.

During the year ended 31 August 2025 \$37,855 was recognised as an expense in surplus of deficit in respect of operating leases as lessee (2024: \$37,710).

19 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:

	2025		2024	
	No. of	\$	No. of	\$
	Persons		Persons	
Members of the Governing Body	7 people	-	7 people	-
Executive Employees	1 FTE	123,475	1 FTE	117,606
		123,475		117,606

There are no other related party transactions with key management personnel or family members of key management personnel (2024: nil).

20 Capital Commitments and Contingent Liabilities

There were no capital commitments or contingent liabilities as at 31 August 2025 (2024: nil).

21 Events After Balance Date

There were no significant events after balance date requiring disclosure in the financial statements.

22 Comparatives

As a result of a change in judgement relating to revenue recognition for associated events (where the Trust has determined that it is an agent), the comparatives have been amended to be disclosed on the same basis as the current year. The effect on the comparatives was to reduce both revenue and operating expenses by \$195,812, and had no effect on the reported deficit for the 2024 year.