



We have audited the financial statements on pages 30 to 36. The financial statements provide information about the past financial performance of Wellington Museum Trust Incorporated and its financial position as at 30 June 2003. This information is stated in accordance with the accounting policies set out on page 32.

#### Responsibilities of the Trustees

The Trust Charter requires the Trustees to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of Wellington Museum Trust Incorporated as at 30 June 2003 and the results of its operations and cash flows for the year ended on that date.

#### Auditors' responsibilities

Section 15 of the Public Audit Act 2001 requires the Auditor-General to audit the financial statements presented by the Trustees. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and report that opinion to you.

The Auditor-General has appointed Roy Tiffin of KPMG to undertake the audit.

#### Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- › the significant estimates and judgements made by the Trustees in the preparation of the financial statements; and
- › whether the accounting policies are appropriate to Wellington Museum Trust Incorporated circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Partners and employees of our firm may also deal with the Trust on normal terms within the ordinary course of trading activities of the business of the Trust. These matters have not impaired our independence as auditors of the Trust.

Other than in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in Wellington Museum Trust Incorporated.

#### Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of Wellington Museum Trust Incorporated on pages 30 to 36:

- › comply with generally accepted accounting practice in New Zealand; and
- › fairly reflect:
  - Wellington Museum Trust Incorporated's financial position as at 30 June 2003; and
  - the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 20 August 2003 and our unqualified opinion is expressed as at that date.

R.R. Tiffin  
KPMG

On Behalf of the Auditor-General  
Wellington, New Zealand

## WELLINGTON MUSEUMS TRUST INCORPORATED

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

	note	2003 \$	2002 \$
Revenue	3	6,417,751	6,298,105
Less expenses	3	6,023,839	6,082,461
Operating surplus for the year before depreciation		393,912	215,644
Less depreciation		457,338	466,217
<b>Net deficit for the year</b>		<b>(63,426)</b>	<b>(250,573)</b>

### STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2003

	2003 \$	2002 \$
Equity at the beginning of year	5,141,493	5,392,066
<b>Total recognised revenue and expenses</b>		
Net deficit for the year	(63,426)	(250,573)
	(63,426)	(250,573)
<b>Equity at year end</b>	<b>5,078,067</b>	<b>5,141,493</b>

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

	note	2003 \$	2002 \$
<b>Total equity</b>	<b>2</b>	<b>5,078,067</b>	<b>5,141,493</b>
<i>Represented by:</i>			
<b>Current assets</b>			
Bank	4	253,750	23,140
Other current assets	8	508,275	474,229
		762,025	497,369
<b>Collection &amp; artefacts</b>	5	2,153,203	2,153,100
<b>Fixed assets</b>	6	3,521,914	3,818,453
<b>Total assets</b>		<b>6,437,142</b>	<b>6,468,922</b>
<b>Current liabilities</b>			
Bank overdraft	4	6,202	130,470
Creditors	10	114,713	91,712
Accruals and provisions	11	689,649	500,691
Current portion of term loan	12	62,694	50,909
		873,258	773,782
<b>Term liabilities</b>			
National Bank term loan	12	485,817	553,647
<b>Total liabilities</b>		<b>1,359,075</b>	<b>1,327,429</b>
<b>Net assets</b>		<b>5,078,067</b>	<b>5,141,493</b>

TRUSTEE:



DATE: 20 August 2003

TRUSTEE:



DATE: 20 August 2003

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

## WELLINGTON MUSEUMS TRUST INCORPORATED | STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	2003	2002		2003	2002
	\$	\$		\$	\$
<b>Cash flows from operating activities</b>			<b>Cash flows from financing activities</b>		
Cash was provided from:			Cash was provided from:		
Receipts from clients and customers	1,768,712	1,835,226	Term loan	-	-
Receipts from related parties	4,580,675	4,329,500	Cash was applied to:		
Interest received	55,974	34,901	Finance lease agreements	-	(473)
Net GST received	-	-	Term loan repayments	(56,045)	(52,573)
Cash was applied to:			<b>Net cash outflow from financing activities</b>		
Payments to suppliers and employees	(4,698,027)	(4,929,358)		<b>(56,045)</b>	<b>(53,046)</b>
Payments to related parties	(1,089,388)	(1,021,526)	<b>Net increase/(decrease) in cash</b>		
Interest paid	(45,201)	(46,953)		354,878	(48,488)
Net GST paid	(920)	(10,205)	<b>Opening cash brought forward</b>		
<b>Net cash inflow from operating activities (note 15)</b>				(107,330)	(58,842)
	<b>571,825</b>	<b>191,585</b>	<b>Closing cash carried forward</b>		
<b>Cash flows from investing activities</b>				<b>247,548</b>	<b>(107,330)</b>
Cash was provided from:			Closing cash comprises bank deposits and bank overdraft (note 4).		
Donations for the development of the Museum of Wellington City & Sea	-	31,333			
Cash was applied to:					
Purchase of fixed assets	(160,902)	(218,360)			
Museum refurbishment costs	-	-			
<b>Net cash outflow from investing activities</b>					
	<b>(160,902)</b>	<b>(187,027)</b>			

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

**1. Statement of accounting policies**

**Reporting entity and statutory base**

The Wellington Museums Trust Incorporated (the Trust) is registered under the Charitable Trusts Act 1957. The financial statements of the Trust include the activities of the following business units - the Wellington Museums Trust, the Museum of Wellington City & Sea, City Gallery Wellington, Capital E, the Colonial Cottage Museum and the Wellington Cable Car Museum.

The principal activity of the Trust is to manage the Trust facilities and to operate them for the benefit of the inhabitants of Wellington and the public generally. The Trust is bound by the terms of the Trust Charter which forms the basis of the Trust's operations.

The financial statements are prepared in accordance with the Financial Reporting Standards of the Institute of Chartered Accountants of New Zealand.

**Measurement base**

The measurement base adopted is that of historical cost except for the valuation of collection and artefacts.

**Accounting policies**

The following accounting policies which have a material effect on the measurement of results have been adopted:

*a) Accounts receivable*

Accounts receivable are stated at expected realisable value after providing against debts where collection is doubtful.

*b) Depreciation*

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on a straight line basis at rates that will write off the cost of the assets, less their estimated residual values, over their estimated useful lives. The depreciation rates of the major classes of assets are as follows:

Computer equipment	33%	SL
Office equipment	25%	SL
Computer software	33%	SL
Motor vehicles	20%	SL
Museum fittings	5%-25%	SL
Leasehold improvements	5%-25%	SL

*c) Valuation of collection & artefacts*

The collection and artefacts are valued at trustees' valuation as at 29 February 1996. Additions since are at cost. These have not been depreciated in the year to 30 June 2003.

*d) Merchandise*

Merchandise is stated at the lower of cost and net realisable value.

*e) Taxation*

The Trust is registered as a Charitable Trust and is exempt from income tax. The Trust is not exempt from indirect tax legislation such as Goods and Services Tax, Fringe Benefit Tax, PAYE or ACC and accordingly it is required to comply with these regulations.

*f) Availability of future funding*

The Trust is reliant on the Wellington City Council (the Council) for a large part of its income and operates under a funding deed with the Council.

The Funding Deed is for a period of three years and is extended annually for a further year.

If the Trust were unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the fact that assets may need to be realised other than at the amounts stated in the statement of financial position. In addition the Trust may have to provide for further liabilities that might arise, and to reclassify fixed assets as current assets.

*g) Comparatives*

If appropriate, certain comparative information has been reclassified in order to provide a more appropriate basis for comparison.

*h) Differential reporting*

The Trust qualifies for differential reporting because it is not publicly accountable and the owner is a member of the Trust's governing body. The Trust has applied differential reporting exemptions available under the following:

FRS-31 Disclosure of Information about Financial Instruments  
SSAP-23 Financial Reporting for Segments

**Changes in accounting policies**

There have been no changes in accounting policies.

## WELLINGTON MUSEUMS TRUST INCORPORATED | NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

### 2. Equity

	2003	2002
	\$	\$
<b>Capital reserve</b>		
Balance at start of year	2,122,962	2,122,962
<b>Balance at end of year</b>	<b>2,122,962</b>	<b>2,122,962</b>
<b>Colonial Cottage Museum collection reserve</b>		
Balance at start of year	-	-
Transferred from retained earnings	23,895	-
<b>Balance at end of year</b>	<b>23,895</b>	-
<b>Retained earnings</b>		
Balance at start of year	3,018,531	3,269,104
Net deficit for the year	(63,426)	(250,573)
Transfer to Colonial Cottage Museum collection reserve	(23,895)	-
Total transferred to retained earnings for the year	(87,321)	(250,573)
<b>Balance at end of year</b>	<b>2,931,210</b>	<b>3,018,531</b>
<b>Total equity</b>	<b>5,078,067</b>	<b>5,141,493</b>

During the year ended 30 June 2003 the Colonial Cottage Friends Society wound up their society and donated their remaining funds (\$11,948) to the Wellington Museums Trust for the purpose of establishing a collection fund for the Colonial Cottage Museum. The Trust has agreed to transfer this and a similar amount to the fund. The funds received from the Friends Society are included in donations received for the year ended 30 June 2003.

### 3. Revenue and expenses

	2003	2002
	\$	\$
Revenue includes:		
Wellington City Council operational grant	3,391,000	3,211,000
Wellington City Council rental grant	1,189,675	1,118,500
Donations for the development of the Museum of Wellington City & Sea	-	31,333
Ministry of Education grant	238,222	249,352
Creative New Zealand grant	222,315	246,466
New Zealand Lottery Grants Board	8,700	-
Other grants, sponsorship & donations	16 305,528	38,565
Admissions income & sales	753,994	1,094,232
Interest	55,974	34,901
Other income	252,343	273,756
<b>Total revenue</b>	<b>6,417,751</b>	<b>6,298,105</b>

Donations in 2002, of \$31,333, related to the development of the Museum of Wellington City & Sea.

### 3. Revenue and expenses (continued)

	2003	2002
	\$	\$
Expenses include:		
Personnel	2,122,588	2,144,870
Exhibitions & programmes	1,297,724	1,396,116
Rent paid	1,157,612	1,096,957
Marketing & promotions	374,492	448,551
Other occupancy costs	537,019	493,512
Other administration expenses	161,035	110,272
Communication costs	100,921	134,878
Doubtful debts	-	3,466
Trustee fees & expenses	85,111	85,374
Technology costs	78,321	75,164
Professional fees	45,770	27,816
Interest paid	45,201	46,953
Auditors remuneration	18,045	18,532
<b>Total expenses</b>	<b>6,023,839</b>	<b>6,082,461</b>

## WELLINGTON MUSEUMS TRUST INCORPORATED | NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

### 4. Bank

The following bank accounts and balances were held by the Trust:

	2003	2002
	\$	\$
Non interest-bearing bank accounts & cash	(6,202)	(130,470)
Interest bearing call accounts	253,750	23,140
<b>Total bank</b>	<b>247,548</b>	<b>(107,330)</b>

All accounts and deposits are held with the Wellington branch of the National Bank of New Zealand.

### 5. Collection & artefacts

	2003	2002
	\$	\$
Trustees' valuation at 28 February 1996	2,000,000	2,000,000
Additions since 28 February 1996 at cost	153,203	153,100
	<b>2,153,203</b>	<b>2,153,100</b>

### 6. Fixed assets

	2003	2003	2003	2003	2002
	\$	\$	\$	\$	\$
	Cost	Depreciation for the year	Accumulated Depreciation	Net Book Value	Net Book Value
Computer equipment	283,891	36,341	231,913	51,978	54,286
Computer software	206,242	33,235	177,130	29,112	39,054
Office equipment	634,659	93,573	464,548	170,111	203,734
Leasehold improvements	783,909	53,824	188,026	595,883	606,184
Leased equipment	6,994	0	6,557	437	437
Motor vehicles	23,334	4,667	15,167	8,167	12,834
Museum fittings	3,510,811	235,698	844,585	2,666,226	2,901,924
	<b>5,449,840</b>	<b>457,338</b>	<b>1,927,926</b>	<b>3,521,914</b>	<b>3,818,453</b>

Leasehold improvements relate principally to the development of Capital E, which opened on 29 June 1997.

Museum fittings relates to the Museum of Wellington City & Sea.

## WELLINGTON MUSEUMS TRUST INCORPORATED | NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

### 7. Restriction over title to assets

As stated in the Transfer of Assets Agreement, the Trustees of the Wellington Museums Trust are unable to part with possession of Unclassified Assets without the consent of the Wellington City Council. Unclassified Assets are defined as those items within the collection and artefacts that were obtained by the Wellington Harbour Board or the Wellington Maritime Museum Trust between 26 April 1972 and 2 February 1996.

### 8. Other current assets

	2003	2002
	\$	\$
Accounts receivable	165,027	176,355
Prepayments	160,659	99,082
Merchandise	99,801	140,640
Sundry receivables	75,000	51,284
GST receivable	7,788	6,868
	<b>508,275</b>	<b>474,229</b>

### 9. Related party

	2003	2002
	\$	\$
For the year from 1 July 2002 to 30 June 2003 the Trust received amounts from related parties totalling:		
Wellington City Council	<b>4,580,675</b>	<b>4,329,500</b>

The Trust was established by, and is reliant upon the Council for a large part of its income which indicates sufficient reliance on the Wellington City Council, by the Trust, for a related party relationship to exist. Additionally the Council consolidates the financial results of the Trust for its own reporting purposes.

The Trust operates under a funding deed agreement with the Council that requires the Trust to deliver museum services in accordance with the provisions of the Trust Deed, Funding Agreement and the Annual Business Plan (agreed with the Council on an annual basis).

The Funding Deed is for a period of three years and is extended annually for a further year.

### 10. Creditors

	2003	2002
	\$	\$
Trade creditors	114,713	91,712
	<b>114,713</b>	<b>91,712</b>

Lease payments for the year totalled \$nil (2002: \$nil).

### 11. Accruals and provisions

	2003	2002
	\$	\$
Accruals and provisions include:		
Provision for holiday pay	77,657	82,892
Provision for ACC	6,244	16,705

### 12. Term liabilities

The term loan was taken out as from 8 July 2000 for a period of ten years. The current interest rate is 7.71% and is reviewed quarterly based on the 90 day commercial bill rate. The next review is in July 2003. This loan is guaranteed by the Wellington City Council.

### 13. Capital commitments

There are no capital commitments which are not included within the normal accruals and provisions (2002: \$nil).

### 14. Commitments under building lease

On 8 June 1999, the Wellington Museums Trust signed a 12 year lease agreement with a further 12 year right of renewal with the Wellington City Council for the rental of the Bond Store premises. The current and non-current lease commitments under this agreement are for \$322,466 (2002: \$322,466) and \$2,257,262 (2002: \$2,579,728) respectively. Under the funding deed between the Wellington Museums Trust and the Wellington City Council, the Trust is reimbursed for these costs.

## WELLINGTON MUSEUMS TRUST INCORPORATED | NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

### 15. Reconciliation of operating surplus to net cash flows from operating activities

	2003 \$	2002 \$
Operating deficit for the year	(63,426)	(250,573)
Adjustments:		
Add non-cash items:		
Depreciation	457,338	466,217
Add (less) movements in working capital:		
Increase in other current assets	(34,046)	(150,262)
Increase in trade creditors	23,001	5,456
Increase in accruals and provisions	188,958	152,080
	177,913	7,274
Less movements classified as investing activities:		
Donations for the development of the Museum of Wellington City & Sea	-	(31,333)
Net cash inflow from operating activities	<u>571,825</u>	<u>191,585</u>

### 16. Other grants, sponsorship & donations

Included in other grants, sponsorships and donations are the following grants towards Capital E's National Theatre for Children's visit to the following centres, during the period ended 30 June 2003, as part of the national tour:

	2003 \$	2002 \$
Eastern & Central Community Trust (Gisborne, Palmerston North and Napier)	5,000	-
Community Trust of Otago (Dunedin)	5,000	-
Southland Community Trust (Invercargill)	1,931	-
Bay Of Plenty Community Trust (Tauranga and Rotorua)	5,000	-
Trust Waikato (Hamilton)	2,000	-