

We have audited the financial statements on pages 36 to 43. The financial statements provide information about the past financial performance of Wellington Museums Trust Incorporated and its financial position as at 30 June 2004. This information is stated in accordance with the accounting policies set out on pages 38 to 39.

**Responsibilities of the Trustees**

The Trust Deed 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 Museums Trust Incorporated as at 30 June 2004 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 Malcolm Downes 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 Museums 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 Museums Trust Incorporated.

**Unqualified opinion**

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

In our opinion the financial statements of Wellington Museums Trust Incorporated on pages 36 to 43:

- > comply with generally accepted accounting practice in New Zealand; and
- > fairly reflect:
  - Wellington Museums Trust Incorporated's financial position as at 30 June 2004; and
  - the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 23 August 2004 and our unqualified opinion is expressed as at that date.



Malcolm Downes  
KPMG  
On Behalf of the Auditor-General  
Wellington, New Zealand

# WELLINGTON MUSEUMS TRUST INCORPORATED | FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

	note	2004 \$	2003 \$
Revenue	3	7,181,659	6,417,751
Less Expenses	3	6,719,752	6,023,839
Operating Surplus for the Year before Depreciation		461,907	393,912
Less Depreciation	5	415,755	457,338
<b>Net Surplus/(Deficit) for the Year</b>		<b>46,152</b>	<b>(63,426)</b>

## STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2004

	2004 \$	2003 \$
<b>Equity at the beginning of the Year</b>	5,078,067	5,141,493
Net Surplus/(Deficit) for the Year	46,152	(63,426)
<b>Total transferred to retained earnings for the Year</b>	<b>46,152</b>	<b>(63,426)</b>
<b>Total Equity</b>	<b>5,124,219</b>	<b>5,078,067</b>

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

	note	2004 \$	2003 \$
<b>Total Equity</b>	2	<b>5,124,219</b>	<b>5,078,067</b>
<i>Represented by:</i>			
<b>Current Assets</b>			
Bank	4	229,003	253,750
Other Current Assets	7	422,139	508,275
		651,142	762,025
<b>Fixed Assets</b>	5	5,585,991	5,675,116
<b>Total Assets</b>		<b>6,237,133</b>	<b>6,437,142</b>

### Current Liabilities

Bank Overdraft	4	9,554	6,202
Creditors	9	138,787	114,713
Accruals and Provisions	10	477,393	689,649
Current Portion of Term Loan	11	64,675	62,694
		690,409	873,258

### Term Liabilities

National Bank Term Loan	11	422,505	485,817
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### Total Liabilities

1,112,914 1,359,075

### Net Assets

5,124,219 5,078,067



TRUSTEE:  
DATE: 23 August 2004



TRUSTEE:  
DATE: 23 August 2004

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

# WELLINGTON MUSEUMS TRUST INCORPORATED | FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Cash was provided from:		
Receipts from Clients and Customers	2,202,161	1,768,712
Grants from Related Parties	5,070,701	4,580,675
Interest Received	66,047	55,974
Cash was applied to:		
Payments to Suppliers and Employees	(5,836,314)	(4,698,027)
Payments to Related Parties	(1,089,388)	(1,089,388)
Interest Paid	(38,060)	(45,201)
Net GST Paid	(15,286)	(920)
<b>Net Cash Inflow from Operating Activities (note 14)</b>	<b>359,863</b>	<b>571,825</b>
<b>Cash Flows from Investing Activities</b>		
Cash was applied to:		
Purchase of Fixed Assets	(326,630)	(160,902)
<b>Net Cash Outflow from Investing Activities</b>	<b>(326,630)</b>	<b>(160,902)</b>

	2004	2003
	\$	\$
<b>Cash Flows from Financing Activities</b>		
Cash was applied to:		
Term Loan Repayments	(61,331)	(56,045)
<b>Net Cash Outflow from Financing Activities</b>	<b>(61,331)</b>	<b>(56,045)</b>
<b>Net (Decrease)/Increase in Cash</b>	<b>(28,099)</b>	<b>354,878</b>
<b>Opening Cash brought forward</b>	<b>247,548</b>	<b>(107,330)</b>
<b>Closing Cash carried forward</b>	<b>219,449</b>	<b>247,548</b>

Closing cash comprises Bank Deposits and Bank Overdraft (note 4).

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

### 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. It is a Council Controlled Organisation (CCO) in terms of the Local Government Act 2002.

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

#### Measurement Base

The measurement basis adopted is that of historical cost.

#### 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 carried at cost. A substantial amount of the collection was acquired on 29 February 1996 from the Wellington Maritime Museum Trust. All subsequent acquisitions are recorded at cost. The Trustees have obtained a valuation on specific items to support the carrying value. Collections and Artefacts have not been depreciated in the year to 30 June 2004, and the impact on the Statement of Financial Performance is not significant.

##### 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.

# WELLINGTON MUSEUMS TRUST INCORPORATED | FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

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.

## 2. Equity

	2004	2003
	\$	\$
<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	23,895	-
Transferred from Retained Earnings	-	23,895
<b>Balance at end of Year</b>	<b>23,895</b>	<b>23,895</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 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.

	2004	2003
	\$	\$
<b>City Gallery Development Fund</b>		
Balance at start of Year	-	-
Transferred from Retained Earnings	50,000	-
<b>Balance at end of Year</b>	<b>50,000</b>	<b>-</b>

During the year ended 30 June 2004 the Trustees decided to transfer \$50,000 from retained earnings into the City Gallery Development Fund to assist with the funding of future international exhibitions.

### Museum of Wellington City & Sea Collection Reserve

Balance at start of Year	-	-
Transferred from Retained Earnings	1,494	-
<b>Balance at end of Year</b>	<b>1,494</b>	<b>-</b>

During the year ended 30 June 2004 the Trustees decided to place all donations received from the Museum Foundation membership into a Collection Reserve for future Museum acquisitions. A total of \$1,494 was received by way of donations from members during the year ended 30 June 2004.

<b>Retained Earnings</b>	2,925,868	2,931,210
<b>Total Equity</b>	<b>5,124,219</b>	<b>5,078,067</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

### 3. Revenue and Expenses

	note	2004 \$	2003 \$		2004 \$	2003 \$
Revenue includes:				Expenses include:		
Wellington City Council Operational Grant		3,993,000	3,391,000	Personnel	2,566,054	2,122,588
Wellington City Council Rental Grant		1,077,701	1,189,675	Exhibitions & Programmes	1,407,839	1,297,724
Ministry of Education Contracts for Service		262,222	238,222	Rent Paid	1,160,383	1,157,612
Creative New Zealand Grant		333,940	222,315	Marketing & Promotions	547,134	374,492
New Zealand Lottery Grants Board		82,986	8,700	Other Occupancy Costs	550,525	537,019
Other Grants, Sponsorship & Donations	15	271,778	305,528	Other Administration Expenses	129,494	161,035
Admissions Income & Sales		832,685	753,994	Communication Costs	96,402	100,921
Interest		66,048	55,974	Trustee Fees & Expenses	82,317	85,111
Other Income		261,299	252,343	Technology Costs	102,446	78,321
<b>Total Revenue</b>		<b>7,181,659</b>	<b>6,417,751</b>	Professional Fees	21,052	45,770
				Interest Paid	38,060	45,201
				Auditors Remuneration	18,046	18,045
				<b>Total Expenses</b>	<b>6,719,752</b>	<b>6,023,839</b>

# WELLINGTON MUSEUMS TRUST INCORPORATED | FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

### 4. Bank

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

	2004 \$	2003 \$
Bank overdraft	(9,554)	(6,202)
Interest bearing call accounts	229,003	253,750
<b>Total Bank</b>	<b>219,449</b>	<b>247,548</b>

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

### 5. Fixed Assets

	2004 \$ Cost	2004 \$ Depreciation Charge	2004 \$ Accumulated Depreciation	2004 \$ Net Book Value	2003 \$ Depreciation Charge	2003 \$ Net Book Value
Collections and Artefacts	2,153,480	-	-	2,153,480	-	2,153,203
Computer Equipment	311,657	33,680	265,592	46,065	36,341	51,978
Computer Software	208,555	17,213	194,343	14,212	33,235	29,112
Office Equipment	916,790	108,887	579,991	336,799	93,573	170,548
Leasehold Improvements	805,043	59,479	247,504	557,539	53,824	595,883
Motor Vehicles	23,334	4,667	19,834	3,500	4,667	8,167
Museum Fittings	3,510,810	191,829	1,036,414	2,474,396	235,698	2,666,226
	<b>7,929,671</b>	<b>415,755</b>	<b>2,343,679</b>	<b>5,585,991</b>	<b>457,338</b>	<b>5,675,116</b>

Leasehold improvements relate principally to the development of Capital E, which opened on 29 June 1997. Museum fittings relate to the Museum of Wellington, City & Sea.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

### 6. 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.

### 7. Other Current Assets

	2004	2003
	\$	\$
Accounts Receivable	52,778	165,027
Prepayments	131,648	160,659
Merchandise	184,639	99,801
Sundry Receivables	30,000	75,000
GST Receivable	23,074	7,788
	<u>422,139</u>	<u>508,275</u>

### 8. Related Party

	2004	2003
	\$	\$

For the year from 1 July 2003 to 30 June 2004 the Trust received amounts from related parties totalling:

Wellington City Council	<u>5,070,701</u>	<u>4,580,675</u>
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The Trust is not owned by the Wellington City Council ("the Council"), however the Trust was established by, and operates within the agreements of the trust deed with the Council. The Council consolidates the financial results of the Trust.

The funding deed agreement with the Council which requires the Trust to deliver museum services in accordance with the provisions of the Trust Deed, the Funding Agreement and the Statement of Intent, is agreed with Wellington City Council on an annual basis.

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

### 9. Creditors

	2004	2003
	\$	\$
Trade creditors	138,787	114,713
	<u>138,787</u>	<u>114,713</u>

Lease payments for the year totalled \$nil (2003: \$nil).

### 10. Accruals and Provisions

	2004	2003
	\$	\$
Accruals and provisions include:		
Provision for holiday pay	77,155	77,657
Provision for ACC	9,474	6,244

### 11. Term Liabilities

The term loan was taken out as from 8 July 2000 for a period of ten years. The current interest rate is 7.43% and is reviewed quarterly based on the 90 day commercial bill rate. The next review is in July 2004. This loan is guaranteed by the Wellington City Council.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

### 12. Capital Commitments

There are no capital commitments which are not included within the normal accruals and provisions (2003: \$nil)

### 13. 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 (2003: \$322,466) and \$1,934,796 (2003: \$2,257,262) respectively. Under the funding deed between the Wellington Museums Trust and the Wellington City Council, the Trust is reimbursed for these costs.

### 14. Reconciliation of Operating Surplus to Net Cash Flows from Operating Activities

	2004	2003
	\$	\$
Operating Surplus/(Deficit) for the Year	46,152	(63,426)
Adjustments:		
Add Non-Cash Items:		
Depreciation	415,755	457,338
Movements in Working Capital:		
Decrease/(Increase) in Other Current Assets	86,136	(34,046)
Increase in Trade Creditors	24,074	23,001
(Decrease)/Increase in Accruals and Provisions	(212,256)	188,958
	(102,044)	177,913
Net Cash Inflow from Operating Activities	359,863	571,825

### 15. 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 2004, as part of the national tour:

	2004	2003
	\$	\$
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)	2,500	5,000
New Zealand Community Trust	30,000	-
Tararua Foundation	1,000	-
Trust Waikato (Hamilton)	-	2,000