

25

Te Ara Hihiri

Statement of Intent

2024/25 – 2026/27
TE MANAWA MUSEUMS TRUST



te manawa
TE PAPAIOEA PALMERSTON NORTH

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Contact details

Address	Te Manawa Museums Trust Private Bag 11055 Palmerston North	Legal Status	Te Manawa Museums Trust is a Council- Controlled Organisation (CCO) for the purposes of the Local Government Act 2002 and operates as a charitable trust under the Trusts Act 2019. It is a not-for-profit CCO.
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Main Contact	Susanna Shadbolt	Charities Registration number	CC38836
Role in CCO	Chief Executive	Trustees	Adrian van Dyk – Chair Geoffrey Jameson – Deputy Chair Peter Te Rangi Terry Hapi Alison Rudzki Caroline Thum Simon Barnett Sarah Rusholme Gillian Lawn
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Wāhinga korero

Foreword

Te Manawa acknowledges the people of Rangitāne. We are thankful for the ongoing guidance of mana whenua and are grateful for the continued support of Palmerston North City Council, the people of Palmerston North City, Manawatū, and our founding partners.

“Whakatō ngā kakānō o te ao marama, kia puawai.”
Plant the seeds of tomorrow through the stories that we share.

Te Manawa Museum serves our communities by providing access to exhibitions, programmes and events that showcase art, science, and heritage, and by protecting taonga tuku iho and objects in our care.

The past year has seen many changes and many successes as we see the influence of a change of leadership and management team. We are excited by the progress we have made and the continuation of this positive direction and know that we have built a strong foundation for moving forward. As we build our roadmap for 2030, we will plan and prioritise the upgrade work across the Museum and Art Gallery over the next six years. This will allow us to truly act with purpose.

Highlights of the year have been; the implementation of Mātauranga Rangitāne learning programmes; the internally developed exhibition *Paul Dibble: Continuum* and the Sandy Adsett and Rita Angus exhibitions in the Art Gallery; seeing *Te Rangī Whenua* revived with the installation of *Te Wānanga o Aotearoa He Ara Whāriki* exhibition; the Council funded exhibition *Six Extinctions* that was developed by Gondwana Studios which has attracted thousands of visitors; and a host of collection displays throughout the year in the *Manawatū Journeys* Gallery. It has been wonderful to see the variety of exhibitions across all of Te Manawa's strands.

Working with the New Zealand Rugby Museum we acquired the vast and nationally significant Peter Bush photography collection and secured a substantial funding grant through Lotteries, which enables us to start documenting this valuable archive.

The first year of offering free learning programmes to local schools has been highly successful with many teachers expressing gratitude as they struggle to source affordable quality off-site education opportunities for their whānau. We will continue to support schools in implementing the Aotearoa NZ Histories Curriculum.

This Statement of Intent covers our approach to increasing Te Ao Māori across the Museum; the new Science Centre development; a focus on visitation to the Museum and Gallery (moving away from Outreach), and prioritising revenue generation. In order to be efficient and fiscally prudent, a focus on visitation and revenue is a priority.

We would like to thank our key stakeholder, Palmerston North City Council for making what we do possible. Our gratitude must also be extended to our local iwi, arts, science and historical societies, Manawatū District Council, our corporate sponsors, and the public, for continuing to engage with us, and most importantly, for visiting!

Te whai take

Purpose of the Statement of Intent

This Statement of Intent is presented by Te Manawa Museums Trust in accordance with the requirements of Section 64(1) of the Local Government Act 2002.

In accordance with the Local Government Act 2002, this annual Statement of Intent publicly states the activities and intention of Te Manawa Museums Trust for the next three years, and the objectives to which those activities will contribute.

The final Statement of Intent has taken stakeholder comments into consideration and includes performance measures and targets as the basis of organisational accountability.

He Poari tiakitanga o Te Manawa

About Te Manawa Museums Trust

Vision

“Whakatō ngā kakānō o te ao marama, kia puawai.”
Plant the seeds of tomorrow through the stories that we share.

Purpose

The International Council of Museums (ICOM) defines a museum as “a not-for-profit, permanent institution in the service of society that researches, collects, conserves, interprets and exhibits tangible and intangible heritage. Open to the public, accessible and inclusive, museums foster diversity and sustainability. They operate and communicate ethically, professionally and with the participation of communities, offering varied experiences for education, enjoyment, reflection and knowledge sharing.”

Guided by the ICOM definition, the main goal of Te Manawa Museums Trust is to provide the people of Manawatū and beyond with experiences in art, science and heritage and to forge everlasting connections – fulfilling its stakeholder obligations and exceeding the expectations of its visitors.

Kaupapa

Our kaupapa is to provide relevant and engaging experiences in art, science, and heritage to the people of Palmerston North and beyond. Through caring for and growing the collection and developing an inspiring calendar of exhibitions, events and learning programmes, Te Manawa ensures the connection of people and stories within its communities.

Values

- Manaakitanga
We are kind, welcoming, generous and supportive
- Kaitiakitanga
We protect and preserve the stories and treasures of the past, present and future
- Tiakitanga
We foster self-reflection and identity so the past may shape the future

Service

Te Manawa will continue to provide a range of exhibitions, events and learning activities that contribute to Palmerston North City Council’s vision, goals and strategies – in particular, adding value to its goal of being a “creative and exciting city - He tāone whakaihiihi, tapatapahi ana”.

These services include:

- Contributing towards the priorities and actions of the city's Arts and Heritage Plan;
- Engaging local communities in relevant and meaningful experiences in art, science, and heritage
- Caring for, developing, and improving access to collections
- Attracting visitation and external investment

Ngā kaupapa kāwanatanga

Objectives of the Te Manawa Museums Trust Deed

- To provide governance of an organisation which is a regional museum complex, advancing interest in art, heritage and science (including interactive science)
- To provide study, educational and enjoyment opportunities through acquiring, conserving, researching, communicating and exhibiting material evidence of people and their environment
- To develop, promote, enhance and maintain collections to make them relevant to the peoples of the Manawatū and New Zealand
- To recognise and act in accordance with the principles of te Tiriti o Waitangi (the Treaty of Waitangi) and to involve and give special attention to the history of the Tangata Whenua in the region
- To ensure that the facility functions as a valued professional education resource and community asset for the citizens of Palmerston North and the Manawatū region
- To encourage and support the kindred Societies in accordance with the objects of this Trust Deed
- To recognise the organisation's location in the Manawatū and to be aware of the regional focus

He mahi kāwanatanga o te Poari

Statement of the Board's approach to governance

Te Manawa Museums Trust Board is established and governed in accordance with the Te Manawa Trust Deed; available on request from the Executive Assistant at Te Manawa.

The Board, of up to nine trustees, is responsible for the strategic direction and control of Te Manawa's activities.

The Board guides and monitors the business and affairs of Te Manawa, in accordance with the Charitable Trusts Act 1957, The Trusts Act 2019, the Local Government Act 2002, the Trust Deed and this Statement of Intent.

The Board's approach to governance is to adopt "good practice" with respect to:

- the operation and performance of the Board
- managing the relationship with the Chief Executive
- being accountable to the community and regularly reporting to the Culture and Sport Committee of Palmerston North City Council
- enhancing Te Manawa's environmental sustainability
- encouraging and maintaining diversity in all elements of its organisation

The Chief Executive is responsible for the day-to-day operations of Te Manawa, engaging and oversight of staff and reporting to the Trustees on performance against Te Manawa's performance objectives.

The Board encourages engagement on our strategic direction by stakeholders through three main avenues: the development and presentation of this Statement of Intent, a public Annual General Meeting held each year, and through presentations at Council's Culture and Sport Committee meetings to report and outline new initiatives.

He mahi tautoko ki te kaupapa o te Kaunihera

Contribution to the Council's Strategic Direction

Palmerston North City Council has identified five strategic goals:

- Goal 1: An innovative and growing city;
- Goal 2: A creative and exciting city;
- Goal 3: A connected and safe community;
- Goal 4: An eco-city; and
- Goal 5: A driven and enabling Council.

Te Manawa contributes to the strategic goals of Palmerston North City Council, seeking to:

- Celebrate the city's history and diversity, and build on the strength of being a city of many cultures and languages; and
- Be a creative city that nurtures and celebrates the arts
- Develop a national reputation as an exciting city with plenty to do at night and at weekends

Te Manawa received a Statement of Expectation stating Council's objectives relating to Te Manawa. The Board has worked through the Statement of Expectation and has responded through this Statement of Intent.

Strategic objectives

The Te Manawa Museums Trust Board has developed the following broad strategic areas of focus to enable Te Manawa to be responsive to its communities.

Objective 1: Innovative Experiences that Engage Visitors

Te Manawa presents multi-layered experiences that champion the uniqueness of our region. It will focus on developing and hosting vibrant exhibitions that attract visitors, contributing to the city's livability and sense of place. It will carry out creative marketing to build visitation, third-party investment, and the Te Manawa profile.

Through its exhibitions, programmes and collections, Te Manawa builds a national reputation. Digital engagement will help attract physical visitors but also provide for collections and activities to be enjoyed and interacted with by those in the community who cannot visit its physical facilities.

By caring for its collections, Te Manawa provides access to the region and nation's diverse cultural heritage. Existing collections are brought to life so residents and visitors can engage with the history of the Manawatū and Aotearoa New Zealand.

Objective 2: Enhanced Learning and Development

Te Manawa, through its links to education, research institutes and local technology industries, develops programmes aligned with the curriculum, Mātauranga Māori, and its exhibitions of local and national interest. Access to education programmes will be free of charge for local schools within the PNCC and MDC boundaries.

- Te Manawa learning activities will focus on engaging local communities in relevant and meaningful learning experiences
- Learning at Te Manawa will look for opportunities to contribute to the wider organisation's goals for financial sustainability
- The Museum will play a key role in supporting schools in implementing Science curriculum learning opportunities, along with The Arts curriculum and the new Aotearoa New Zealand Histories Curriculum.

Objective 3: A collaborative and future-focused organisation

Te Manawa will build its reputation as a creative and vibrant organisation providing quality science, art and heritage experiences for all.

Maintaining and enhancing its strategic relationships is key to Te Manawa's success. The organisation's relationship with Rangitāne, as mana whenua, will evolve in line with the iwi's aspirations. Te Manawa, is guided by the articles of Te Tiriti o Waitangi.

Te Manawa will build its environmental and financial sustainability, ensuring it is well-placed to respond proactively to change. It will work strategically to accelerate revenue generation and embed a business development mindset within the organisation.

Te Manawa supports the sustainability aspirations of its strategic partners, including:

- Rangitāne, as mana whenua, local kaitiaki and holders of Mātauranga Māori
- Palmerston North City Council's Eco City Strategy.
- Local businesses and organisations, along with museums and galleries nationwide

Performance Measures

	2024-25	2025-26	2026-27
Visitation Baseline ¹ (Physical visits to the Te Manawa complex)	131,000	132,300	134,000
Online engagement ²	97,200	104,900	113,300

¹ Visitation baseline is the approximate physical visitor count to the Te Manawa complex. It does not differentiate unique visitors, but rather the visits in person be they first-time or repeat. Yearly increase is determined by the medium 25-year projection of 1.0 percent average annual population growth for Palmerston North (PNCC long-term projections 2020).

² Online engagement includes e-visits through the Te Manawa website (visit impressions minus bounce) and audience interactions via social media (likes, comments, shares and video views). Annual increase is based upon a yearly estimated audience growth of 8 per cent (22/23 estimate as at Dec 2022). It does not consider user trends in digital media which are too changeable to rely on for a three-year forecast.

	2024-25	2025-26	2026-27
External Revenue Target	\$668,200	\$572,984	\$611,021
Visitor Satisfaction	95%	95%	95%

Strategic Objective 1: Innovative experiences that engage visitors

2024-25	2025-26	2026-27
<p>Continue to grow partnership with mana whenua to support Rangitānenuiarawa.</p>	<p>Continue to grow partnership with mana whenua to support Rangitānenuiarawa.</p>	<p>Continue to grow partnership with mana whenua to support Rangitānenuiarawa.</p>
<p>Work with Rangitāne to weave Te Ao Māori into the Science Centre development.</p>	<p>Increase Te Ao Māori across all semi-permanent galleries.</p>	<p>Increase Te Ao Māori across all semi-permanent galleries.</p>
<p>Continue to engage with, and enable participation by the city’s less-represented communities (NOA programme, MIAB, Tamariki exhibition space)</p>	<p>Continue to engage as per previous years</p>	<p>Explore collaborative exhibition opportunities with at least one less-represented community.</p>
<p>Engage with representatives for the sensory diverse as part of Science Centre development</p>		
<p>Support PNCC Cultural Events – Waitangi Day, Diwali, Chinese New Year</p>		
<p>Engage visitors with on-site activities and public programmes based around cultural celebrations such as Matariki and Local History Week/Heritage Month</p>		
<p>Implement the establishment of Te Manawa’s ongoing Science Function through Stage 1 - the education space. Funding dependent.</p>	<p>Continue the establishment of Te Manawa’s ongoing Science Function through the development of the Science Centre. Funding dependent.</p>	<p>Maintain and enhance Te Manawa’s ongoing Science Function through completion of the Science Centre and the development of related programmes. Funding dependent.</p>
<p>Continue to develop partnership and collaboration opportunities.</p>	<p>Continue to develop ongoing partnership and collaboration opportunities.</p>	<p>Continue to develop partnership and collaboration opportunities.</p>
<p>Develop and implement at least two public programmes related to our collection.</p>	<p>Develop and implement at least two public programmes related to our collection.</p>	<p>Develop and implement at least two public programmes related to our collection.</p>
<p>Continue to promote and add</p>	<p>Continue to promote and add</p>	<p>Continue to promote and add</p>

1000 items to Collections Online.

Develop and deliver balanced, exciting and frequently changing programme of local, national and international exhibitions

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Develop and deliver balanced, exciting and frequently changing programme of local, national and international exhibitions

Strategic Objective 2: Enhanced learning and development

2024-25	2025-26	2026-27
Implement at least one secondary school level learning programme based on consultation with local schools.	Respond to curriculum refreshes being undertaken in order to support local schools through the programmes we offer.	Continue as per previous years.
Provide free education programmes to schools within the Palmerston North and Manawatū District Council boundaries.	Provide free education programmes to schools within the Palmerston North and Manawatū District Council boundaries.	Provide free education programmes to schools within the Palmerston North and Manawatū District Council boundaries.
Seek external revenue to assist in cost of education programmes.	Seek external revenue to assist in cost of education programmes.	Seek external revenue to assist in cost of education programmes.
4000 students will participate in ELC Learning programmes.	4000 students will participate in ELC Learning programmes.	4000 students will participate in ELC Learning programmes. This target may be revised pending future contract requirements.
Develop robust and engaging public programmes based around exhibitions and galleries.	Ongoing delivery of robust and engaging public programmes based around exhibitions and galleries.	Ongoing delivery of robust and engaging public programmes based around exhibitions and galleries.
Deliver at least 20 staffed public programmes.	Deliver at least 20 staffed public programmes.	Deliver at least 20 staffed public programmes.
Develop at least one collaborative opportunity with another non-school educational programme provider.	Develop at least one collaborative opportunity with another non-school educational programme provider.	Develop at least one collaborative opportunity with another non-school educational programme provider.

Strategic Objective 3: A collaborative and future-focused organisation

2024-25	2025-26	2026-27
Demonstrate continued commitment to the principles Te Tiriti o Waitangi.	Demonstrate continued commitment to the principles Te Tiriti o Waitangi.	Demonstrate continued commitment to the principles Te Tiriti o Waitangi.
Implement kaupapa Māori strategy developed in 2023/24	Demonstrate increased participation in the museum by Māori.	
Continue collaborations with whānau, hapū & iwi to bring Toi Māori exhibitions to Te Manawa.		
Work with PNCC to reflect the diversity of Palmerston North in the membership of the Board.	Work with PNCC to reflect the diversity of Palmerston North in the membership of the Board.	Work with PNCC to reflect the diversity of Palmerston North in the membership of the Board.
Research and identify a community and / or prominent community members and plan an oral history project	Undertake at least one Oral History project with a community group.	Develop one exhibition relevant to an under-represented community group.
Collaborate with founding societies on one new initiative with each to grow support for Te Manawa and generate donations.	Collaborate with founding societies on one new initiative to grow support for Te Manawa and generate donations.	Collaborate with founding societies on one new initiative to grow support for Te Manawa and generate donations.
Continue to strengthen relationship with NZRM through the Peter Bush archive project and related activities.	Continue the collaborative work on the Peter Bush archive project.	Continue the collaborative work on the Peter Bush archive project.
Implement the Te Manawa Revenue Strategy with a focus on philanthropic and sponsorship contributions against strategic targets, such as a sustainable Science Centre development.	Consolidate previous year's mahi.	Consolidate previous year's mahi.
Adopt the Tourism NZ 'Tiaki' promise – a commitment to care and respect for our natural world.	Continued commitment to the Tiaki promise.	Continued commitment to the Tiaki promise.
Foster sustainable behaviours.	Continued commitment to environmental sustainability.	Continued commitment to environmental sustainability.

Reduce paper use by 50% and implement processes and systems to become paper-light.

Prioritise the re-use of materials and furniture in exhibition development.

Reduce carbon emissions from Te Manawa activities by 10%.

Work with PNCC and external funders towards a new, purpose-built, energy efficient and sustainable Te Manawa complex.

Ongoing collaboration with tertiary partners through at least one exhibition or event annually.

Research and develop a report that shows the requirements needed for the Art Gallery to host high-quality contemporary exhibitions and provide museum standard level of care for collections and loaned items.

Consolidate paper-light ways of working and further reduce paper use.

Increase use of sustainable products in the development and delivery of exhibitions.

Reduce carbon emissions from Te Manawa activities by a further 5%.

Work with PNCC and external funders towards a new, purpose-built, energy efficient and sustainable Te Manawa complex.

Ongoing collaboration with tertiary partners through at least one exhibition and two events annually.

Develop proposal with PNCC to mitigate risks and address challenges that arise.

Te Manawa is a paper-light organisation.

The Science Centre will demonstrate best practice in sustainable exhibition delivery.

Reduce carbon emissions from Te Manawa activities by a further 5%.

Work with PNCC and external funders towards a new, purpose-built, energy efficient and sustainable Te Manawa complex.

Ongoing collaboration with tertiary partners through at least one exhibition and two events annually.

Continue to work with PNCC to progress proposal.

How we operate

We partner with communities and provide access to and engagement with arts and culture, with a focus on art, science, and heritage. These platforms, and the professional activity attached to them, bring social cohesion and wellbeing, civic pride and vibrancy, and national reputation.

We are committed to staff development and provide training, performance reviews and development plans.

Our staff are qualified and experienced, and we adhere to rigorous and inclusive processes to ensure the best experience of, by and for the public.

Working with our partners

Te Manawa has relationships with several groups and organisations that work alongside us supporting us in the achievement of our goals.

Rangitāne

We will continue to work closely with Rangitāne, as mana whenua, to ensure Rangitānenuiarawa in the telling of pūrākau and the appropriate tikanga in the Kaitiakitanga of taonga.

The Founding Societies

Te Manawa Art Society, Te Manawa Museum Society and Science Centre Inc are the ‘founding societies’ who formed Te Manawa through a merger of activity and assets. The societies continue to support and guide our operations in their specialist areas.

The New Zealand Rugby Museum

This museum within a museum holds a collection of historical and cultural significance. It was incorporated into Te Manawa under an MOU signed in 2012. Under the MOU, Te Manawa provides a sub-lease for the premises and storage, utilities and education free of charge. Front of house support is also provided. The recent collaboration to acquire and process the Peter Bush photography collection is an excellent example of the way we work together.

Working with Palmerston North City Council

Half-Yearly Report

By the end of February each year, Te Manawa Museums Trust will provide the Council with a half-yearly report complying with s 66 of the Local Government Act 2002. The report will include the following information:

- Chief Executive's commentary on operations for the relevant six-month period.
- Comparison of Te Manawa Museums Trust's performance with the objectives, planned activities and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly financial statements incorporating a Statement of Financial Performance, a Statement of Financial Position, a Statement of Changes in Equity and a Statement of Cashflows.

Annual Report

By 30 September each year, Te Manawa Museums Trust will provide the Council with an annual report complying with s 67–69 of the Local Government Act 2002. Financial statements and audit clearance will be provided in early August to ensure timely availability of Council's annual report.

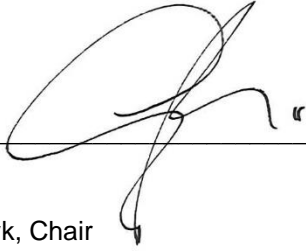
The annual report will contain the information necessary to enable an informed assessment of the operations of Te Manawa Museums Trust, and will include the following information:

- Chief Executive's commentary on operations for the relevant year.
- Comparison of Te Manawa Museums Trust's performance to the objectives, planned activities and performance targets set out in the SOI, with an explanation of any material variances.
- Financial statements incorporating a statement of financial performance, statement of financial position, statement of changes in equity, statement of cashflows, statement of accounting policies and notes to the accounts.
- Auditor's report on the financial statements and the performance targets.
- Any other information that the Trustees consider appropriate.

Board Approval

This Statement of Intent was approved by the Te Manawa Museums Trust Board on
15 May 2024

Signed _____



Date 15/5/2024 _____

Adrian van Dyk, Chair
Te Manawa Museums Trust

Te tāhua Finance

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Budget Assumptions and Comments:

Revenue

1. Palmerston North City Council (PNCC) Funding:

PNCC Operating Grant

2024/25: \$3,833,599 (As per Council advice - \$3,681,899 plus requested increase to base grant of \$151,700)

2025/26: \$4,024,056 (As per Council advice - \$3,792,356 plus the increase in baseline from 2024/25 plus an additional request of \$80,000 for the 2025/26 financial year)

2026/27: \$4,217,826 (2025/26 plus 3% CPI, plus the requested increases for 2024/25 and 2025/26 plus \$80,000 for the 2026/27 year)

The requested increases to the baseline grant are to cover the expected increases to payroll arising from the implementation of Strategic Pay.

2. Interest Revenue:

Interest Income has been based on average bank balances remaining between \$594k and \$735k (the approximate required level to preserve Te Manawa tagged reserves) with weighted average bank interest rates forecast at 5.0%.

3. Other Operating Revenue:

Other Operating Revenue is expected to increase from the 2023/24 forecast, with increased targets from commercial activities such as retail sales and venue hire, as well as increased targets for sponsorship and fundraising.

4. Net Collection Movements

The forecast level of casual donated collection assets is maintained at the same level as prior years. (\$15,000) and \$80,000 has been included for the 2024/25 and \$100,000 for the subsequent years as items in the collection donated by the Peter Bush collection are accessioned into the collection.

The prospective financial statements do not provide for a forecast net movement in the market value of collections, due to data not being readily available for assumptions regarding the future market value of collections assets. Revaluation of collection assets is a non-cash item.

The next revaluation of the Art Collection will take place during the final quarter of the 2023/24 financial year, and the next Heritage Collection revaluation is to take place during the 2024/25 financial year.

Expenditure

5. Payroll:

The Payroll budget for all years incorporates requirements of the remuneration system adopted by Te Manawa, which is now using Strategic Pay, in line with its adoption by the Council.

6. Operating Expenditure:

Operating costs have been budgeted for the next three years based on current contractual commitments, as well as anticipated maintenance costs (i.e. cleaning, repairs and maintenance, security and administrative costs) with adjustments for anticipated CPI increases.

7. Occupancy Costs:

Te Manawa has received notice of some suppliers' intention to increase costs. An inflation adjustment of 5.00% has been applied across most expense categories.

8. PNCC Leases and Service Level Agreements:

It has been assumed that there will be no major changes to the charges from PNCC in relation to service level agreements - IT, vehicles and phones.

9. Depreciation:

The forecast depreciation for the next financial years is based on the planned plant and equipment additions and some upgrades of the semi-permanent exhibitions.

10. Operating Surplus/(Deficit) after Collection Movements:

A small net surplus has been budgeted for each of the three years covered by the financial statements 2024/25(2.36k) 2025/26 (\$2.470k and 2026/27(\$5.38k).

Prudent management of operating expenditure will be required to achieve the budgeted results. Revenue generation opportunities will be sought to ensure that operating cash surpluses are maintained going forward.

STATEMENT OF FINANCIAL POSITION:

11. Cash & Short-Term deposits:

Cash & Cash Equivalents (including term deposits with a maturity of up to 3 months) are budgeted to remain relatively consistent at between \$594k and \$735k. This is enough to meet the Trust's current budgeted obligations and commitments.

12. Capital expenditure:

Planned Capital Expenditure Summary	Actual 2022/23 \$	Budget 2023/24 \$	Budget 2024/25 \$	Budget 2025/26 \$	Budget 2026/27 \$
Software	-	-	-	-	-
Leasehold Improvements	926	60,000	60,000	50,000	70,000
Information Technology	36,674	-	10,000	10,000	-
Exhibitions	9,223	180,000	140,000	270,000	260,000
Furniture & Fittings	18,132	15,000	-	-	15,000
Plant & Equipment	138,988	90,000	63,000	10,000	20,000
Collection Assets (Owned)	75,445	60,000	60,000	60,000	60,000
Total assets additions	279,388	405,000	333,000	400,000	425,000

The planned capital expenditure on Fixed Assets and Collection Assets for the year is \$333,000

13. STATEMENT OF CASHFLOWS:

Forecast net cash flows from operating activities are enough to cover the planned capital expenditure for the three financial years.

14. STATEMENT OF CASH BALANCES & RESERVES:

Careful managing of resources will be required to maintain positive untagged reserves over next years, in order to both meet our operational costs and gradually increase our semi-permanent and touring exhibition capabilities. There is also an increased reliance on third party revenue to meet the forecast level of operating costs and allow for the strategic reserves to be built up.

The tables below indicate the way Te Manawa intends to gradually build up its strategic reserves within the constraint of maintaining positive untagged reserves.

Te Manawa Museums Trust Endowment Fund Forecast

Endowment Fund	Balance 1/7/22	Actual at 30/06/23	Budget transfers in/(out)	2023/24 Budget	Budget transfers in/(out)	Budget transfers in/(out)	2024/25 Budget
Clevely Fund	10,874	10,874	-	10,874	-	-	10,874
Total Endowment Funds	10,874	10,874	-	10,874	-	-	10,874

The Semi-permanent exhibition reserve is designed for the purpose of securing funding for future semi-permanent exhibition refresh and/or internally developed and built Te Manawa touring shows.

Te Manawa Museums Trust Endowment Fund Forecast

Endowment Fund	Balance 1/7/22	Actual at 30/06/23	Budget transfers in/(out)	2023/24 Budget	Budget transfers in/(out)	Budget transfers in/(out)	2024/25 Budget
Clevely Fund	10,874	10,874	-	10,874	-	-	10,874
Total Endowment Funds	10,874	10,874	-	10,874	-	-	10,874
Specific Reserves	Balance 1/7/22	Actual at 30/06/23	Budget transfers in/(out)	2023/24 Budget	Budget transfers in/(out)	Budget transfers in/(out)	2024/25 Budget
Collection Development	14,021	14,229		14,229	-	-	14,229
Historical Building Maintenance	22,081	22,081	-	22,081	-	-	22,081
Semi-Permanent Exhibition Development Reserve	365,398	398,261	32,862	431,123			431,123
Total Specific Reserves	401,500	434,571	32,862	467,433	-	-	467,433

The accompanying notes and accounting policies form part of the prospective financial statements

Te Manawa Museums Trust

Prospective Statement of Revenue and Expenses

For the Three Years Ended 30 June 2025, 2026 & 2027

	Budget	Actual	Budget	Actual	Budget	Budget	Budget
	2022/2023	2022/2023	2023/2024	6 mths to 31.12.2023	2024/2025	2025/26	2026/27
	\$	\$	\$	\$	\$	\$	\$
Revenue							
PNCC Operational Grant	3,329,511	3,352,361	3,756,570	1,878,285	3,833,599	4,024,056	4,217,826
MDC Grant	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Interest Received	8,400	30,383	20,760	24,243	30,000	31,500	32,760
Fundraising & Sponsorship	537,050	40,000	186,000	95,356	205,000	205,000	205,000
Other Revenue	381,730	325,896	283,490	150,438	413,200	316,484	353,261
Total Revenue	4,276,691	3,768,640	4,266,820	2,168,322	4,501,799	4,597,040	4,828,847
Expenditure							
Personnel Costs	2,422,554	2,197,522	2,420,806	1,144,357	3,021,220	3,148,889	3,275,105
Museum Activities	1,205,478	1,188,879	1,087,853	419,808	966,437	892,332	974,353
Occupancy Costs	279,168	192,474	279,339	151,269	269,163	305,477	321,136
PNCC Leases & SLA's	81,738	81,740	81,738	38,609	72,873	72,873	72,873
Depreciation/Amortisation	302,550	289,836	337,356	126,312	267,240	275,000	280,000
Assets Written Off	-	(433)	-	(224)	-	-	-
Total Operating Expenditure	4,291,488	3,950,018	4,207,092	1,880,131	4,596,933	4,694,571	4,923,467
Operating Surplus/(Deficit) Before Collection Movements	(14,797)	(181,378)	59,728	288,191	(95,134)	(97,531)	(94,620)
Collection Movement Income							
Custodial Assets	-	-	-	-	-	-	-
Donated Assets	15,000	39,573	15,000	8,185	97,500	100,000	100,000
Collection Movement Expense							
Custodial Assets Returned	-	800	-	-	-	-	-
Collection Assets Deaccessioned	-	100,306	-	19,018	-	-	-
Net Collection Movements	15,000	(61,533)	15,000	(10,833)	97,500	100,000	100,000
Net Surplus/(Deficit) Before revaluation	203	(242,911)	74,728	277,358	2,366	2,469	5,380
Other Comprehensive Revenue and Expenses	-	699,599	-	-	-	-	-
Total Comprehensive Revenue and Expense	203	456,688	74,728	277,358	2,366	2,469	5,380

Te Manawa Museums Trust

Prospective Statement of Financial Position

As at 30 June 2025, 2026 & 2027

Notes	Budget	Actual	Budget	Budget	Budget	Budget	
	2022/23 \$	2022/2023 \$	2023/24 \$	2024/2025 \$	2025/26 \$	2026/27 \$	
Assets							
<i>Current Assets</i>							
Cash & Cash Equivalents	11	401,874	265,459	514,047	361,069	366,969	209,876
Short Term Deposits		340,358	685,364	330,422	362,825	369,003	383,882
Stock of Merchandise		32,000	26,153	28,000	25,000	30,000	30,000
Receivables		18,000	19,743	15,000	15,000	15,000	15,000
Interest Receivable		2,000	10,514	4,000	6,000	6,500	7,500
Prepayments		25,000	69,546	25,000	40,000	45,000	50,000
Total Current Assets		819,232	1,076,779	916,469	809,894	832,472	696,258
<i>Fixed Assets</i>							
Information Technology		43,708	50,827	55,708	55,708	52,236	44,236
Property Plant & Equipment							-
Exhibitions		490,814	173,158	411,221	411,221	418,896	495,029
Furniture & Fittings		70,097	74,590	112,668	112,668	65,664	74,312
Leasehold Improvements		46,555	30,068	42,608	42,608	46,555	47,021
Plant & Equipment		452,144	364,200	450,070	450,070	450,510	512,570
Collection Assets (Owned)		7,975,767	9,302,607	8,124,615	9,423,607	9,483,607	9,543,607
Collection Assets (Custodial)		9,044,114	10,674,031	9,044,114	10,674,031	10,674,031	10,674,031
Work in Progress		12,105	76,050	15,000	15,000	20,000	15,000
Total Fixed Assets		18,135,304	20,745,531	18,256,004	21,184,913	21,211,499	21,405,806
<i>Other Non-Current Assets</i>							
Intangible Assets - Software		6,031	6,953	3,816	4,686	2,343	1,172
Total Non-Current Assets		18,141,335	20,752,484	18,259,820	21,189,599	21,213,842	21,406,977
Total Assets		18,960,567	21,829,263	19,176,289	21,999,494	22,046,314	22,103,236
<i>Current Liabilities</i>							
Payables Under Exchange Transactions		419,552	306,523	387,613	390,000	393,900	397,840
Income Received in Advance)		30,000	125,124	30,000	90,000	90,000	90,000
Provisions		-	-	-	-	-	-
Employee Benefits		260,619	273,431	345,800	300,774	330,852	363,937
Interest Payable		-	-	-	-	-	-
GST Payable (Receivable)		58,000	28,553	62,000	45,000	52,000	58,000
Current Portion of Term Liabilities		-	-	-	-	-	-
Total Current Liabilities		768,171	733,631	825,413	825,774	866,752	909,777
<i>Non-Current Liabilities</i>							
Employee Benefits		3,267	-	3,310	1,275	2,266	3,166
Total Non-Current Liabilities		3,267	-	3,310	1,275	2,266	3,166
Total Liabilities		771,438	733,631	828,723	827,049	869,018	912,943
Equity							
Trust Equity		10,722,223	10,668,412	10,467,292	10,467,292	10,469,658	10,472,127
Retained Surplus Current Year		2,203	(242,910)	74,728	2,366	2,469	5,380
Asset Revaluation Reserve		7,073,190	10,224,688	7,327,447	10,224,688	10,224,688	10,224,688
Specific Reserves	14	380,639	434,568	467,225	467,225	469,608	477,225
Endowment Funds	14	10,874	10,874	10,874	10,874	10,874	10,874
Total Trust Funds		18,189,129	21,095,632	18,347,566	21,172,445	21,177,297	21,190,294
Total Liabilities and Trust Funds		18,960,567	21,829,263	19,176,289	21,999,494	22,046,314	22,103,236

Te Manawa Museums Trust

Prospective Statement of Cash Flows

For the Three Years Ended 30 June 2025, 2026 & 2027

Notes	Budget	Actual	Budget	Budget	Budget	Budget
	2022/23	2022/2023	2023/2024	2024/2025	2025/26	2026/27
	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities						
Cash was provided from:						
PNCC Grants	3,264,227	3,352,361	3,756,570	3,833,599	4,024,056	4,217,826
Fundraising Activities	320,000	146,612	186,000	205,000	205,000	205,000
Other Revenue	279,454	178,282	283,490	413,200	316,484	353,261
MDC Grants		20,000	20,000	20,000	20,000	20,000
Interest	5,400	22,837	20,760	30,000	31,500	32,760
	3,869,081	3,720,092	4,266,820	4,501,799	4,597,040	4,828,847
Cash was disbursed to:						
Payroll	2,373,074	2,174,200	2,420,806	3,021,220	3,153,889	3,280,105
Suppliers	1,270,809	1,471,529	1,448,930	1,308,473	1,270,682	1,368,362
GST	0	-	58,000	58,000	60,000	65,000
Net Change in working Capital	-	8,064	-	-	-	-
	3,643,883	3,653,793	3,927,736	4,387,693	4,484,571	4,713,467
Net Cash Flows from Operating Activities*	225,198	66,299	339,084	114,106	112,469	115,380
Cash Flows from Investing Activities						
Cash was provided from:						
Sale of Assets	-	695	-	-	-	-
Cash was disbursed to						
Change in short Term Investments	600,000	14,047	14,047	485,000	(293,431)	(152,527)
Purchase of Intangible Assets - Software	120,000	4,200	5,000	-	-	-
Purchase of Leasehold Improvements	30,000	926	11,443	60,000	50,000	70,000
Purchase of Information Technology	56,770	36,674	33,688	10,000	10,000	-
Purchase of Exhibitions	185,000	9,223	43,215	140,000	270,000	260,000
Purchase of Furniture & Fittings	10,000		14,180	-	-	15,000
Purchase of Plant & Equipment	168,910	62,938	117,028	63,000	10,000	20,000
Purchase of Collection Assets	78,500	75,445	25,000	60,000	60,000	60,000
Work in Progress	0	52,082	30,000		-	-
	1,249,180	255,535	293,600	818,000	106,569	272,473
Net Cash Flows from Investing Activities	(1,249,180)	(254,840)	(293,600)	(818,000)	(106,569)	(272,473)
Net Increase/(Decrease) in Cash Held	(1,023,982)	(188,541)	45,484	(703,894)	5,900	(157,093)
Opening Cash Balances	1,308,407	454,000	401,874	1,064,963	361,069	366,969
Closing Total Cash Balances	284,425	265,459	447,358	361,069	366,969	209,876

Notes to the Prospective Financial Statements

Statement of Accounting Policies

REPORTING ENTITY

Te Manawa Museums Trust (the Trust) is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is controlled by Palmerston North City Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint more than 50% of the Board of Trustees.

The Trust was incorporated on 20 August 1999, from that date, the Trust assumed responsibility for art works and heritage assets transferred to its care but held on behalf of others. From 1 July 2000 the Trust commenced leasing the premises and managing the institution under agreements entered into with the Palmerston North City Council. The principal place of business is 326-336 Main Street, Palmerston North.

The primary objective of the Trust is to provide interactive experience in art, science and history through acquiring, conserving, researching, developing, communicating and exhibiting material evidence of people and their environment, rather than making a commercial return. Accordingly, the Trust has designated itself as a public sector public benefit entity for the purposes of Public Benefit Entity Accounting Standards (PBE Standards).

BASIS OF PREPARATION

The prospective financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the periods.

Statement of Compliance

The prospective financial statements of the Trust have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The financial statements comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 2 public sector public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

The Trust qualifies as a Tier 2 Public Sector PBE reporting entity as it is not publicly accountable and as for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure.

The reporting period for these prospective financial statements are the years ending 30 June 2025, 30 June 2026 and 30 June 2027. The prospective financial statements are presented in New Zealand dollars, unless otherwise stated.

Measurement Base

The measurement basis applied is historical cost, modified by the revaluation of collection assets as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

There are no standards, amendments, and interpretations, issued but not yet effective that have not been early adopted, and which are relevant to the Trust.

Significant Accounting Policies

Revenue

Revenue is measured at fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions.

Revenue from Non-exchange transactions

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. In non-exchange transactions, the Trust either receives value from or gives value to another party without directly giving or receiving approximately equal value in exchange.

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arm's length commercial transaction between a willing buyer and willing seller. Many of the services that the Trust provides for a fee are charged at below market value as they are subsidised by Palmerston North City Council operational grant, sponsorship, government/non-government grants. Other services operate on a cost recovery or breakeven basis and are not considered to reflect a market return. Most of the Trust's revenue is therefore categorized as non-exchange.

This includes PNCC grants, transfers from government/non-government entities, donations, donated/vested and custodial collection items, sponsorship, in kind sponsorship, revenue from services supplied at subsidised price.

Specific accounting policies for major categories of revenue from non-exchange transactions are outlined below:

Grants

Grants received from PNCC are the primary source of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the Trust's trust deed.

Revenues from non-exchange transactions with Council/other government/non-government entities are measured at fair value and recognised when the event occurs and the asset recognition criteria are met, if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Trust and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount if conditions of the grant are not met, deferred income is recognised instead of revenue, and recognised as revenue when conditions of the grant are satisfied.

Rendering of services

Revenue from the rendering of services is recognised when the transaction occurs to the extent that a liability is not also recognised. For these transactions the revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

All revenues from rendering of services are non-exchange, except for revenue from Venue Hire which is classified as exchange transaction.

Vested or donated physical assets

Where a physical asset is gifted to or vested in the Trust for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Such income is recognised when control over the asset is obtained, unless there is a use or return condition attached to the asset.

The fair value of vested or donated physical assets is determined by reference to the market value of comparable assets available.

'In Kind' Sponsorship

The Trust receives sponsorship 'in kind' by way of goods and services provided at discounted or nil charge. Where the fair value of these goods and services can be reliably measured, the income (and expense) is recognised as 'sponsorship - in kind' in the period in which the goods or services are received or there is a binding arrangement to receive the goods.

Volunteer Services

Volunteer services received are not recognised as revenue or expenditure as the Trust is unable to reliably measure the fair value of the services received.

Revenue from Exchange transactions

Sales of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Trust.

Interest Income

Interest income is recognised using the effective interest method.

Advertising Costs

Advertising costs are expensed when the related service has been rendered.

Borrowing Costs

Interest expense is recognised using the effective interest rate method. All borrowing costs are

expensed in the period in which they are incurred.

Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

Leases

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Trust will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are presented within borrowings as a current liability in the statement of financial position.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of a receivable is established when there is objective evidence that the Trust will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of an impaired receivable is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Financial Assets

Financial assets are categorised into the following four categories: financial assets at fair value through surplus or deficit; held-to-maturity investments; loans and receivables; and financial assets at fair value through other comprehensive revenue and expense. The classification depends on the purpose for which each investment was acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

The fair value of financial instruments traded in active markets is based upon the quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows are used to determine fair value for the remaining financial instruments.

a) Financial Assets at Fair Value through Surplus or Deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading. After initial recognition they are measured at their fair values. Gains or losses due to change in fair value are recognised in the surplus or deficit.

Currently, the Trust does not hold any financial assets in this category.

b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

c) Held to Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Currently, the Trust does not hold any financial assets in this category.

d) Financial Assets at Fair Value through Other Comprehensive Revenue and Expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into this category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the

surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Currently, the Trust does not hold any financial assets in this category.

Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and receivables, and held-to-maturity investments

Impairment is established when there is evidence that the Trust will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Property, Plant and Equipment

Items of property, plant and equipment are stated at historical or deemed cost, less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are presented net in the surplus or deficit.

Work in Progress

All assets constructed by Trust are initially recorded as work in progress. Work in progress is recognised at cost less impairment and it is not depreciated. Upon completion, these assets are transferred to their relevant asset class and depreciation commences.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised as an expense as they are incurred.

(a) Furniture, Equipment and Exhibits

Furniture, equipment and exhibits (excluding art and heritage collections) are valued at cost less accumulated depreciation and impairment losses.

Depreciation

Assets are depreciated on a straight-line basis at rates that will write off their cost less any estimated residual value over the expected useful life of the asset. The useful lives of major classes of assets have been estimated as follows:

Computer Hardware	1 to 5 years
Exhibitions	2 to 10 years
Furniture & Fittings	4 to 10 years
Leasehold Improvements	4 to 10 years
Office Equipment	4 to 10 years
Plant	4 to 20 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

(b) Collection Assets

As the Heritage Collection and Art Collection assets are intended to have an indefinite life, they are held in trust in perpetuity for the benefit of the public.

The Heritage Collection and Art Collection have not been depreciated, as it is the Trust's policy to maintain the collections in their current state, in accordance with the Trust's Collection Policies.

All additions to the Heritage and Art Collection are recorded at cost. These additions will be revalued in accordance with the Trust's Valuation Policy. Donated objects are recorded at fair value, or depreciated replacement cost, or nil value if considered unrealisable or irreplaceable.

Custodial Collection Assets are objects within the Heritage and Art Collections not formally owned by the Trust, where the Trust has assumed all the rights and obligations of ownership. Within the Heritage Collection this is limited to items on loan for an indefinite period, excluding works on loan from other Museums and Cultural organisations. In relation to the Art Collection, the nature of artworks and anecdotal evidence suggests that there is a high likelihood of request for return of loaned assets, irrespective of the loan period, therefore only items on loan from the Te Manawa Art Society Inc. are recognised as custodial assets. These assets are held and maintained by the Trust by agreement with the owners.

Revaluation

The Art Collection assets are revalued to fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by *Art + Object* Auckland during January 2018. Trust's policy is to revalue the Art Collection assets every three years.

The Heritage Collections assets are revalued to fair value as determined from market-based evidence by an independent valuer. Trust's policy is to revalue the Heritage Collection assets every four years to ensure that their carrying amount does not differ materially from fair value.

All other asset classes are carried at depreciated historical cost.

Accounting for Revaluations

The results of revaluing are credited or debited to an asset revaluation reserve. Where this results in a debit balance in the asset revaluation reserve, this balance is charged to the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in a previous year surplus or deficit, will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve.

Intangible Assets

Recognition and measurement

Intangible assets are initially measured at cost, except for Intangible assets acquired through non-exchange transactions (measured at fair value).

All of the Trust's intangible assets are subsequently measured in accordance with the cost model, being cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment, except for the items which are not amortised and instead tested for impairment such as Intangible assets with indefinite useful lives, or not yet available for use. The Trust has no intangible assets with indefinite useful lives.

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Trust's website are recognised as an expense when incurred.

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, including expenditure on internally generated goodwill and brands, is recognised in surplus or deficit as incurred.

Amortisation

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each amortisable intangible asset. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of.

The estimated useful lives are as follows:

Software: 1 to 7 years, Website: 3 to 5 years

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

Impairment of property, plant and equipment and intangible assets

For the purpose of impairment of Property, plant and equipment and intangible assets, which are carried at cost less accumulated depreciation and impairment losses, the Trust classifies its items of property plant and equipment and intangibles as non-cash generating assets, as these are not held with the primary objective of generating a commercial return, but rather for service delivery purposes and to deliver to Trust's public benefit objectives. Property, plant, and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use for non-cash-generating assets

For Trust's non-cash generating assets, value in use is determined based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows. The Trust does not currently hold property plant and equipment and intangible assets in this category.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Creditors and Other Payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs, if any. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after balance date or if the borrowings are not expected to be settled within 12 months of balance date.

Employee Entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to, but not yet taken at balance date. Sick leave has not been included, as the amount of accumulated sick leave that is anticipated to be taken in future periods is not considered to be material.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in 'finance costs'.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for trade receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

The Trust is exempt from Income Tax by virtue of its charitable status.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Trust's contributed capital;
- Retained earnings;
- Restricted reserves;
- Collections revaluation reserve;

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Trust.

Restricted reserves include those which have specific conditions accepted as binding by the Trust and which may not be revised by the Trust without reference to the Courts or a third party (i.e. endowment funds). Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Trust's decision. The Trust may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Trust.

Critical Accounting Estimates and Assumptions

In preparing these prospective financial statements, the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, Plant and Equipment Useful Lives and Residual Values

The Trust reviews the useful lives and residual values of its property, plant and equipment annually. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Trust to consider a number of factors including the physical condition of the

asset, expected period of use of the asset by the Trust, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit and the carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second-hand market prices for similar assets; and
- analysis of prior asset sales.

The Trust has not made significant changes to past assumptions concerning useful lives and residual values.

Public Benefit Entity Prospective Financial Statements (PBE FRS 42)

The Trust has complied with PBE FRS 42 in the preparation of these prospective financial statements. In accordance with PBE FRS 42, the following information is provided:

(i) Description of the nature of the entity's current operation and its principal activities

The Trust is a Council Controlled Organisation, as defined in the Local Government Act 2002. The Trust's principal activities are outlined within this Statement of Intent.

(ii) Purpose for which the prospective financial statements are prepared

It is a requirement of the Local Government Act 2002 to present prospective financial statements that cover 3 years and include them within the Statement of Intent. The purpose of the Statement of Intent is to state publicly the activities and intentions of Te Manawa for the year and the objectives to which these activities will contribute. Prospective financial statements are revised annually to reflect updated assumptions and costs.

(iii) Bases for assumptions, risks and uncertainties

The financial information has been prepared on the basis of best estimate assumptions as the future events which the Trust expects to take place. The Trust has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this Statement of Intent.

(iv) Cautionary Note

The financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

(iv) Other Disclosures

These draft prospective financial statements have been authorised by the Board on 18 January for delivery to the Palmerston North City Council. The Trust is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. The Statement of Intent is prospective and as such contains no actual operating results.