

ART DECO TRUST INCORPORATED  
FINANCIAL REPORT  
FOR THE YEAR ENDED 31 AUGUST 2024

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FINANCIAL REPORT FOR THE YEAR ENDED 31 AUGUST 2024  
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ART DECO TRUST INCORPORATED  
FINANCIAL REPORT FOR THE YEAR ENDED 31 AUGUST 2024  
GENERAL INFORMATION

Registration Number:	CC21328
Date of incorporation	24-Feb-08
Nature of business and principal activities	The Trust is primarily involved in the preservation, restoration, promotion and celebration of the Art Deco era
Registered office	7 Tennyson Street Napier
Postal address	P.O. Box 113 Napier
Board of governance	Barbara Arnott (Chair) Simon Dunn Rachel Bashnick Ben Hutton Amy Cowan Thomas Bain Chad Tareha

ART DECO TRUST INCORPORATED  
STATEMENT OF SERVICE PERFORMANCE  
FOR THE YEAR ENDED 31 AUGUST 2024

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

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

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

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

### **Guardian**

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

### **Storyteller**

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

### **Interpreter**

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

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

ART DECO TRUST INCORPORATED  
 STATEMENT OF SERVICE PERFORMANCE  
 FOR THE YEAR ENDED 31 AUGUST 2024

**Strategic Goal 1: Guardianship**

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

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

The bi-annual Art Deco Trust Heritage Awards recognise excellence for building owners who focus on repurposing, façade enhancement and heritage projects. Commencing in 2022 Art Deco Trust, together with all five (5) Hawke’s Bay Councils, is working to present a biannual Hawke’s Bay Regional Heritage awards to recognize excellence across a range of Heritage presentation, promotional and restoration project – with a regional focus on Heritage activities. To be held every two years, with the next awards in November 2024, these Awards recognise excellence in heritage and history conservation, heritage tourism and heritage storytelling, and will promote the values of world-class heritage retention and conservation to the wider community and provide much-deserved recognition for those who inspire us to connect with our past. The 2022 Heritage Awards were held at the recently refurbished Municipal Chambers complex at Toitoti Hawke’s Bay Arts & Events Centre, where awards were given in eight categories, and a Supreme Winner was announced.

Description of Quantification	Actual (This year Sept 23 – Aug 24)	Actual (Last Year Sept 22 – Aug 23)
Number of buildings receiving funding from the Robert McGregor Heritage Fund	5	8

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STATEMENT OF SERVICE PERFORMANCE  
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**Strategic Goal 2: Storytelling and Interpretation**

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

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

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

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

Description of Quantification	Year Sept 23 – Aug 24		Year Sept 22 – Aug 23	
	Actual	Budget	Actual	Budget
Ticket purchase revenue for Annual Art Deco Festival Napier	\$381,884	\$352,975	Festival cancelled due to Cyclone	\$334,168
Ticket number sold for Annual Art Deco Festival Napier	5661	3873	Festival cancelled due to Cyclone	4154
Ticket purchase revenue for Winter Deco	\$64,574	\$60,000	\$83,871	\$60,000
Ticket number sold for Winter Deco	800	982	1657	966
Number of participants on guided walks	5359	8220	4458	4050
Number of participants on coach tours	9141	7000	6900	4000
Number of Vintage Car Tours provided	1449	1300	1142	556

**ART DECO TRUST INCORPORATED  
STATEMENT OF SERVICE PERFORMANCE  
FOR THE YEAR ENDED 31 AUGUST 2024**

**Strategic Goal 3: Community Engagement**

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

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

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

Description of Quantification	Year Sept 23 – Aug 24	Year Sept 22 – Aug 23
Art Deco Trust Members	627	641
Volunteers' hours worked	7791	5893
Volunteer training sessions	19	12
Volunteer Service Awards:		
5yrs	6	7
10yrs	4	6
15yrs	1	4
20yrs	2	4
25yrs	1	1
30yrs	1	2
35yrs	3	0
Number of active Volunteers in the year	108	126
Number of new Volunteers in year	14	6

ART DECO TRUST INCORPORATED  
 STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE  
 FOR THE YEAR ENDED 31 AUGUST 2024

	Note	2024 \$	2023 \$
<b>Revenue</b>	5	<b>2,266,640</b>	<b>1,565,320</b>
<b>Expenditure</b>			
Operating Expenses	6	1,721,830	1,064,469
Administration Expenses		573,520	540,351
<b>Total Expenses</b>		<u><b>2,295,349</b></u>	<u><b>1,604,820</b></u>
<b>Operating Surplus / (Deficit)</b>		<u><b>(28,709)</b></u>	<u><b>(39,500)</b></u>
Finance Income		14,774	11,555
<b>Surplus / (Deficit) for the Year</b>		<u><b>(13,935)</b></u>	<u><b>(27,945)</b></u>
Other Comprehensive Revenue and Expense		-	-
<b>Total Comprehensive Revenue and Expense</b>		<u><u><b>(13,935)</b></u></u>	<u><u><b>(27,945)</b></u></u>



ART DECO TRUST INCORPORATED  
 STATEMENT OF CHANGES IN NET ASSETS/EQUITY  
 FOR THE YEAR ENDED 31 AUGUST 2024

	Heritage Fund Reserve	Accumulated Revenue and Expense	Total Net Assets/Equity
	\$	\$	\$
<b>Balance as at 1 September 2022</b>	<b>24,207</b>	<b>781,807</b>	<b>806,014</b>
Net Surplus/(Deficit)	(18,233)	(9,712)	(27,945)
Total Comprehensive Revenue and Expense	(18,233)	(9,712)	(27,945)
<b>Balance at 31 August 2023</b>	<b>5,974</b>	<b>772,095</b>	<b>778,069</b>
<b>Balance as at 1 September 2023</b>	5,974	772,095	778,069
Net Surplus/(Deficit)	11,990	(25,925)	(13,935)
Total Comprehensive Revenue and Expense	11,990	(25,925)	(13,935)
<b>Balance at 31 August 2024</b>	<b>17,964</b>	<b>746,170</b>	<b>764,134</b>

ART DECO TRUST INCORPORATED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2024

	Note	2024 \$	2023 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	11	551,556	704,692
Term Deposits	11	200,000	-
Prepayments		7,094	10,086
Receivables (from exchange transactions)	11	6,256	1,491
Recoverables (from non-exchange transactions)	11	100,308	-
Inventory	7	147,311	115,755
		<u>1,012,524</u>	<u>832,023</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	8	118,365	186,944
Intangible Assets	9	47,060	29,783
		<u>165,425</u>	<u>216,726</u>
<b>TOTAL ASSETS</b>		<u><u>1,177,949</u></u>	<u><u>1,048,749</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables (from exchange transactions)	11	77,521	79,143
Revenue Received in Advance		224,353	91,679
Employee Entitlements		71,020	51,859
Loans and Borrowings	10	16,000	-
		<u>388,894</u>	<u>222,680</u>
<b>Non-current Liabilities</b>			
Loans and Borrowings	10, 11	32,000	48,000
		<u>32,000</u>	<u>48,000</u>
<b>TOTAL LIABILITIES</b>		<u><u>420,894</u></u>	<u><u>270,680</u></u>
<b>NET ASSETS / EQUITY</b>			
Heritage Fund Reserve	12	17,964	5,974
Accumulated Revenue and Expense		746,170	772,095
<b>TOTAL NET ASSETS / EQUITY</b>		<u><u>764,134</u></u>	<u><u>778,069</u></u>
<b>TOTAL NET ASSETS / EQUITY AND LIABILITIES</b>		<u><u>1,185,028</u></u>	<u><u>1,048,749</u></u>

These Financial Statements have been authorised for issue by the Trustees on the 30th of October 2024

  
Trustee

  
Trustee

ART DECO TRUST INCORPORATED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2024

	2024	2023
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	1,432,588	883,727
Interest Income	13,003	11,555
Receipts from Donations, Sponsorship and Grants	652,922	611,401
Payments to Suppliers and Employees	(1,985,083)	(1,371,628)
Grants Paid	(24,000)	(44,000)
<b>Net Cash Inflow from Operating Activities</b>	<b>89,430</b>	<b>91,054</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for Purchase of Investments	(200,000)	-
Payments for Purchase of Intangible Assets	(39,090)	(15,000)
Payments for Purchase of Property, Plant and Equipment	(3,476)	(7,174)
<b>Net Cash Outflow from Investing Activities</b>	<b>(242,566)</b>	<b>(22,174)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(153,136)</b>	<b>68,880</b>
Cash and Cash Equivalents at the Beginning of the Year	704,692	635,811
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>551,556</b>	<b>704,692</b>

**Cash and Cash Equivalents Comprise**

	2024	2023
	\$	\$
Cash on hand	800	800
General account	25,261	283,950
Heritage Fund account	15,985	23,724
Interest bearing call accounts	509,511	396,218
<b>Cash and Cash Equivalents per statement of financial position</b>	<b>551,556</b>	<b>704,692</b>

## 1 Reporting Entity

Art Deco Trust Incorporated (the "Trust") is an entity registered under the Charitable Trusts Act 1957 and the Charities Act 2005.

The Trust is domiciled and registered in New Zealand and is primarily involved in the preservation, restoration, promotion and celebration of the Art Deco era. The Trust's offices are situated at 7 Tennyson Street, Napier.

For the purpose of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Trust is a public benefit entity.

## 2 Basis of Preparation

### (a) Statement of Compliance

The financial statements have been prepared in accordance with NZ GAAP, Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") and the requirements of the Charities Act 2005. The Trust is eligible to report in accordance with PBE Standards RDR because it is not publicly accountable and does not have expenditure in excess of \$33 million.

These financial statements were authorised for issue by the Trustees on the 30th of October 2024

### (b) Measurement Basis

These financial statements have been prepared under the historical cost convention.

### (c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Trust's functional and presentation currency, rounded to the nearest dollar.

There has been no change in the functional currency of the Trust during the year.

### (d) Changes in accounting policies

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

### 3 Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### (a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the financial statements include the following:

- Revenue recognition – exchange versus non-exchange revenue  
Revenue must be classified as arising from either exchange or non-exchange transactions. Where there is a non-exchange transaction, management must determine whether there are associated conditions (a condition is a requirement to return assets that have not been used for the purposes specified by the other party to the transaction). Information on the manner in which exchange and non-exchange transactions are accounted for is provided in the accounting policy on revenue (policy 4(a)).
  
- Going Concern  
Although the Trust has been impacted by the disruption to tours due to the poor state of the Napier to Taupo Road causing lower numbers of overseas independent travellers and some bus touring companies to avoid coming to the region, the Trustees have concluded that the Trust will be able to continue operating for at least 12 months from the date of signing these financial statements. That conclusion has been reached because:
  - The Trust's current cash resources mean the Trust is in the position that it can maintain current expenditure for at least 12 months from the date of signing these financial statements.
  - Domestic activity in the Tourism Sector is strong, with pre-bookings strong and anticipated to continue throughout the coming summer months.
  - Furthermore interest in the 2025 Festival is high and the Trustees are anticipating good attendance, and the related revenues.

#### (b) Assumptions and Estimation Uncertainties

There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year.

#### 4 Significant Accounting Policies

The significant accounting policies of the Trust are detailed below:

##### (a) Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Trust. It is measured at the fair value of consideration received or receivable.

The Trust receives revenue from both exchange and non-exchange transactions. An exchange transaction is defined as a transaction in which one entity receives assets or services (or has liabilities extinguished) and directly gives approximately equal value to another entity in exchange. A non-exchange transaction is a transaction in which the Trust receives an asset (such as cash), but does not provide approximately equal value in return.

Where a non-exchange transaction has an associated condition (which is a requirement to return assets that have not been used for the purposes specified by the other party to the transaction), a liability is recognised. Revenue is recognised (and the liability extinguished) as the condition is met.

The following specific recognition criteria in relation to the Trust's revenue streams must also be met before revenue is recognised.

##### i. Revenue From Exchange Transactions

###### Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable and net of returns.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

###### Rendering of Services

Revenue from services rendered is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date, specifically, income from events and from walks and tours is recognised when the event, walk or tour occurs.

Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

###### Membership Income

Membership income is recognised over the period of the membership (usually 12 months). Amounts received in advance for memberships relating to future periods are recognised as a liability until such time as that period covering the membership occurs.

## ii. Revenue From Non-Exchange Transactions

Non-exchange transactions are those where the Trust receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of donated goods and services, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Trust's non-exchange transaction revenue streams must also be met before revenue is recognised.

### Grants, Donations and Sponsorship

The recognition of non-exchange revenue from Grants, Donations and Sponsorship depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

### Donated Goods and Services

Donated goods and services are recognised at the value of the goods or service provided at the time these are provided. A corresponding asset or expense is recognised at the same time, for the same value.

### (b) Finance Income

Finance income comprises interest and dividend income on financial assets. Interest income is recognised as it accrues, using the effective interest method.

### (c) Employee Benefits

#### i. Short-Term Employee Benefits

Short-term employee benefit liabilities are recognised when the Trust has a legal or constructive obligation to remunerate employees for services provided and that are expected to be settled wholly before 12 months of reporting date. Short-term employee benefits are measured on an undiscounted basis and expensed in the period in which employment services are provided.

## ii. Defined Contribution Plans

Defined contribution plans such as Kiwisaver are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in surplus or deficit in the periods during which services are rendered by employees.

## (d) Financial instruments

### i. Recognition and initial measurement

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

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

### ii. Classification and subsequent measurement

#### **Financial assets**

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

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

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

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

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

#### **Financial liabilities**

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

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

### iii. Derecognition

#### **Financial assets**

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



### **Financial liabilities**

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

#### **iv. Impairment of non-derivative financial assets**

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

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

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

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

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

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

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

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

### **Measurement of ECLs**

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

#### **v. Credit-impaired financial assets**

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

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

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

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

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

**(f) Inventory**

Inventory is initially measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Inventories are subsequently measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(g) Property, Plant and Equipment**

**i. Recognition and Measurement**

Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value at initial recognition.

Items of property, plant and equipment are subsequently measured under the cost model, which means items are measured at cost (or fair value for items acquired through non-exchange transactions) less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour;
- Costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Trust has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs if a qualifying asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

**ii. Subsequent Expenditure**

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Trust. Ongoing repairs and maintenance is expensed as incurred.

### iii. Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, are depreciated separately.

Depreciation is recognised in surplus or deficit over the estimated useful lives of each component of an item of property, plant and equipment.

The major depreciation rates are as follows:

- Leasehold improvements: 10 - 33.5% straight line
- Furniture and Fixtures: 6.7% straight line
- Office Equipment: 6.7 - 50% straight line
- Heritage assets: 2% - 10% straight line

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

## (h) Intangible Assets

### i. Recognition and Measurement

Intangible assets are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value at initial recognition. All of the Trust's intangible assets are subsequently measured at cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment.

### ii. Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in surplus and deficit as incurred.

### iii. Amortisation

Amortisation is recognised in surplus or deficit over the estimated useful lives of each amortisable intangible asset.

The major amortisation rates are as follows:

- Software: 25 - 40% diminishing value

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

**(i) Impairment of Non-Financial Assets**

The carrying amounts of the Trust's non-financial assets, other than inventory, are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication of impairment exists:

- if the asset is a cash generating asset (i.e. an asset held with the primary objective of generating a commercial return), an estimate of its recoverable amount is calculated.
  - if the asset is a non-cash generating asset, an estimate of its recoverable service amount is calculated.
- An impairment loss is recognised where the carrying amount of an asset exceeds its recoverable amount/recoverable service amount. Impairment losses directly reduce the carrying amount of assets and are recognised in surplus or deficit.

The recoverable amount/recoverable service amount of an asset is the greater of its value in use and fair value less costs to sell. In assessing value in use for a cash generating asset, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use for a non-cash generating asset is its depreciated replacement cost.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(j) Operating Leases**

An operating lease is a lease in which the lessor retains substantially all of the risks and rewards of ownership. Operating leases are not recognised in the Trust's statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

**(k) Goods and Services Tax (GST)**

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

**(l) Income tax**

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

ART DECO TRUST INCORPORATED  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2024

<b>5 Revenue</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue From Exchange Transactions:</b>		
Shop sales	343,856	275,575
Walks and tours	627,614	489,615
Ticket sales to events	462,712	100,727
<b>Total Revenue From Exchange Transactions:</b>	<b>1,434,182</b>	<b>865,917</b>
<b>Revenue From Non-Exchange Transactions:</b>		
Grants	281,323	235,201
Donations	4,395	26,629
Sponsorship	193,125	153,932
Membership income	16,121	18,484
NCC Service fee	120,220	116,037
Donated goods and services	217,274	149,120
<b>Total Revenue From Non-Exchange Transactions:</b>	<b>832,458</b>	<b>699,403</b>
<b>Total Revenue</b>	<b>2,266,640</b>	<b>1,565,320</b>
<b>Revenue From Operations Comprises:</b>		
Merchandising	343,856	275,575
Walks and Tours	654,181	524,447
Events	1,099,590	409,518
Heritage Fund Income	21,990	25,767
Art Deco Trust Administration	147,021	330,014
<b>Total Revenue From Operations</b>	<b>2,266,640</b>	<b>1,565,320</b>
<b>Grant income includes grants from the following organisations:</b>		
Napier City Council	21,485	20,250
Lion Foundation	74,481	62,394
Pub Charity	50,000	49,015
Hawkes Bay Chamber of Commerce	-	40,000
Hawke's Bay Tourism Limited	86,851	-
Eastern & Central Community Trust	10,000	5,000
Grassroots Trust Limited	10,000	1,114
North & South Trust Limited	7,800	7,148
Trillian Limited	4,250	-
Lottery Grants Board	8,000	50,280
First Light Community Trust	4,405	-
New Zealand Community Trust	3,000	-
Stout Trust	1,050	-
	<b>281,323</b>	<b>235,201</b>
<b>Donated goods and services is comprised of:</b>		
Advertising	60,770	36,413
Beverages	9,895	4,060
Other	146,608	108,647
	<b>217,274</b>	<b>149,120</b>

ART DECO TRUST INCORPORATED  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 AUGUST 2024

<b>6 Expenses</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Total Operating Expenses relate to the following activities:</b>		
Merchandising	227,056	171,161
Walks and Tours	569,419	456,566
Events	915,355	392,742
Heritage fund expenses	10,000	44,000
	<b><u>1,721,830</u></b>	<b><u>1,064,469</u></b>
Total expenses include:		
Depreciation and amortisation	89,463	85,512
Cost of sales	162,144	130,052
Lease costs	37,710	37,692
Personnel costs	670,260	565,162
Defined contribution plan expenditure	15,493	14,694

<b>7 Inventory</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Merchandise	147,311	115,755

During the reporting period no inventory items were written down to net realisable value (2023: nil)

There are no items of inventory pledged as security against any of the Trust's liabilities (2023: nil).

ART DECO TRUST INCORPORATED  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2024

**8 Property, Plant & Equipment**

	Leasehold improvements	Furniture & fittings	Office equipment	Heritage assets	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
<b>Balance as at 1 September 2023</b>	404,382	90,280	184,738	49,922	<b>729,322</b>
Additions (exchange)	-	-	3,476	-	<b>3,476</b>
Disposals	-	(404)	-	-	<b>(404)</b>
<b>Balance as at 31 August 2024</b>	<b>404,382</b>	<b>89,876</b>	<b>188,214</b>	<b>49,922</b>	<b>733,202</b>
<b>Accumulated Depreciation and Impairment</b>					
<b>Balance as at 1 September 2023</b>	<b>275,934</b>	87,847	172,890	5,707	<b>542,377</b>
Depreciation	64,685	374	4,897	1,694	<b>71,650</b>
Disposals	-	-	-	-	-
<b>Balance as at 31 August 2024</b>	<b>340,619</b>	<b>88,221</b>	<b>177,787</b>	<b>7,401</b>	<b>614,028</b>
<b>Net book value</b>					
As at 31 August 2022	<b>193,981</b>	<b>2,897</b>	<b>9,330</b>	<b>45,910</b>	<b>252,117</b>
As at 31 August 2023	<b>128,448</b>	<b>2,433</b>	<b>11,848</b>	<b>44,215</b>	<b>186,944</b>
As at 31 August 2024	<b>63,763</b>	<b>1,655</b>	<b>10,427</b>	<b>42,521</b>	<b>118,365</b>

**9 Intangible Assets**

	Software	Total
	\$	\$
<b>Cost</b>		
<b>Balance as at 1 September 2023</b>	93,950	<b>93,950</b>
Additions (exchange)	39,090	<b>39,090</b>
Disposals	(4,000)	<b>(4,000)</b>
<b>Balance as at 31 August 2024</b>	<b>129,040</b>	<b>133,040</b>
<b>Accumulated Amortisation and Impairment</b>		
<b>Balance as at 1 September 2023</b>	64,168	<b>64,168</b>
Amortisation	17,812	<b>17,812</b>
<b>Balance as at 31 August 2024</b>	<b>81,980</b>	<b>81,980</b>
<b>Net book value</b>		
As at 31 August 2022	<b>27,919</b>	<b>27,919</b>
As at 31 August 2023	<b>29,783</b>	<b>29,783</b>
As at 31 August 2024	<b>47,060</b>	<b>47,060</b>

ART DECO TRUST INCORPORATED  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2024

**10 Loans and Borrowings**

	Effective interest rate	Year of maturity	2024		2023	
			Current	Non-current	Current	Non-current
			\$	\$	\$	\$
Napier City Council (2019)	3%	2026	16,000	32,000	-	48,000
			<b>16,000</b>	<b>32,000</b>	<b>-</b>	<b>48,000</b>

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

**11 Financial Instruments**

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

**31 August 2024**

	Note	Financial Assets	Financial Liabilities	Total
		Amortised Cost	Amortised Cost	
<i>Subsequently not measured at fair value</i>				
Cash and Cash Equivalents		551,556	-	551,556
Term Deposits		200,000	-	200,000
Receivables (from exchange transactions)		6,256	-	6,256
Recoverables (from non-exchange transactions)		100,308	-	100,308
Payables		-	(77,521)	(77,521)
Loans and Borrowings	10	-	(48,000)	(48,000)
		<b>858,121</b>	<b>(125,521)</b>	<b>732,600</b>

**31 August 2023**

	Note	Financial Assets	Financial Liabilities	Total
		Amortised Cost	Amortised Cost	
<i>Subsequently not measured at fair value</i>				
Cash and Cash Equivalents		704,692	-	704,692
Receivables (from exchange transactions)		1,491	-	1,491
Recoverables (from non-exchange transactions)		-	-	-
Payables		-	(79,143)	(79,143)
Loans and Borrowings	10	-	(48,000)	(48,000)
		<b>706,184</b>	<b>(127,143)</b>	<b>579,041</b>

**12 Reserves**

**Heritage Fund Reserve**

This reserve reflects the grants and donations made to and from the Robert McGregor Heritage Fund. These funds are held in a separate bank account and are kept specifically for Heritage grants. Total grants paid or approved for the year were \$33,000 (2023: \$52,800).



ART DECO TRUST INCORPORATED  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 AUGUST 2024

<b>13 Operating Lease Commitments</b>	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Operating leases as lessee</b>		
Non-cancellable operating leases are payable as follows:		
Less Than One Year	5,237	5,397
Between One and Five Years	160	1,780
<b>Total</b>	<b>5,397</b>	<b>7,177</b>

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

The building lease term is currently on a month by month term with a monthly amount of \$2,937 (2023: \$2,937). The rent is expected to remain on a month by month basis for the foreseeable future.

During the year ended 31 August 2024 \$37,710 was recognised as an expense in surplus of deficit in respect of operating leases as lessee (2023: \$37,692).

**14 Related Party Transactions**

**Key Management Personnel Remuneration**

Key management personnel are members of the governing body, which comprise members of the board and executive employees. The aggregate remuneration of key management personnel and the number of persons (measured in 'people' for members of the governing body, and 'full-time equivalent (FTEs) for executive employees) receiving remuneration is as follows:

	<b>2024</b>		<b>2023</b>	
	<b>No. of Persons</b>	<b>\$</b>	<b>No. of Persons</b>	<b>\$</b>
Members of the Governing Body	7 people	-	7 people	-
Executive Employees	1 FTE	117,606	1 FTE	112,211
		<u>117,606</u>		<u>112,211</u>

There are no other related party transactions with key management personnel or family members of key management personnel (2023: nil).

**15 Capital Commitments and Contingent Liabilities**

There were no capital commitments or contingent liabilities as at 31 August 2024 (2023: nil).

**16 Events After Balance Date**

There were no significant events after balance date requiring disclosure in the financial statements (2023:nil).

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

## Opinion

We have audited the financial report of Art Deco Trust Incorporated ("the Trust"), which comprise the financial statements on pages 7 to 24, and the service performance information on pages 3 to 6. The complete set of financial statements comprise the statement of financial position as at 31 August 2024, the statement of comprehensive revenue and expense, statement of changes in net assets/equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

- the financial position of the Trust as at 31 August 2024 and (of) its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 31 August 2024, in accordance with the Trust's service performance criteria,

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

## Basis for Opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust.

## Boards' Responsibilities for the Financial Report

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

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

**PARTNERS:** Glenn Fan-Robertson Heather Hallam Lisa Townshend  
**CONSULTANT:** David Pearson

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In preparing the financial report those charged with governance are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the service performance information are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this financial report.

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

This description forms part of our auditor's report.

#### Who we Report to

This report is made solely to the Trust's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's members, as a body, for our audit work, for this report or for the opinions we have formed.

*BDO Hawke's Bay*

BDO Hawke's Bay  
Napier  
New Zealand  
30 October 2024