

Te Kura Toi Whakaari O Aotearoa: NZ Drama School

Annual Report For the year ended 31 December 2008

The Trustees are pleased to present the annual report of the Te Kura Toi Whakaari O Aotearoa: NZ Drama School for the year ended 31 December 2008.



Trustee



Trustee

Date: 23/5/09

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AUDIT REPORT

To the Readers of the financial report of Te Kura Toi Whakaari O Aotearoa: NZ Drama School.

We have audited the attached financial report on pages 6 to 14. The financial report provides information about the past financial performance of Te Kura Toi Whakaari O Aotearoa: NZ Drama School and its financial position as at 31 December 2008. This information is stated in accordance with the accounting policies as attached.

MANAGEMENT'S RESPONSIBILITIES

Management of Te Kura Toi Whakaari O Aotearoa: NZ Drama School are responsible for the preparation of a financial report which gives a true and fair view of the financial position of Te Kura Toi Whakaari O Aotearoa: NZ Drama School as at 31 December 2008, and of the results of their operations for the year ended 31 December 2008.

AUDITORS' RESPONSIBILITIES

It is our responsibility to express an independent opinion on the financial report presented by management and report our opinion to you.

BASIS OF OPINION

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

- the significant estimates and judgements made by Te Kura Toi Whakaari O Aotearoa: NZ Drama School in the preparation of the financial statements, and
- whether the accounting policies are appropriate to Te Kura Toi Whakaari O Aotearoa: NZ Drama School's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than our capacity as auditors we have no relationship with or interests in Te Kura Toi Whakaari O Aotearoa: NZ Drama School.

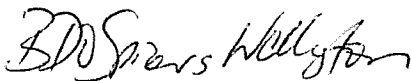
UNQUALIFIED OPINION

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

In our opinion:

- the attached financial report on pages 6 to 14:
 - complies with generally accepted accounting practice in New Zealand;
 - gives a true and fair view of the financial position of Te Kura Toi Whakaari O Aotearoa: NZ Drama School as at 31 December 2008, and the results of its operations for the year ended on that date.

Our audit was completed on 25 March 2009 and our unqualified opinion is expressed as at that date.



BDO SPICERS WELLINGTON
Chartered Accountants
WELLINGTON

Directory

| | |
|---------------------------|---|
| Nature of business | The School is engaged in the business of tertiary education for theatre, film and allied industries. |
| Incorporation | The School is incorporated under the Charitable Trusts Act 1957 |
| Board of Trustees | Richard Moss Raymond Ahipene-Mercer John Fokerd Carolyn Henwood Hon Marian Hobbs (End date: Sept 08) James Johnston Steve LaHood Norman Kingsbury (Start date: Sept 08) Annie Ruth Tom McCrory (Staff Representative) Katherine McGill (Student representative) |
| Director | Annie Ruth |
| Auditors | BDO Spicers Wellington Level 1, Tower Building, 50 Custom House Quay, PO Box 10 340 Wellington |
| Bankers | Bank of New Zealand PO Box 6147 Te Aro Wellington |
| Solicitors | Chapman Tripp PO Box 993 Wellington |

Statement of financial performance

For the year ended 31 December 2008

| | <i>Notes</i> | <i>12 months 31.12.08 (Audited) \$</i> | <i>12 months 31.12.07 (Audited) \$</i> |
|---|--------------|--|--|
| Revenue | | | |
| Funding | | 1,614,613 | 1,518,166 |
| Student Fees | 9 | 605,002 | 567,676 |
| Production Income | | 62,065 | 45,569 |
| Other | | 233,621 | 232,951 |
| Gain on Asset Disposal | | 569 | - |
| | | <u>2,515,869</u> | <u>2,364,363</u> |
| Interest | | <u>34,987</u> | <u>22,503</u> |
| Total revenue | | 2,550,856 | 2,386,865 |
| Expenditure | | | |
| Audit fees | | 6,083 | 4,583 |
| Accreditation | | 14,748 | 6,670 |
| Administration | | 853,694 | 751,085 |
| Marketing & Promotion | | 4,596 | 7,671 |
| Premises | | 224,095 | 246,378 |
| Student Recruitment | | 35,690 | 46,649 |
| Classes-Acting | | 399,614 | 412,508 |
| Classes-Technical | | 351,228 | 328,869 |
| MTA Training | | 73,702 | 68,277 |
| Library | | 15,938 | 19,379 |
| Performance Design | | 164,736 | 156,826 |
| Depreciation | 11 | 175,559 | 150,978 |
| Board Fees | | - | - |
| Production Costs | | 169,973 | 168,925 |
| Total expenses | | <u>2,489,654</u> | <u>2,368,799</u> |
| | | 61,202 | 18,067 |
| Partnership (deficit)/surplus | 7 | - | 2,217 |
| Net surplus/(deficit) for the year | | <u><u>61,202</u></u> | <u><u>20,284</u></u> |



This statement is to be read in conjunction with the notes to the Financial Statements

Statement of movements in equity

For the year ended 31 December 2008

| | Notes | 31.12.08 (Audited) \$ | 31.12.07 (Audited) \$ |
|--|-------|-----------------------------|-----------------------------|
| Equity at the start of the year | 2 | 912,475 | 892,191 |
| Total recognised revenue and expenses | | | |
| Net surplus/(deficit) for the year | | 61,202 | 20,284 |
| Transfer from Secondment Reserve | | <u>3,217</u> | <u>8,000</u> |
| | | <u>64,419</u> | <u>28,284</u> |
| Movements in reserves | | | |
| Asset Replacement Reserve | | - | - |
| General Reserve | | - | - |
| Relocation Reserve | | - | - |
| Secondment Reserve | | (3,217) | (8,000) |
| Student Assistance Reserve | | - | - |
| Leigh Teirawhiti Ransfield Trust | | - | - |
| Library Revaluation Reserve | | - | - |
| Equity at the end of the year | | <u><u>973,676</u></u> | <u><u>912,475</u></u> |



This statement is to be read in conjunction with the notes to the Financial Statements

Statement of financial position

For the year ended 31 December 2008

| | Notes | 31.12.08 (Audited) \$ | 31.12.07 (Audited) \$ |
|-------------------------------------|-------|-----------------------------|-----------------------------|
| Equity | 2 | <u>973,676</u> | <u>912,475</u> |
| Represented by: | | | |
| Current assets | | | |
| Bank | | 373,343 | 209,728 |
| Accounts receivable | 3 | 29,217 | 56,291 |
| Prepayments and other receivables | 4 | 56,345 | 20,531 |
| Interest accrued | | 4,941 | 2,689 |
| Inventories | | 497 | 645 |
| Public Trust | | 5,125 | 23,225 |
| Te Whaea Management Services | | - | 60,780 |
| | | <u>469,468</u> | <u>373,888</u> |
| Non-current assets | | | |
| Fixed assets | 11 | 512,904 | 504,148 |
| Advance - Premises Management Trust | 7 | 160,000 | 160,000 |
| Total assets | | <u>1,142,372</u> | <u>1,038,036</u> |
| Current liabilities | | | |
| Accounts payable | 5 | 123,695 | 66,614 |
| GST Payable | | 13,329 | 12,169 |
| Amount Received in Advance | 6 | 31,672 | 34,778 |
| Loan - Massey University | 10 | - | 12,000 |
| | | <u>168,696</u> | <u>125,561</u> |
| Net assets | | <u>973,676</u> | <u>912,475</u> |



This statement is to be read in conjunction with the notes to the Financial Statements

Notes to the financial statements

1. Statement of accounting policies

Basis of preparation

Toi Whakaari: NZ Drama School is registered under the Charitable Trusts Act 1957. The financial statements of the entity have been prepared in accordance with the Financial Reporting Act 1993.

The financial statements have been prepared on the basis of historical cost.

Changes in accounting policy

All policies have been applied on bases consistent with those used in previous years.

Differential reporting

In terms of the framework for differential reporting an entity is exempted from certain requirements of financial reporting standards if it satisfies the criteria laid down in the framework. Such an entity is called a qualifying entity.

Toi Whakaari: NZ Drama School is a qualifying entity for differential reporting by virtue of the fact that it has no public accountability and it is not large (as defined in the framework).

All differential reporting exemptions have been adopted except that additional details with regard to revenue and expenses have been disclosed.

Fixed assets

Fixed assets are recorded at cost less accumulated depreciation

Depreciation

Depreciation has been charged so as to charge the cost over estimated useful life of the asset.

The following rates have been used:

- Furniture and Fittings 7.8% - 24% SL
- Plant and Equipment 5.5% - 48% SL
- Theatre Equipment 12% - 48% SL
- Library Book 10% SL
- Library Non-books media 33% SL

Taxation

The School is a registered charity under the Charities Act 2005 and not liable for income taxation.

Goods and Services Tax ("GST")

The financial statements were prepared on a GST exclusive basis except for receivables and payables which are stated as inclusive of GST. The GST residue at balance date is shown in the Statement of Financial Position.

Inventories

Inventories are stated at the lower of cost or net realisable value.

Accounts receivable

Accounts receivable are recorded at net realisable values.



Notes to the financial statements

(Continued)

| 2. Equity | 12 months 31.12.08 (Audited) \$ | 12 months 31.12.07 (Audited) \$ |
|---------------------------------------|--|--|
| General Reserve | 882,077 | 817,659 |
| Student Assistance Reserve | 4,463 | 4,464 |
| Leigh Teirawhiti Ransfield Trust Fund | 6,353 | 6,353 |
| Secondment Reserve | - | 3,217 |
| Asset Replacement Reserve | 80,783 | 80,783 |
| | 973,676 | 912,475 |

Student Assistance Reserve

The School has a reserve to enable assistance to be given to students facing hardship.

Leigh Teirawhiti Ransfield Trust Fund

The School has reserve from funds raised at the ARTZAID concert for the long term benefit of students. In 2007, the Board resolved to purchase a piano with these funds but at balance date the asset had not been acquired.

Secondment Reserve

The School has a reserve to enable assistance to be given to students for costs incurred whilst on secondment.

Funds were disbursed to the students through External Panel for Secondments as per Board Resolution.



Notes to the financial statements

(Continued)

| 3. Accounts Receivable | <i>12 months</i> <i>31.12.08</i> <i>(Audited)</i> | <i>12 months</i> <i>31.12.07</i> <i>(Audited)</i> |
|---|---|---|
| | | \$ |
| Trade debtors | 29,217 | 56,291 |
| | <u>29,217</u> | <u>56,291</u> |
| 3.1 Trade Debtors | 30,780 | 56,291 |
| Less; Doubtfull Debt Expense | (1,563) | - |
| | <u>29,217</u> | <u>56,291</u> |
| | | |
| 4. Prepayments and other receivables | <i>12 months</i> <i>31.12.08</i> <i>(Audited)</i> | <i>12 months</i> <i>31.12.07</i> <i>(Audited)</i> |
| | | \$ |
| NZ Schools of Dance and Drama | 18,958 | - |
| Other receivables | 329 | - |
| NZ School of Dance | - | 78 |
| Prepayments | 37,058 | 20,453 |
| | <u>56,345</u> | <u>20,531</u> |
| | | |
| 5. Current liabilities | | |
| Accounts Payable | <i>12 months</i> <i>31.12.08</i> <i>(Audited)</i> | <i>12 months</i> <i>31.12.07</i> <i>(Audited)</i> |
| | | \$ |
| Trade creditors | 37,795 | 13,130 |
| PAYE/Kiwi Saver Contributions | 10,007 | 8,843 |
| Provision for holiday pay | 15,596 | 13,540 |
| Accruals | 49,067 | 22,168 |
| Others | 11,229 | 8,932 |
| | <u>123,695</u> | <u>66,614</u> |
| | | |
| 6. Amounts Received in Advance | <i>12 months</i> <i>31.12.08</i> <i>(Audited)</i> | <i>12 months</i> <i>31.12.07</i> <i>(Audited)</i> |
| | | \$ |
| Student Fees | 5,125 | 24,743 |
| Grant | 26,000 | 9,857 |
| Student Photograph Orders | 547 | 178 |
| | <u>31,672</u> | <u>34,778</u> |



Notes to the financial statements

(Continue)

7. Related Parties

Rental, building management fees and repairs and maintenance were paid by The New Zealand Schools of Dance and Drama Premises Management Trust trading as Te Whaea Services ("TWS") who lease the buildings from Wellington City Council. The New Zealand School of Dance and Toi Whakaari: NZ Drama School leases the premises from Te Whaea Services. The TWS Board of Trustees is comprised of members appointed by the Board of Trustees of each School, being Rex Martin, (Chair) jointly appointed by the Schools; Chris Parkin, appointed by Toi Whakaari; Neville Carson appointed by the New Zealand School of Dance; Jean Packman co-opted by the other Trustees.

Te Whaea Services charges an annual service fee from the Schools to administer the sharing of facilities, resources, staff and information by the Schools.

In 2008, Te Whaea Services also made payment of certain expenses on behalf of the Schools for commercial expediency. Such expenditure was recovered from the Schools on a monthly basis.

The Schools resolved to dissolve the Te Whaea Management Services Partnership between them with effect from 1 January 2008 and the assets were distributed to the partners during the year on a 50/50 basis.

Reinstatement of Advances to Premises Management Trust: Between 1997 and 2000 the Schools wrote off advances to the PMT totalling \$210,000. The PMT paid \$10,000 to the School in 2003 for consultancy work. In 2004 the Schools received advice from the PMT that it expected that the balance of \$200,000 would become recoverable from 2007/08. The Board therefore resolved in 2004 to write back the sum of \$200,000. In 2006, the Premises Management Trust repaid \$40,000 to the School, leaving a balance of \$160,000. No repayment was made in 2008.

8 Going Concern

These financial statements have been prepared on a going concern basis, the validity of which depends upon the Schools' ability to obtain future government funding. Government funding is received from the Tertiary Education Commission. The following allocations have been agreed to by Cabinet:

2009:\$1.623 million

The Trustees therefore believe the going concern assumption is appropriate.



Notes to the financial statements

(Continued)

| 9. Student Fees and Scholarships | <i>12 months</i> <i>31.12.08</i> | <i>12 months</i> <i>31.12.07</i> |
|--|-------------------------------------|-------------------------------------|
| Student fees have been presented net of internal scholarships. | <i>(Audited)</i> | <i>(Audited)</i> |
| | \$ | \$ |
| Full fees and scholarships are: | | |
| Victoria University fees | 54,251 | 38,117 |
| Massey University fees | 46,052 | 80,179 |
| Domestic Student fees | 479,618 | 424,767 |
| External Scholarship | 4,414 | 5,200 |
| Total Domestic fees | <u>484,032</u> | <u>429,967</u> |
| International fees | 20,667 | 19,413 |
| Less; Internal Scholarships | - | - |
| Total International fees | <u>20,667</u> | <u>19,413</u> |
| Total Student Fee Income | <u><u>605,002</u></u> | <u><u>567,676</u></u> |

10. Loan

The loan from Massey University is interest free and the final loan balance was fully repaid in September 2008.



Notes to the financial statements

(Continued)

| | 12 months 31.12.08 (Audited) \$ | 12 months 31.12.07 (Audited) \$ |
|---------------------------------|--|--|
| 11. Fixed Assets | | |
| Library book collection | | |
| Cost | 742,970 | 710,184 |
| Accumulated Depreciation | <u>(655,303)</u> | <u>(581,006)</u> |
| Book Value | 87,667 | 129,178 |
| Depreciation Expense | 74,297 | 71,018 |
| Library other media | | |
| Cost | 48,527 | 34,773 |
| Accumulated Depreciation | <u>(35,978)</u> | <u>(26,251)</u> |
| Book Value | 12,549 | 8,522 |
| Depreciation Expense | 9,727 | 6,723 |
| Furniture & Fittings | | |
| Cost | 238,200 | 223,821 |
| Accumulated Depreciation | <u>(128,850)</u> | <u>(137,578)</u> |
| Book Value | 109,350 | 86,243 |
| Depreciation Expense | 20,418 | 17,944 |
| Plant and Equipment | | |
| Cost | 308,090 | 325,558 |
| Accumulated Depreciation | <u>(217,969)</u> | <u>(262,620)</u> |
| Book Value | 90,121 | 62,938 |
| Depreciation Expense | 43,495 | 29,483 |
| Theatre Equipment | | |
| Cost | 24,188 | 24,188 |
| Accumulated Depreciation | <u>(18,327)</u> | <u>(12,808)</u> |
| Book Value | 5,861 | 11,380 |
| Depreciation Expense | 5,519 | 5,697 |
| Website | | |
| Cost | 7,061 | 7,061 |
| Accumulated Depreciation | <u>(6,275)</u> | <u>(3,922)</u> |
| Book Value | 786 | 3,139 |
| Depreciation Expense | 2,353 | 2,353 |
| Building Alterations | | |
| Cost | 241,899 | 224,586 |
| Accumulated Depreciation | <u>(40,185)</u> | <u>(21,838)</u> |
| Book Value | 201,714 | 202,748 |
| Depreciation Expense | 18,348 | 17,760 |
| Software | | |
| Cost | 6,258 | - |
| Accumulated Depreciation | <u>(1,402)</u> | <u>(21,838)</u> |
| Book Value | 4,856 | (21,838) |
| Depreciation Expense | 1,402 | 17,760 |
| Total Depreciation for the year | 175,559 | 150,978 |
| Total Cost | 1,617,193 | 1,550,171 |
| Total Accumulated Depreciation | <u>(1,104,289)</u> | <u>(1,046,023)</u> |
| Closing Book Value | <u>512,904</u> | <u>504,148</u> |

12. Operating lease commitments

A 36 month lease commenced on 21 May 2006, repayments are \$58.56 per month.
The commitment at Balance date is \$2,533. Current commitment is \$2,533

