

Hannah Playhouse Trust

Chair's report for the AGM of 20 August

Property Sub-committee

The sub-committee has spent time responding to the Wellington City Council's District Plan Change 48. The Plan restricts the height of buildings in certain parts of the city. It affects the block of buildings that the Hannah Playhouse is situated in.

The Plan restricts the height of the Hannah Playhouse to a maximum of 21 metres. This is the current height of the building. The Hannah Playhouse Trust has lodge a notice of appeal to the Environment Court against the decision in Plan Change 48. Currently we are putting together our case with the assistance of our lawyers Kensington Swan, and architect Chris Kelly. Our first step is to see if we can negotiate an exemption for the Hannah Playhouse with the City Council. If successful, this would avoid court hearings.

The reason that we have sought this exemption is to protect the future rights of the Trust to develop the property.

The property sub-committee has not met with Downstage since the last AGM. We have been waiting for Downstage to address its own internal issues.

Charitable Status

The Charities Commission has approved our application and the Trust is now a registered charity. The importance of this is that we maintain our non tax paying status. We will have to now file annual returns which will include our financial statements. The first return is due within six months of the 31 March 2009 year-end.

Downstage seating

Downstage has recently purchased new seating for the auditorium. I understand the seats were purchased for \$10 each from Rialto. Some years ago we set aside \$30,000 to purchase new seating for the auditorium. I've discussed this with Downstage's Director, and this provision is now no longer needed. This means we can use this money for other purposes.

Rent reviews

Rent reviews are due for both Downstage and the Tasting Room at 31 December 2008.

The rental for The Tasting Room will be based on a commercial assessment. Downstage's rental has in the past been more judgemental. In fact they currently only pay a rental of \$50,000. The Trust then provides a rebate or grant of \$80,000. This will need to be reviewed in the context of Downstages future financial viability and the level of support the Hannah Playhouse is able to provide.

If the Hannah Playhouse is to continue to have a "supportive" rental arrangement with Downstage then I would suggest we still get a commercial assessment done so that a commercial rental can be recorded in both Downstage's and our accounts. This would give both organisations a better account of the true value of the Hannah Playhouse's support. This

Hannah Playhouse Trust

Financial Statements
For the year ended 31 March 2008

DRAFT

HANNAH PLAYHOUSE TRUST

TRUST PARTICULARS
FOR THE YEAR ENDED 31 MARCH 2008

NATURE OF BUSINESS: The ownership and rental of the property known as the Hannah Playhouse Theatre.
The Trust is registered as a Charitable Trust under the Charities Act 2005

BENEFICIARIES: The Trust has been established for the purpose of encouraging, fostering and promoting the performing arts for the benefit of the community.

TRUSTEES: Chris Prowse - Chairperson
Richard Cathie
Sunny Amey
Constance Kirkcaldie
Martin Rodgers
Chris Parkin
David Underwood

BANKERS: Westpac Banking Corporation
318 Lambton Quay
Wellington

SOLICITOR: Kensington Swan
89 The Terrace
Wellington

ACCOUNTANT: Deloitte
Deloitte House
Levels 11-16, 10 Brandon Street
Wellington

HANNAH PLAYHOUSE TRUST

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2008**

	NOTE	2008 \$	2007 \$
Income			
Interest		9,927	6,254
Gift of Bruce Mason Bust		-	25,000
Brava Cafe contribution to water rates		1,440	1,440
Rents	2	200,356	197,519
Vodafone lease rental		6,000	4,000
		<u>217,723</u>	<u>234,213</u>
Less Expenses			
Accountancy fees		5,000	5,000
Administration fees		17,674	16,230
Bank charges		5	3
Cleaning		584	648
Depreciation	6	31,595	31,506
Downstage Theatre Trust rent rebate	2	80,000	80,000
General expenses		680	1,543
Insurance		28,329	28,065
Legal fees		3,888	615
Rates		10,476	10,076
Valuation fees		850	-
Repairs and maintenance	12	19,241	21,372
		<u>198,322</u>	<u>195,058</u>
Surplus from Operations		19,401	39,155
Capital gains/(losses)			
Loss on adjustment of fixed assets (including lift)	6	(3,456)	(3,759)
Net surplus		<u>15,945</u>	<u>35,396</u>
Distributed as follows:			
Transfer to accumulated income pursuant to Deed of Trust		15,945	35,396
		<u>15,945</u>	<u>35,396</u>

The accompanying notes form part of these financial statements. These financial statements have not been audited or reviewed and must be read subject to the attached compilation report.

HANNAH PLAYHOUSE TRUST

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2008**

	NOTE	2008 \$	2007 \$
CURRENT ASSETS			
Bank accounts	4	185,096	145,426
Receivables	5	9,303	1,622
		<u>194,399</u>	<u>147,048</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	523,573	550,770
TOTAL ASSETS		<u>717,972</u>	<u>697,818</u>
CURRENT LIABILITIES			
Payables and accruals	7	14,592	10,383
TOTAL LIABILITIES		<u>14,592</u>	<u>10,383</u>
NET ASSETS		<u>703,380</u>	<u>687,435</u>
TRUST EQUITY			
Trust capital	8	653,380	637,435
Reserves	3	50,000	50,000
TOTAL TRUST EQUITY		<u>703,380</u>	<u>687,435</u>

The accompanying notes form part of these financial statements. These financial statements have not been audited or reviewed and must be read subject to the attached compilation report.

HANNAH PLAYHOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

Taxation

The Hannah Playhouse Trust is a charitable organisation and is exempt from income tax.

Differential Reporting

The entity qualifies for differential reporting as it is not publicly accountable and it meets the size criteria. The entity has taken advantage of all available differential reporting exemptions.

Changes in Accounting Policies

There have been no changes in accounting policies during the year.

These financial statements have not been audited or reviewed and must be read subject to the attached compilation report.

HANNAH PLAYHOUSE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

	2008 \$	2007 \$
4 BANK ACCOUNTS		
Westpac cheque account	16,320	56,977
Westpac call account	16,957	58,449
RaboPlus savings account	119,599	-
Westpac Term Deposit 01 - 7.4%, matures 18/12/2008	32,220	30,000
	<u>185,096</u>	<u>145,426</u>

In 2006 the Trustees of the Hannah Playhouse Trust resolved not to allow cash reserves to fall below \$30,000.

There are no restrictions on the use of these funds.

5 RECEIVABLES

Accrued interest	779	633
Prepayments	1,024	989
Net Downstage rental rebate paid in advance	7,500	-
	<u>9,303</u>	<u>1,622</u>

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HANNAH PLAYHOUSE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

Under the agreement with the WCC, the share of ownership transferred equates to 44% of the cost of all assets except theatre chattels and the Bruce Mason bust.

The current year depreciation for buildings is \$2,758, theatre chattels \$13,500, lift \$14,785 and leasehold improvements \$552 (2007: \$2,758, \$13,500, \$14,785 and \$463).

The latest General Valuation dated 1 September 2007 of the land and the buildings is \$3,000,000 (September 2006:\$2,500,000).

The latest Insurance Valuation dated 7 February 2008 of the land and the buildings is \$7,524,000 (May 2007:\$7,602,000).

Share of ownership transferred to WCC

In 1977 Wellington City Council (WCC) received a 21% beneficial interest in the Trust's land and building in consideration for releasing their mortgage without repayment. A further 12% interest was sold to WCC in 1995 at a cost of \$150,000.

On 21 March 2003 the Trustees resolved to sell a further 11% share in the land and building to the WCC for \$170,000. The proceeds of this sale were used towards paying for the installation of the patron's lift and other relating alterations. Without this money the Trust would have had to fund some of this project via a bank loan. The Hannah Playhouse Trust is grateful to the WCC for their ongoing support.

The Trust's interest in the land and building of 56% (2007: 56%), and WCC's interest of 44% (2007: 44%), would be used to calculate their respective entitlements to the proceeds of any sale or other realisation of the land and building.

Loss on adjustment of fixed assets

Under the agreement with the Wellington City Council (WCC), Hannah Playhouse Trust has transferred \$3,456 of assets to WCC during 2007. This ensures that WCC share of all assets except theatre chattels and the Bruce Mason bust remains at 44%. This transfer is recognised as a loss.

	2007 \$	2006 \$
Loss on transfer of 44% of assets to WCC	(3,456)	(3,759)

7 PAYABLES AND ACCRUALS

Accounts payable	11,753	7,353
GST payable	2,839	3,030
	<u>14,592</u>	<u>10,383</u>

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HANNAH PLAYHOUSE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**

	2008 \$	2007 \$
12 REPAIRS AND MAINTENANCE		
Ongoing expenses:		
Elevator maintenance	4,213	4,434
Sprinkler and light testing	2,069	2,296
Fire alarm monitoring	923	1,018
	<hr/> 7,205	<hr/> 7,748
One off expenses:		
Interior expenditure	2,181	4,736
Exterior expenditure	9,855	8,888
	<hr/> 12,036	<hr/> 13,624
	<hr/> <hr/> 19,241	<hr/> <hr/> 21,372

These financial statements have not been audited or reviewed and must be read subject to the attached compilation report.

HANNAH PLAYHOUSE TRUST

Resolution of the Trustees made this

day of

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RESOLVED: THAT the financial statements as presented to the Trustees, for the year ended 31 March 2008 showing a net surplus after tax of \$15,945 are hereby adopted and approved.

RESOLVED: THAT after full consideration of:

- The needs and requirements of all potential beneficiaries
- The requirements under the Trust Deed
- The Trust's investment strategy
- The Trust's need for capital

the Trustees approve the allocation of the net income as follows:

Trustee

Gross Trustee income of \$15,945 less an allowance for taxation of \$Nil, leaving a net Trustee income of \$15,945 to be accumulated as part of the Trust Equity pursuant to the Trust Deed.

Trustee

Trustee

HANNAH PLAYHOUSE TRUST

**MINUTES OF ANNUAL GENERAL MEETING OF
HANNAH PLAYHOUSE TRUSTEES
HELD ON FRIDAY 28th SEPTEMBER 2007 AT 10.00 AM
AT THE OFFICES OF DELOITTE, 10 BRANDON STREET, WELLINGTON**

PRESENT: Mr C Prowse (Chairperson), Miss S Amey, Ms C Kirkcaldie, Mr C Parkin, Mr W Tacon, and Mr D Underwood.

IN ATTENDANCE: Mr T Hardy (Chair, Downstage Theatre Trust), Ms C Downes (Artistic Director, Downstage) and Ms C Priest (Deloitte) and Miss K Grange (Deloitte) both acting as secretary.

APOLOGIES: Mr R Cathie

1 OPENING

- 1.1 The Chairperson opened the meeting at 10.04am. Mr Prowse welcomed everyone to the meeting.
- 1.2 Mr Prowse said that Mr Cathie was unable to attend the meeting but had called him to pass on some comments for consideration. Mr Prowse said he would raise these comments when the matters referred to arose on the agenda.

2 CONFIRMATION OF MINUTES

- 2.1 The minutes of the meeting held on 25th October 2006 have previously been circulated.
- 2.2 Ms Kirkcaldie noted one change to the minutes, that in section 3.1, David Underwood was to act on the matter rather than Ms Kirkcaldie.
- 2.3 Mr Parkin requested that when the minutes are distributed to the Trustees, confirmation of reading be requested along with changes. He felt that as the meeting is held annually, it is hard to remember what happened at the last meeting. Ms Priest and Mr Prowse responded that in future this would be done.

Action: Ms Priest to request confirmation of reading and changes when the minutes are distributed to the Trustees.

- 2.4 Miss Amey asked if the amendment to the trust deed was attached to the minutes, as hers was not. Ms Priest advised that it was attached to the original minutes and that she would forward another copy to Miss Amey for her records.

Action: Ms Priest to send Miss Amey a copy of the trust deed amendment.

It was resolved that:

The Trustees confirmed the minutes of the meeting held on 25th October 2006 as presented.

Moved: Mr Parkin
Seconded: Miss Amey

the need to have the accounts audited. The Trust's rules allow the Trust to resolve not to appoint an auditor by unanimous decision. Mr Underwood stated that the resolution should be dependent on Deloitte preparing the accounts. Mr Tacon advised that the Wellington City Council is comfortable for no auditor to be appointed provided Deloitte handles the administration. Mr Cathie had previously advised Mr Prowse that he approved of the resolution being passed.

Mr Prowse indicated that he would write a letter to thank Mr Pyatt for his assistance over the years and include a gift voucher for Kirkcaldie and Stains.

It was resolved that:

The Trustees unanimously resolve to not appoint an auditor for the coming financial year on the basis that Deloitte continues to look after the administration and prepares the annual accounts.

Moved: Mr Parkin
Seconded: Mr Underwood

Action: Mr Prowse to write to Mr Pyatt thanking him for his assistance over the years and include a Kirkcaldie and Stains gift voucher.

4.2 APPOINTMENT OF TRUSTEES

Mr Prowse noted that Mr Cathie and Miss Amey's terms were extended at the last meeting. Ms Priest advised that Mr Parkin's term expires in March 2008 and this can be addressed next year.

4.3 CHARITIES COMMISSION REGISTRATION

Mr Underwood advised that it was taking 8-10 weeks for the applications to be processed by the Commission so the Trust should apply sooner rather than later. He also asked about applying to the Inland Revenue Department (IRD) to have the donations made to the Trust qualify for tax rebates. This would be a tax advantage for fundraising. Ms Priest advised that Deloitte would look into this.

It was resolved that:

The Trustees register with the Charities Commission.

Moved: Mr Parkin
Seconded: Ms Kirkcaldie

Action: Ms Priest to investigate and if applicable apply to the IRD to ensure that donations made to the Trust qualify for a tax rebate.

5 APPROVAL OF FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2007

- 5.1 Ms Priest presented the Financial Statements for the year ending 31 March 2007. The trading surplus for the year was \$35,396 compared to a loss of \$7,110 in 2006. This increased surplus was mostly due to the increase in Brava rent and the gift of the Bruce Mason Bust, which was recognised as income.

- 7.4 Mr Parkin said work would be needed to assess the cost/benefits of each of the proposed up-grades to the interior of the building. Downstage needed to consider if the changes had the potential to increase revenue. In addition, he considered that if the work was done in its entirety it would overcapitalise the building. Mr Parkin would like to see a business case put to the Trustees as part of any proposals to be considered by the Trust.

8 DOWNSTAGE REPORT

- 8.1 Mr Hardy and Ms Downes joined the meeting. Mr Hardy discussed Downstage's progress for the year. This year was not as successful as last however, it still expected to finish the year in an acceptable financial position.
- 8.2 Mr Hardy advised that the Downstage Board had considered a number of venue options for the future, which included staying the Hannah Playhouse, developing a new site, and using other existing theatre venues. The Downstage Board had decided that the best option was to stay in the Hannah Playhouse. However in the future it may consider using other theatre venues on a one-off basis where productions could benefit from increased seating capacity.
- 8.3 Mr Hardy advised that in regards to the Tony Rabbit report, Downstage favours going ahead with a succession of refurbishments. Their number one priority task is to improve the seating in the auditorium. A viable seating option using Sebel chairs has been found. Mr Prowse commented that the Trust had already agreed to provide up to \$30,000 towards the cost of suitable replacement seating in the auditorium. Mr Hardy said that Downstage was also considered expanding the bar on the first floor to be a priority. This could now be possible if new office space was available in the Embassy Theatre.
- 8.4 Miss Amey questioned whether the first floor refurbishment was pressing. The bar was only crowded on occasions such as opening night. Ms Downes replied that the bar area is too small to host functions. The changes could increase revenue from hiring out the area and from increased usage of the bar.

It was agreed that these issues needed further discussion and the Hannah Playhouse property sub committee should meet with Downstage representatives to consider the priorities, the costs, and the financing of the proposed building up-grades. The sub committee would the report back to the Trustees if any decisions were needed to proceed with any of the up-grades.

Further discussion after Mr Hardy and Ms Downes departure

Main points of the discussion:

- Downstage is disadvantaged by not having suitable bar and entertainment facilities.
- Upgrading the bar area would be good for corporate functions.
- Overall, the Trustees need to ensure that the Hannah Playhouse is maintained at a reasonable standard for the purposes of using the building as a theatre.

Action: Property sub committee to meet with Downstage for more in depth discussions about the proposed up-grades to the interior of the building and report back to the Trustees if the Trust needed to make any decisions about the up-grades.

HANNAH PLAYHOUSE TRUST

MINUTES OF SPECIAL MEETING OF HANNAH PLAYHOUSE TRUSTEES HELD ON WEDNESDAY 12th MARCH 2008 AT 10.00 AM AT THE OFFICES OF DELOITTE, 10 BRANDON STREET, WELLINGTON

PRESENT: Mr C Prowse (Chairperson), Miss S Amey, Mr R Cathie, Ms C Kirkcaldie, Mr C Parkin, Mr M Rodgers, and Mr D Underwood

IN ATTENDANCE: Mr T Hardy (Chair, Downstage Theatre Trust), Mr A Thomson (General Manager, Downstage), Ms H Moody (Downstage Theatre Trust), Mr G Letts (Downstage Theatre Trust) and Ms C Priest (Deloitte) and Miss K Grange (Deloitte) both acting as secretary.

APOLOGIES: None

1 OPENING

- 1.1 The Chairperson opened the meeting at 10.00am. Mr Prowse welcomed everyone to the meeting.
- 1.2 Mr Prowse outlined the purpose of the meeting, being an opportunity for Downstage to update the Trust with their plans for the future, after having advanced them \$15,000 as part of the annual rent rebate in December 2007.

2 DOWNSTAGE REPORT

- 2.1 Mr Hardy, Mr Thomson, Ms Moody and Mr Letts joined the meeting.
- 2.2 Mr Hardy discussed the financial difficulties they had encountered over the past year. He mentioned that there had been some improvements since the appointment of the new acting CEO (Andrew Thomson) and that the financial assistance from Creative New Zealand (CNZ), the Wellington City Council (WCC) and the Trust had helped. He thanked the Trust for this assistance.
- 2.3 An independent and wide-ranging consultation process has been undertaken by Downstage to canvas the opinions of the New Zealand theatre community. The purpose of this is to assist Downstage decide on the best option for its future operations.
- 2.4 The three options Downstage are considering are:
 - 1) Downstage as it has operated in the past – this has been dismissed as there is a feeling in Downstage that it is time for a change and the need for more financial stability
 - 2) Become a curated presenting venue.. They would not produce their own shows, but become a venue for hire for the best of NZ theatre and the wider performing arts . Downstage would not under take any development work. This option would greatly reduce the financial risk.
 - 3) Shift to being an audience focused centre for the highest quality, innovative NZ theatre development and presentation. Under an artistic