
THE NEW ZEALAND INTERNATIONAL FESTIVAL OF THE ARTS TRUST

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

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FOR THE YEAR ENDED 30 JUNE 2008

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THE NEW ZEALAND INTERNATIONAL FESTIVAL OF THE ARTS TRUST

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2008

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The following accounting policies have been applied in the preparation of the financial statements:

REPORTING ENTITY

The New Zealand International Festival of the Arts Trust (the Trust) is a Trust established by Deed of Trust dated 9 May 1985. The financial statements have been prepared in accordance with generally accepted accounting practice as required by the New Zealand Institute of Chartered Accountants.

The purpose of the Trust is to promote and encourage cultural performance and activities. The main activity of the Trust is producing the New Zealand International Arts Festival, which is held every two years in Wellington. The last Festival was held from 22 February to 16 March 2008. The next Festival will be held from 26 February to 21 March 2010. The Lexus Song Quest was held for the first time during 2005 and is a biennial event, with the latest final held on 27 April 2007.

The Friends of the Festival committee was established on 14 May 1985. It is an informal committee within the Trust.

MEASUREMENT BASE

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Trust.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied.

- (a) Basis of Consolidation – The consolidated financial statements include the New Zealand International Festival of the Arts Trust and the New Zealand International Festival Foundation, using the purchase method. All significant inter-company transactions are eliminated on consolidation. There are no investments in the Foundation made by the parent.

The only entity that has been consolidated for the year ended 30 June 2008 is the New Zealand International Festival Foundation, which also has a 30 June balance date.

The New Zealand International Festival Foundation is a trust established by Deed of Trust dated 10 December 1990. The principal activity of the Foundation is to act as an entity receiving, investing and distributing funds for the benefit of the Trust.

On 30 June 2008 all of the assets of the Foundation were transferred to the Wellington International Arts Foundation. The Trust is one of the beneficiaries of the new Foundation, but has no control over its day to day activities and maintains a completely separate and independent Board of Directors.

THE NEW ZEALAND INTERNATIONAL FESTIVAL OF THE ARTS TRUST

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2008

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- (b) Fixed assets are stated at cost less accumulated depreciation. The provision for depreciation is calculated using a straight line (S.L.) basis to write down the cost of the fixed assets over their estimated useful lives.
- | | | |
|------------------------|------------|------|
| Computer Software | 40% | S.L. |
| Furniture & Fittings | 14% | S.L. |
| Leasehold Improvements | 17% to 20% | S.L. |
| Office Equipment | 10% to 25% | S.L. |
| Plant and Equipment | 10% to 60% | S.L. |
- (c) Operating lease payments are recognised as an expense on a straight-line basis over the lease term.
- (d) Accounts receivable have been valued at expected net realisable value.
- (e) Investments are carried at market value as at balance date.
- (f) There has been no taxation provided in the financial statements as income derived by the Trust and the Foundation are for charitable purposes and are exempt from income tax under the Income Tax Act 2004.
- (g) Amounts are shown net of Goods and Services Tax, except for receivables and payables, which are shown inclusive of GST.
- (h) Sponsorship received by way of cash or goods and services is recorded in the financial statements at the value of cash received or the prudently assessed value of the goods and services received.
- (i) The Trust uses forward exchange contracts for the primary purpose of reducing its exposure to fluctuations in foreign currency exchange rates for payments to overseas artists and for overseas event costs. Monetary items receivable or payable in a foreign currency, other than those resulting from short term transactions covered by forward exchange contracts, are translated at balance date at the closing rate. For transactions covered by short term forward exchange contracts, the rates specified in those contracts are used as the basis for measuring and reporting the transaction. Unrealised exchange gains and losses arising from forward contracts to hedge future income and expenditure are not included in these financial statements.
- (j) Grants have been accounted for using the income approach and are recognised in the Statement of Financial Performance upon compliance with the primary conditions attached to those grants.
- (k) Income relating to projects planned for the 2008/09 financial year have been treated as income in advance. This income will be recognised in the next financial year.

CHANGES IN ACCOUNTING POLICIES

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

NEW ZEALAND INTERNATIONAL FESTIVAL OF THE ARTS TRUST

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2008

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	Notes	2008		2007	
		Consolidated	Parent	Consolidated	Parent
		\$		\$	
FESTIVAL EVENTS AND ADMINISTRATION					
Income from Festival Events					
Sponsorship and Grants		5,258,707	5,508,707	417,440	417,440
Box Office		5,140,152	5,140,152	50,666	50,666
Other Income		430,361	430,361	142,107	142,107
		<u>10,829,220</u>	<u>11,079,220</u>	<u>610,213</u>	<u>610,213</u>
Income in Support of the Trust's Administration of Festival Events					
Local Body Grants		779,000	779,000	785,000	785,000
Sponsorship and Grants		528,267	528,267	367,500	367,500
Other Income		226,375	226,375	60,554	60,554
Interest Received		174,900	174,900	76,396	76,396
		<u>1,708,542</u>	<u>1,708,542</u>	<u>1,289,450</u>	<u>1,289,450</u>
Income from the Foundation					
Interest Received		207,733	-	169,819	-
Unrealised (Losses)/Gains on Investments		-	-	(18,317)	-
		<u>207,733</u>	<u>-</u>	<u>151,502</u>	<u>-</u>
<i>Income from Festival Events and Administration</i>					
		<u>12,745,495</u>	<u>12,787,762</u>	<u>2,051,165</u>	<u>1,899,663</u>
Expenditure for Festival Events					
Artists and Production		8,543,206	8,543,206	496,506	496,506
Marketing		2,209,986	2,209,986	49,640	49,640
		<u>10,753,192</u>	<u>10,753,192</u>	<u>546,146</u>	<u>546,146</u>
Expenditure on the Trust's Administration of Festival Events					
Personnel Costs, Contracts for Services and Fees		1,349,646	1,349,646	835,437	835,437
Other Administration Expenditure		535,730	535,730	283,729	283,729
Rental Costs		86,870	86,870	88,722	88,722
Depreciation		42,163	42,163	35,655	35,655
Fees Paid to the Chairperson for Executive Services		30,000	30,000	50,000	50,000
Audit Fees		11,600	11,600	10,000	10,000
Provision for Doubtful Debts		-	-	386	386
		<u>2,056,009</u>	<u>2,056,009</u>	<u>1,303,929</u>	<u>1,303,929</u>
Expenditure on the Foundation's Administration					
Bank Charges		25	-	25	-
		<u>25</u>	<u>-</u>	<u>25</u>	<u>-</u>
<i>Expenditure for Festival Events and Administration</i>					
		<u>12,809,226</u>	<u>12,809,201</u>	<u>1,850,100</u>	<u>1,850,075</u>
TOTAL NET (DEFICIT)/SURPLUS					
		<u>(63,731)</u>	<u>(21,439)</u>	<u>201,065</u>	<u>49,588</u>

The statement of accounting policies and the notes form an integral part of and should be read in conjunction with these financial statements.

NEW ZEALAND INTERNATIONAL FESTIVAL OF THE ARTS TRUST

STATEMENT OF MOVEMENT IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

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	Notes	2008		2007	
		Consolidated	Parent	Consolidated	Parent
		\$		\$	
From Operations					
Equity at the start of the year		3,196,954	607,314	2,995,889	557,726
Transfer of assets to the Wellington International Arts Foundation	12	(2,547,348)	-	-	-
Net (Deficit)/Surplus for the year		(63,731)	(21,439)	201,065	49,588
Total equity of the Trust at the end of the year		585,875	585,875	3,196,954	607,314

The statement of accounting policies and the notes form an integral part of and should be read in conjunction with these financial statements.

NEW ZEALAND INTERNATIONAL FESTIVAL OF THE ARTS TRUST

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2008

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	Notes	2008		2007	
		Consolidated	Parent	Consolidated	Parent
		\$		\$	
ACCUMULATED FUNDS					
Accumulated Surpluses					
Capital Grant from New Zealand Grants Board		585,875	585,875	2,423,023	607,314
Foundation Donor & Patrons Donations		-	-	600,000	-
Total equity at the end of the year		-	-	173,931	-
		<u>585,875</u>	<u>585,875</u>	<u>3,196,954</u>	<u>607,314</u>
Represented by:					
CURRENT ASSETS					
Cash, Bank and Term Deposits					
Accounts Receivable	1, 2 & 3	367,532	367,532	2,199,522	1,147,305
Prepaid Expenses		182,825	182,825	189,035	188,197
GST Receivable		-	-	10,878	10,878
		<u>228,439</u>	<u>228,439</u>	<u>7,774</u>	<u>7,774</u>
		<u>778,796</u>	<u>778,796</u>	<u>2,407,209</u>	<u>1,354,154</u>
PLUS INVESTMENTS					
Bonds	4	-	-	1,536,585	-
		<u>-</u>	<u>-</u>	<u>1,536,585</u>	<u>-</u>
LESS CURRENT LIABILITIES					
Accounts Payable					
Entitlements Owing to Employees		216,485	216,485	199,047	199,047
Income in Advance		73,072	73,072	63,435	63,435
		<u>22,500</u>	<u>22,500</u>	<u>543,025</u>	<u>543,025</u>
		<u>312,057</u>	<u>312,057</u>	<u>805,507</u>	<u>805,507</u>
NET WORKING CAPITAL					
		466,739	466,739	3,138,287	548,647
PLUS FIXED ASSETS					
	5	119,136	119,136	58,667	58,667
		<u>585,875</u>	<u>585,875</u>	<u>3,196,954</u>	<u>607,314</u>

These financial statements were approved for issue
For and on behalf of the Board of Trustees

Trustee & Date

Trustee & Date

The statement of accounting policies and the notes form an integral part of and should be read in conjunction with these financial statements.

NEW ZEALAND INTERNATIONAL FESTIVAL OF THE ARTS TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2008

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	Notes	2008		2007	
		Consolidated	Parent	Consolidated	Parent
		\$		\$	
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash was received from:</i>					
Ticket Sales, Sponsorship, Grants and Others		10,385,243	10,635,243	2,152,098	2,152,098
Interest Received		361,138	174,900	245,377	76,396
GST Received (net)		-	-	122,822	122,822
		<u>10,746,381</u>	<u>10,810,143</u>	<u>2,520,297</u>	<u>2,351,316</u>
<i>Cash was applied to:</i>					
Payments to Suppliers, Employees and Others - Festival		(11,265,644)	(11,265,619)	(1,701,422)	(1,926,397)
GST Payments (net)		(222,661)	(222,661)	-	-
		<u>(11,488,305)</u>	<u>(11,488,280)</u>	<u>(1,701,422)</u>	<u>(1,926,397)</u>
<i>Net Cash Inflows/(Outflows) from Operating Activities</i>	10	<u>(741,924)</u>	<u>(678,137)</u>	<u>818,875</u>	<u>424,919</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES					
<i>Cash was received from:</i>					
Short Term Deposits		956,847	956,847	-	-
Bond Receipts		516,875	-	653,332	-
		<u>1,473,722</u>	<u>956,847</u>	<u>653,332</u>	<u>-</u>
<i>Cash was applied to:</i>					
Short Term Deposits		-	-	(518,115)	(518,115)
Bond Payments		(600,300)	-	(493,077)	-
Purchase of Fixed Assets		(102,633)	(102,633)	(8,115)	(8,115)
		<u>(702,933)</u>	<u>(102,633)</u>	<u>(1,019,307)</u>	<u>(526,230)</u>
<i>Net Cash Inflows/(Outflows) from Investment Activities</i>		<u>770,789</u>	<u>854,214</u>	<u>(365,975)</u>	<u>(526,230)</u>
CASH FLOWS FROM TRANSFER OF ASSETS					
<i>Cash was applied to:</i>					
Transfer of assets to the Wellington International Arts Foundation		(905,005)	-	-	-
<i>Net Cash (Outflows) from Transfer of Assets</i>		<u>(905,005)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH HELD					
Add cash at the start of the year		(876,140)	176,077	452,900	(101,311)
		<u>1,243,673</u>	<u>191,456</u>	<u>790,773</u>	<u>292,767</u>
CASH AS AT YEAR END					
		<u>367,533</u>	<u>367,533</u>	<u>1,243,673</u>	<u>191,456</u>
Cash as at year end is represented by:					
Cash and Bank - Festival	1	316,661	316,661	181,885	181,885
Cash and Bank - Friends Accounts	2	50,871	50,871	9,571	9,571
Cash and Bank - Foundation	3	-	-	1,052,217	-
		<u>367,532</u>	<u>367,532</u>	<u>1,243,673</u>	<u>191,456</u>

The statement of accounting policies and the notes form an integral part of and should be read in conjunction with these financial statements.

NEW ZEALAND INTERNATIONAL FESTIVAL OF THE ARTS TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

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	2008		2007	
	Consolidated	Parent	Consolidated	Parent
	\$		\$	
1. CASH, BANK & TERM DEPOSITS				
<i>Cash and Call Accounts</i>				
National Bank NZ Ltd - Cheque account	20,825	20,825	720	720
National Bank NZ Ltd - Call account	207,364	207,364	100,613	100,613
National Bank NZ Ltd - Foreign Currency accounts	86,070	86,070	78,158	78,158
National Bank NZ Ltd - Imprest account	1,902	1,902	1,894	1,894
Petty Cash float	500	500	500	500
	<u>316,661</u>	<u>316,661</u>	<u>181,885</u>	<u>181,885</u>
<i>Term Deposits (less than 12 months)</i>				
National Bank NZ Ltd - Term Deposits	-	-	942,992	942,992
	<u>316,661</u>	<u>316,661</u>	<u>1,124,877</u>	<u>1,124,877</u>
2. BANK & TERM DEPOSITS - FRIENDS				
<i>Cash and Call Accounts</i>				
National Bank NZ Ltd - Cheque account	643	643	685	685
National Bank NZ Ltd - Call account	50,228	50,228	8,886	8,886
	<u>50,871</u>	<u>50,871</u>	<u>9,571</u>	<u>9,571</u>
<i>Term Deposits (less than 12 months)</i>				
National Bank NZ Ltd - Term Deposits	-	-	12,857	12,857
	<u>50,871</u>	<u>50,871</u>	<u>22,428</u>	<u>22,428</u>
3. CASH, BANK & TERM DEPOSITS - FOUNDATION				
<i>Cash and Call Accounts</i>				
National Bank NZ Ltd - Call account	-	-	498,006	-
	<u>-</u>	<u>-</u>	<u>498,006</u>	<u>-</u>
GRAND TOTAL - Cash, Bank & Term Deposits				
	<u>367,532</u>	<u>367,532</u>	<u>1,645,311</u>	<u>1,147,305</u>
4. INVESTMENTS - FOUNDATION				
	2008		2007	
	Consolidated	Parent	Consolidated	Parent
Deutsche Bank AG - FV \$500,000 <i>Interest 6.75%, maturity 28/02/2008</i>	-	-	508,810	-
Meridian Energy Limited - FV \$500,000 <i>Interest 7.36%, maturity 07/02/2009</i>	-	-	506,394	-
Fonterra Co-operative Group - FV \$500,000 <i>Interest 6.64%, maturity 21/04/2011</i>	-	-	478,286	-
Fonterra Perpetual Capital Notes - FV 39,000 \$1 units	-	-	43,095	-
	<u>-</u>	<u>-</u>	<u>1,536,585</u>	<u>-</u>

5. FIXED ASSETS

All fixed assets belong to the Parent Trust. There are no fixed assets held by the Foundation.

	2008		2008	
	\$	\$	\$	\$
	Cost	Accumulated Depreciation	Current Year Depreciation	Book Value
Office Equipment	140,412	90,358	21,004	50,054
Furniture and Fittings	3,813	3,813	115	-
Plant and Equipment	106,056	53,301	3,143	52,755
Leasehold Improvements	71,078	71,078	11,759	-
Computer Software	42,671	26,344	6,142	16,327
	<u>364,030</u>	<u>244,894</u>	<u>42,163</u>	<u>119,136</u>

	2007		2007	
	\$	\$	\$	\$
	Cost	Accumulated Depreciation	Current Year Depreciation	Book Value
Office Equipment	115,123	69,354	20,166	45,769
Furniture and Fittings	3,813	3,698	534	115
Plant and Equipment	51,182	50,159	1,080	1,023
Leasehold Improvements	71,078	59,318	13,875	11,760
Computer Software	20,201	20,201	-	-
	<u>261,397</u>	<u>202,730</u>	<u>35,655</u>	<u>58,667</u>

6. OPERATING LEASE

	2008		2007	
	Consolidated	Parent	Consolidated	Parent
	\$	\$	\$	\$
<i>Lease Commitments</i>				
No more than one year	-	-	96,667	96,667
1 year to 2 years	155,000	155,000	-	-
2 years to 5 years	166,000	166,000	-	-
More than 5 years	-	-	-	-

7. CONTINGENT LIABILITIES

There were no contingent liabilities at year end. (2007: nil)

8. CAPITAL COMMITMENTS

There were no capital commitments at year end. (2007: nil)

9. FINANCIAL INSTRUMENTS

Financial instruments which potentially subject the Trust to credit risk consist principally of bank balances, accounts receivable, investments and forward exchange contracts.

For accounts receivable the Trust performs credit evaluations on all customers requiring credit and generally does not require collateral. There are no significant concentrations of credit risk.

The estimated fair values of the bank accounts and accounts receivable is the same as the carrying value.

Investments are carried at market values as at balance date.

Interest derived from held-to-maturity investments is recognised on an accrual basis.

Interest and dividends derived from investments is recognised when received.

Increases in the market value of investments is recognised as unrealised gains or losses.

As at year end the Trust is exposed to minimal interest risk.

Foreign Currency Risk

The Trust takes out forward exchange contracts for the payment of overseas artist and production costs.

For the year ending 30 June 2008 there is a net gain on Foreign Exchange of \$4,303, which is included in other income.

(2007) \$14,642 net loss)

As at year end the Trust was not exposed to overseas currency risks by way of forward exchange contracts.

As at year end the Trust was not exposed to any overseas currency risks due to outstanding accounts receivable in foreign exchange.

As at year end the Trust was not exposed to any overseas currency risks due to outstanding accounts payable in foreign exchange.

10. RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES WITH THE NET SURPLUS FOR THE YEAR

	2008		2007	
	Consolidated	Parent	Consolidated	Parent
Net (Deficit)/Surplus from Activities				
Add Non-Cash Items	\$ (63,731)	\$ (21,439)	\$ 201,065	\$ 49,588
Depreciation	42,163	42,163	35,655	35,655
Net Unrealised Gains on Investments	-	-	18,317	-
Deduct Non-Cash Items				
Gains realised on transfer of assets to the Wellington International Arts Foundation	(22,333)	-	-	-
	<u>19,830</u>	<u>42,163</u>	<u>53,972</u>	<u>35,655</u>
Add Movements in Other Working Capital Items				
Decrease/(Increase) in Accounts Receivable	6,211	5,373	(24,599)	(23,761)
Decrease/(Increase) in Prepaid Expenses	10,878	10,878	(10,878)	(10,878)
(Decrease)/Increase in Accounts Payable and Entitlements Owing to Employees	27,075	27,075	53,468	(171,532)
(Decrease)/Increase in Net GST	(221,662)	(221,662)	122,822	122,822
(Decrease)/Increase in Income in Advance	(520,525)	(520,525)	423,025	423,025
	<u>(698,023)</u>	<u>(698,861)</u>	<u>563,838</u>	<u>339,676</u>
Net Cash Inflow from Operations	<u>(741,924)</u>	<u>(678,137)</u>	<u>818,875</u>	<u>424,919</u>

11. TRANSACTIONS WITH RELATED PARTIES

There were no transactions during the year with related parties.

12. TRANSFER OF ASSETS TO THE WELLINGTON INTERNATIONAL ARTS FOUNDATION

On 30 June 2008 all of the assets of the Foundation were transferred to the Wellington International Arts Foundation. The Trust is one of the beneficiaries of the new Foundation. The new Foundation operates autonomously as it is not controlled by the New Zealand International Festival of the Arts Trust.