

The Arts Centre
of CHRISTCHURCH



Annual Report

2013





ARTS CENTRE PHOTOGRAPHS

"It has been a true honour to have been able to photograph this project."

Johannes van Kan, photographer, Moda Fotografica www.modafotografica.co.nz



- Foreword -

The past year has been about creating a solid foundation for the future of a re-imagined and restored Arts Centre.

In the past twelve months, restoration commenced on a number of new buildings across the site. Ground was broken on a new renewable heating initiative, the roof of one of the oldest sections of the site was reinstated, and restoration of two buildings was completed.

Widespread consultation about the Arts Centre vision and the plan of the way forward was also achieved. Tireless work on the restoration phase has enabled us to reach this moment.

Now that these foundations have been set, we are getting on with it. Progressively the people of Christchurch, and visitors to the city, will be able to come back to the site to experience the arts from a permanent venue.

Piece by piece, the Arts Centre is being strengthened and restored to its original form - stronger and more durable than before the earthquakes, while also adding modern services to improve access and use of the buildings.

Every step brings us closer to reopening the site to the community.



-Chair Report-

There has been much to celebrate over the past 12 months as we move forward with the heritage restoration project.

The Arts Centre has continued to lead the way in earthquake recovery. The opening of the Registry building in July 2013 was a significant achievement, representing the first building to be fully restored following the earthquakes. It was with some delight that the Arts Centre received an award from the Christchurch Civic Trust for this work.

Another major milestone was reached in December 2013, as the halfway mark was passed for the restoration of the College Hall and Clock Tower. The care with which the buildings are being progressively restored is a real tribute to the commitment of the team involved in the project, as work continues across the site.

We have taken the opportunity throughout the year to progressively bring people back to the Arts Centre. This has included supporting the creative sector in our city, with initiatives such as the Arts Waka project and hosting the Christchurch Arts Festival in Market Square.

At a governance level, the trustees continue to take a strategic long-term view that is both aspirational and practical.

After several months of consultation with the community during the course of 2013, the vision for the future of the Arts Centre was launched. The vision is to create a hub of creative entrepreneurs in the heart of Christchurch that is undeniably 21st Century. It is informed by the underlying trust deed and the need for the Arts Centre to be financially sustainable.

The vision has also assisted in setting the Arts Centre's Strategic Plan, which was completed at the end of 2013. Our Strategic Plan sets out a series of goals under five key strategic objectives: Restoration, Repopulation, Finance, Governance and Engagement. This has been established by the Trust Board alongside our management team and will underpin our activities in the years ahead.



We believe the Arts Centre will be at the centre of rebuilding the cultural heart of Christchurch and Canterbury. To achieve this we need to define clearly what this new incarnation of the Arts Centre is going to be and how it will complement and support other arts, culture, and education activities in Christchurch.

Consultation was also completed in 2013 on the review of the Arts Centre governance structure. The governance review process has provided us with a good opportunity to reconnect with our key stakeholders and strengthen existing relationships. It is vitally important that we have a strong set of skills on the Board during the restoration phase over the next few years, and also that we develop an enduring governance structure that is fit for purpose during the repopulation phase and beyond.

As part of this process, it is intended to codify the charitable objects of the Trust in legislation and formally recognise the local, national, and international heritage and cultural significance of the Arts Centre. In this way, the future of the Arts Centre can be assured.

The Arts Centre of Christchurch Trust Bill was introduced to Parliament on 25 June 2014, after being made available for public inspection from 14 May. After unanimous support in its first reading, the Bill was referred to the Local Government and Environment Select Committee, with a report due at the end of the year.

We hope to deliver, in time, an inspiring public place that is recognised from the past and protected for the future. The Trust exists for its beneficiaries – the people of Christchurch and visitors to the region. It is imperative that our strategic direction reflects this, so that we are well equipped to deliver an enduring cultural asset for future generations.

The Arts Centre will be a place for our community. It is a privilege to play a governance role as custodians of this special place. We are all committed to creating an Arts Centre that will be vibrant, inspiring and enduring – *mō tātou, ā, mō kā uri a muri ake nei* – for us, and our children after us.

Jen Crawford
Board Chair

CEO Report



Great Progress

HAS BEEN MADE ON MANY FRONTS SINCE
OUR LAST ANNUAL REPORT

We have worked incredibly hard to successfully advance design and restoration activity across the entire site. At the same time, we have consulted widely with the community on developing the vision for the re-population of the Arts Centre; created and had initial success with a wide ranging fundraising strategy; and promoted and facilitated arts, culture and education activities.

Vision and master planning

Following a period of extended community consultation, significant support for the Arts Centre vision was established. Great feedback came from across the entire Canterbury region, and even as far afield as London and Dubai.

I am pleased that so many people got involved in the process and that the community seized the opportunity to learn more about our vision. The response has played an important part in informing our master planning for end uses across the site, where the aim was to match the attributes of the built space with the needs of various end uses.

Restoration

There have been many milestones and achievements as part of the restoration. These have included:

- Completion of the Registry building
- Completion of the Gymnasium building
- Reaching the halfway point on the restoration of the College Hall and Clock Tower
- Completion of the Clock Tower roof
- Commencement of work on the Chemistry, Library and Common Room buildings
- Commencement of drilling activities to provide sustainable heating to the site from the Canterbury aquifers
- Design activity across the large majority of buildings on the balance of the site.

I applaud the efforts, professionalism and commitment of the large team of people engaged in the restoration. These include our designers, contractors and the Arts Centre's own property team.

The Gymnasium

The restoration of the Gymnasium building was completed in July 2014, making it the second building to be restored and reopened. The building has been leased by FTAC, an incredibly exciting fusion of the Free Theatre Christchurch and the Arts Circus Trust, for a period of two years.

The agreement reflects the Arts Centre's vision as a central city hub for the arts, performance and education, which is informing much of our restoration programme.

FTAC will lead a programme of new interdisciplinary performance projects, designed to bring together a range of artists, creative disciplines and industries. Built into this programme of new work will be education in the performing arts for adults and children and research strands, focused on the current Christchurch environment.

I can't wait to see the community's response to what promises to be an incredibly inspiring and creative collaboration.

Funds management and fundraising

The early settlement of the Trust's insurance claims remains a defining point in the restoration of the site. The settlement continues to fund restoration activity and the prudent management of these funds remains of paramount importance to the Trust. Accordingly, we have engaged a fund manager to manage a large portion of the portfolio, while still retaining the flexibility to draw down on funds to meet the operational needs of the Trust.

The engagement of a fundraising manager has enabled a dedicated focus on fundraising efforts. Our fundraising targets are large and aggressive, and we are pleased with the progress that has been made in the early stages of this activity. Much more will be done in this area over the next 12 months.

Other activity

While our primary focus is on the restoration of the site, we have tried to take and create opportunities to promote and facilitate arts, culture and education activities.

In August, the Christchurch Arts Festival based its Fletcher Building Festival Club in Market Square. The Festival Club played host to a wide array of events and performances over the six-week duration of the festival, and it was great to play a role in this world-class festival and once again see large numbers of people on site. We look forward to the possibilities of the next Christchurch Arts Festival, to be held in 2015.

In November, Market Square became part of the course for the Canterbury Sport Urban Assault. The urban obstacle course was created by Vaughan Utteridge – the brains behind Mud, Sweat and Tears. It was a great way for the Arts Centre to lend its support to a great community event that brought people back into the CBD.

Our long-term support of the Olivia Spencer Bower Foundation and its preeminent Fellowship has continued in the last 12 months.

The next 12 months will be a busy time as we finalise the restoration and open over half of the built area of the Arts Centre site. I know I speak for everyone involved when I say that all the hard work will be worth it – to see people back on site enjoying a stimulating range of experiences within this pristine heritage environment.

André Lovatt

Chief Executive



-Progress-

2013 was a year of significant progress. In the year March 2013 to March 2014, the Arts Centre set the foundations for much of the work that is now in full swing.

During these twelve months, a number of milestones were reached – including seeing the roof of the iconic Clock Tower, weighing 4,500kg, lifted back into place.

Work this year covered a broad range of areas – from embarking on new projects, breaking ground on an innovative renewable energy source and sharing the Arts Centre vision with the community. Though there is still a long road ahead, these achievements highlight just how close we are to a new era for the Arts Centre.

Restoration milestones

July 2013 marked one of the first key events of the site's extensive restoration programme – the re-opening of the first building to be completely restored. On 10 July, the Registry building was officially re-opened following a successful public open day on the Sunday prior. The same month, locally based construction company, C. Lund & Son began work on the restoration of the Boys' High building, with an estimated cost of \$15 million.

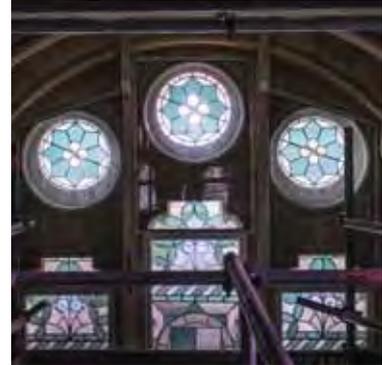
In late September 2013, local company McMillan Drilling began drilling a series of wells on site for an innovative new heating system to sustainably heat each of the 23 buildings at the Arts Centre using energy recovered from underground water. This heating method for the Arts Centre will enable the buildings to be heated properly for the first time in their 130-year lifetime.

The system has very low running costs, which enables heat to be provided cost effectively and efficiently. It is also 100% renewable and achieved without extensive electrical demand, carbon emissions, or any airborne releases. The heating system is extremely efficient, regardless of the ambient air temperature – making it nearly twice as efficient than a conventional air-source heat pump system. The estimated cost of the project is \$500,000.

In December 2013, Canterbury construction firm Simon Construction commenced work on restoration of the Chemistry building, which is anticipated to take 18 months, and cost an estimated \$11 million. The end date will align with the completion of College Hall and the Clock Tower, as well as the Boys' High building, in mid-2015.

The Chemistry building plays a key role in the history of the Arts Centre, with a number of noted chemistry scholars among those who frequented the site when it was Canterbury College. It was also the largest university department by the early 1930s – recognition that science had come of age.

Simon Construction has also been appointed to restore the Library, Common Room and Arcades. The project involves repair and comprehensive earthquake strengthening of the buildings, with restoration timed to suit the completion of the College Hall and Clock Tower, so the public will have access to both north and south quadrangles.



Recognition

Just prior to the year's end, the Registry building received a category B award from the Christchurch Civic Trust for "a project that has restored, upgraded or protected a site, building or group of buildings of significant heritage, character or conservation value." The Arts Centre award citation states, "The Christchurch Civic Trust recognises excellence in the restoration and upgrade of a major heritage building within the Arts Centre of Christchurch".

This was a strong signal from the heritage community that the restoration programme is on the right track. Our focus from the outset has been to ensure a high level of overall quality of work undertaken, while sustaining the heritage level of the buildings. The Category B Award focuses on the level of compatibility between new uses and the heritage value, and the high level of enterprise to achieve the results. Each of these values is at the heart of what we have set out to achieve.

Three months later, in March 2014, the Registry building won the Heritage Award at the 2013 New Zealand Society of Earthquake Engineers (NZSEE) Earthquake Strengthening Awards. This award is testament to the hard work and specialist expertise that went into making the Registry a strong, resilient and outstandingly elegant building, ready for a new generation of Arts Centre users. It has set the standard we plan to fulfil with each remaining building on the site.

Celebrating the arts

While restoration work is underway on our unique heritage buildings, we are thrilled to be able to bring people back to the Arts Centre to celebrate arts once more.

In August and September 2013, the Arts Centre Market Square was alive with music, dance and colourful performance as host of the 2013 Christchurch Arts Festival. The festival was held over five weekends in a purpose-built temporary venue, the Fletcher Building Festival Club, and included more than 50 events, from music and theatre to circus and cabaret performances.

The Arts Festival is a great fit for the next phase of the development and reflects the Arts Centre's vision as a central city hub for the arts, performance and education, which is informing much of our restoration programme.

Vision

In August 2013, we publicly released the draft Arts Centre vision. This was an important step in planning to bring our community back to the Arts Centre, as it created a new opportunity for the community to share in our progress, be part of events and activities, and help shape our future. The vision was the result of a comprehensive consultation process with stakeholders and a wide range of experts to assist with planning the best uses of the buildings and spaces within the site.

Members of the public were asked to rank their preferred future uses of the site. The vision outlined ten anchor uses, which contribute to the promotion and development of the arts, culture and education in Christchurch. The anchor uses include a creative industries co-working hub, dedicated studio spaces, an Arts Centre academy, exhibition spaces, public spaces, the market square, an education and outreach centre, children's activities, an art house cinema and performance space.

A range of complementary uses is also envisioned. These would be supported activities accessible to a diverse range of people, which would be financially viable in their own right. The complementary uses include hire spaces, leadership and education retreats, hospitality venues, boutique accommodation, the Ideas Den Bookstore, the Arts Centre Shop and a Members' area. The vision also drew inspiration from a wide range of international arts, culture and education facilities, including the JamFactory in Adelaide, which operates as a hub for craft and design, and the Southbank Centre in London.

This was a great opportunity to talk, listen and test aspects of the vision with the community, so we can ensure the Arts Centre is relevant and engaging for future generations to enjoy.



Don't Use
The
Chute

-Team on site -

We would like to take this opportunity to recognise the ongoing hard work and support of the following people involved in the restoration programme in 2013.

Design Team

Abley Transportation Consultants
 Acoustic Engineering Services
 Adderley Head
 Aqualinc
 Arup
 Christchurch Agency for Energy
 Dave Pearson Architects
 Eliot Sinclair and Partners
 Geotech Consulting
 Holmes Consulting Group
 Holmes Fire
 Insignis
 Pedersen Read
 Powell Fenwick Consultants
 Resource Management Group
 Rhodes and Associates
 Torque IP
 Underground Overground Archaeology
 Warren and Mahoney
 WT Partnership

Contractors

Alarm Solutions
 Arbor-Tek
 C. Lund & Son
 Chubb
 Clark Electrics
 Code 9
 Daveron
 Dooleys Masonry
 Fletcher Construction
 Gillett & Johnston
 Graham Stewart Stained Glass
 Haley Construction
 Hartnell Coolheat
 James Herdman Roofing
 Mark Whyte Art Projects
 McMillan Drilling
 McTavish and McTavish
 MultiMedia Communications
 Paul Ambler Plumbing
 Signtech
 Simon Construction
 The Arts Centre Property team
 Welsh Slate



-Looking ahead-

The next 12 months will be a period of transformative change in the Arts Centre restoration programme, as many of the key parts of the site are completed or reopened.

The accelerated pace of the programme, in many cases taking advantage of economies achieved through careful staging and opportunities to secure construction resources ahead of the bulk of the city's rebuild, has meant we will be able to bring people back to the site far sooner than originally planned. From mid 2015, significant portions of the site will be open to the public.

Staging the programme, and progressively reopening the site has enabled us to work intensively – and safely – on associated areas of the Arts Centre, before moving on to other parts. From both an operational and revenue perspective, this approach has allowed us to begin planning for the longer term future of the Arts Centre, as we contemplate the best uses for each building.

Of course, as the public eagerly anticipates a return to the Arts Centre as a symbol of the increasing normalisation of life in our city, we are anxious to provide them with the best experience possible.

The opening of our first building, the Registry, in the last year underscored the level of detail we are demanding in each individual restoration – ensuring every element of the site is as good as, or better than before the earthquakes.

The next building to open – the Gymnasium – will be a unique 'reveal' for the community. In its former life as the beloved Academy Cinema, much of the Gymnasium's unique detail was obscured by the internal lining. Now it has been brought to the fore and highlighted by the natural light streaming through the roof skylight. The exterior of the building – magnificently offset by the addition of the new steel canopy to the north – also reveals hidden detail in the brick arches which were previously obscured by a temporary structure.

The process of discovery and celebration of the Arts Centre's incredible architectural detail will continue this year with commencement of work on some of the site's landmark buildings. In the last quarter of 2014, work begins on the Engineering block, the West Lecture building and the School of Arts/Girls' High block. Each of these buildings has its own distinctive character and form, and these features will be brought to the fore in both structure and detail as a new chapter in the restoration story is started.

Perhaps one of the most exciting phases of this next stage of the restoration and reopening of the Arts Centre will come mid next year. Starting with the re-opening of the Chemistry, Library and Common Room buildings in June, and culminating with the College Hall and Clock Tower, including Rutherford's Den, we will welcome our community back to some of the most celebrated parts of the site. These buildings, combined with the Gymnasium, as home to the FTAC company, will bring the site to life as a centre for the arts, culture, education and heritage.

After many years of assessment, detailed planning, and tireless work on the part of the hundreds of people who have been employed by the Arts Centre since the site was closed in 2011, we are at last now seeing the significant payoff. We are at the threshold of a thrilling exciting in the future of the Arts Centre – and we look forward to sharing it with our community, the country and visitors from around the world.



Next 12 months' progress milestones

July 2014

Re-opening and lease of the Gymnasium **1** and Canopy

July 2014

Commencement of the construction of the combined services trench that will reticulate building services throughout the site

September 2014

Commencement of the restoration of the Engineering block **2**

October 2014

Commencement of the restoration of the West Lecture building **3**

December 2014

Commencement of the restoration of the School of Arts/Girls' High block **4**

April 2015

Completion of the ground water well drilling

June 2015

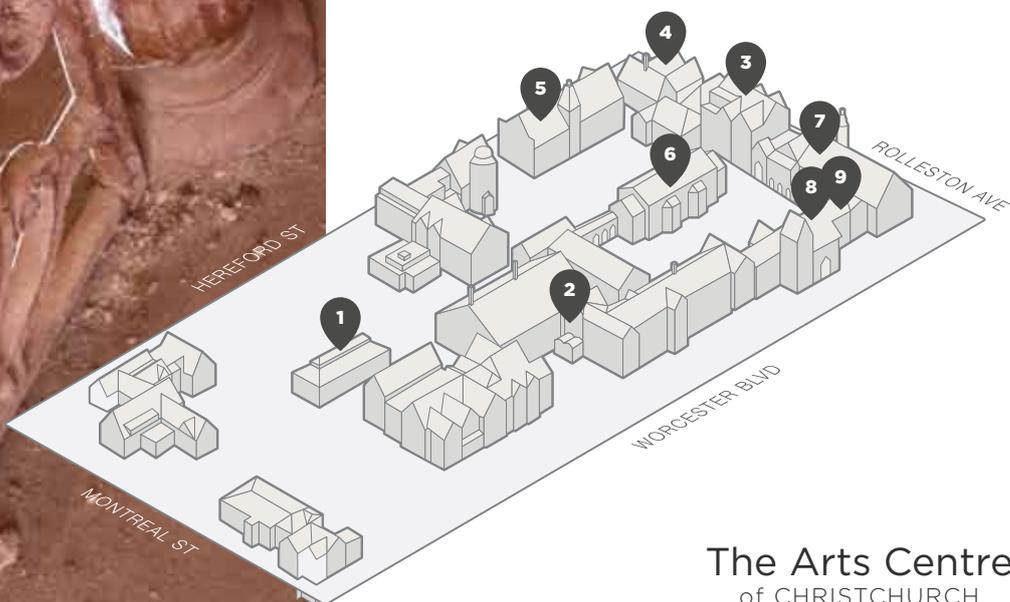
Completion of centralised plant room areas to enable power and heating provisions to the site

June 2015

Re-opening of the Chemistry **5**, Library **6** and Common Room buildings

July 2015

Re-opening of the College Hall **7**, Clock Tower **7** including Rutherford's Den **9**



Meet —THE— Board



Jen Crawford (Chair)

Jen is a resource management law specialist and a Partner at Anderson Lloyd Lawyers. She has 18 years experience in project consenting and also holds a First Class Honours Bachelor of Arts (History). Jen is a member of the Institute of Directors, Heritage New Zealand and Resource Management Law Association, and a past trustee of the University of Canterbury Foundation. She was appointed to the Trust Board in May 2010.



Scott McCrea (Deputy Chair)

Appointed to the Trust Board in August 2012, Scott is managing director of business consultancy company McCrea + Partners and is a long serving Board member of the Canterbury Employers' Chamber of Commerce. Scott brings to the Board over 25 years of senior management experience across a number of business sectors. He has a passion for the local community and has held a number of governance roles.



Deane Simmonds

Deane has been a trustee since 2008. He has served as deputy chair and remains a member of the finance committee. Deane's passion is the arts and the creative industries. Having recently worked at the CSO, Christchurch Arts Festival, and CPIT Creative Industries' faculty, he is now working on various projects with Arts Circus, CHART (BeatBox), Christchurch Operatic Inc, Art Beat and Street Art Ltd.



Martin Hadlee

A Chartered Accountant, Martin is currently principal consultant to his management services company. He has held a number of directorships, is currently a trustee for numerous private trusts/estates and continues to maintain a significant level of activity within community-based organisations. Martin has been involved with the Arts Centre since its establishment in the late 1970s and contributed to the formation of the Trust and the transfer of the property from the University of Canterbury. He has worked closely with all of the boards since and has advised on financial matters for the past three decades. As Secretary/Treasurer, Martin is also Chair of the Board's finance committee. He was appointed a trustee in March 2009.



Michael Rondel

An independent appointment to the Trust Board in 2011, Michael is a Chartered Accountant and is a Partner at accounting and business advisory firm, BDO. Michael works with a wide variety of commercial clients and not-for-profit entities, including many in the education sector. He takes an active role in various community organisations, including the International Track and Field Trust, and is the current chairman of the Harewood Golf Club.



Hon. Margaret Austin

Margaret, a science teacher and education administrator, was elected to Parliament, in 1984, through to 1996. Between 1999 and 2005, Margaret was Chancellor of Lincoln University. She chaired the National Commission for UNESCO in New Zealand from 1999 to 2007. From 2003 to 2007, she was elected president of the Chairs of National Commissions, and consultant to the Director General until 2009. In 2006, she was elected to the Council of the Royal Society of NZ. She is currently patron and a trustee of Rutherford's Den Trust, chairs the Working Party for Antarctic Initiative Christchurch and leads a Mackenzie Tourism and Development Trust Working Party. Margaret was awarded the MNZM in 1997, made a Companion of the Royal Society in 2003 and awarded the CNZM in 2008. Margaret has been an Arts Centre trustee since August 2010, representing the Christchurch Civic Trust.



Gillian Heald

Gillian has held several leadership roles in education, including principal of Rangi Ruru Girls' School and co-director of Unlimited Paenga Tawhiti. She is recognised internationally for her role as Guardian of New Zealand's Secondary Futures project. She has extensive governance experience in a range of organisations, including Rutherford's Den Trust, the Independent Schools Council, the University of Canterbury Council, the Aurora College Establishment Board, Canterbury Opera, the University of Canterbury Foundation and the crown owned company REANNZ. Currently Gillian serves on the boards of Te Aho o Te Kura Pounamu, CORE Education Trust and NZQA and is Chair of the NZ Olympic Education Commission. In 2010, Gillian was awarded the MNZM for Services to Education. Gillian has represented the University of Canterbury on the Arts Centre Trust Board since November 2009.



Rob Hall

Appointed to the Board by the New Zealand Historic Places Trust in 2012, Rob is General Manager (Southern) for Heritage New Zealand. Rob has previously been Regional Operations Manager for the UK's Environmental Agency's National Capital Programme Management Service. A chartered surveyor and environment manager with extensive overseas experience in the environment and water sector, Rob has also served as a commissioned officer in the Royal New Zealand Navy. He is presently the trustee of a number of charitable trusts working in the heritage sector and feels privileged to be contributing to the recovery of his home province.



Paula Rigby

Paula was appointed to the Trust Board in 2011 by Ngāi Tahu - Ngāi Tūāhuriri. Paula is an artist, weaver and Māori performing arts exponent. Paula is currently the Citywide Community Advisor - Māori Arts for Christchurch City Council.



Erin Jackson

The newest Board member, Erin was the 2013 president of UCSA and the student representative on the University Council. She currently holds five board positions and has an extensive background in leadership and governance, including a role as trustee for the Student Volunteer Army Foundation. Erin graduated in 2012 from the University of Canterbury, with a Bachelor of Laws and Bachelor of Arts (Political Science and European Union Studies).





Arts Centre of Christchurch Trust Board

FINANCIAL STATEMENTS

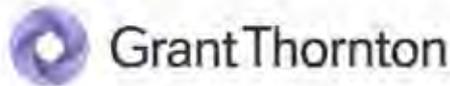
for the year ended 31 December 2013

Contents

Trust Directory	17
Auditors Report	18-19
Statement of Financial Position	20
Statement of Financial Performance	21
Statement of Movements in Trust Capital	22
Statement of Cash Flows	23
Notes to the Financial Statements	24-36

Trust directory

Date of settlement	31 December 1978	Solicitors	Anderson Lloyd Christchurch
Trustees	Margaret Austin Jennifer Crawford (Chairperson) Martin Hadlee Rob Hall Gillian Heald Erin Jackson Scott McCrea (Deputy Chair) Sir Tipene O'Regan (Resigned) Paula Rigby Michael Rondel Deane Simmonds	Auditors	Simpson Grierson Christchurch Grant Thornton New Zealand Audit Partnership Christchurch
Bankers	Bank of New Zealand Christchurch	Accountants	Ernst & Young Limited Christchurch
		Chief Executive	André Lovatt
		Secretary/Treasurer	Martin Hadlee MJ Hadlee Consulting Services Ltd Christchurch



Independent Auditor's Report

Audit

Grant Thornton New Zealand Audit
Partnership
13, 2 Hazeldean Road
Addington
PO Box 2099
CHRISTCHURCH 8024
T: +64 (0)3 379 9280
F: +64 (0)3 366 3720
www.grantthornton.co.nz

To the Trustees of the Arts Centre of Christchurch Trust Board

Report on the financial statements

We have audited the financial statements of The Arts Centre of Christchurch Trust Board (the "Trust" on pages 4 to 23, which comprise the statement of financial position as at 31 December 2013, and the statement of financial performance, statement of movements in trust capital and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibilities

The Trustees are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that present fairly the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

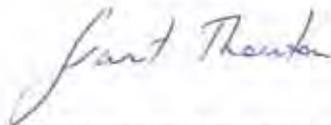
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the financial statements on pages 20 to 36 present fairly, in all material respects, the financial position of The Trust as at 31 December 2013, and its financial performance and its cash flows, for the year then ended in accordance with generally accepted accounting practice in New Zealand.



Grant Thornton New Zealand Audit Partnership
Christchurch, New Zealand
30 July 2014

Statement of financial position

as at 31 December 2013

	Note	2013	2012
Current assets			
Cash and bank balances	3	4,426,505	4,785,257
Accounts receivable		3,048,818	1,454,731
GST refund due		381,758	-
Prepayments		254,374	13,335
Stock on hand		487,809	97,263
Short term investments	4	84,008,912	147,810,633
		92,608,176	154,161,219
Non current assets			
Property, plant and equipment	7	207,773,211	91,236,016
Investments	4	52,618,680	2,050,451
		260,391,891	93,286,467
Total assets		\$353,000,067	\$247,447,686
Current liabilities			
Accounts payable		1,760,747	922,146
GST payable		-	803,732
Employee entitlements	9	401,163	45,499
Grants unspent	6	103,638	233,963
		2,265,548	2,005,340
Trust capital	2	350,734,519	245,442,346
Total capital and liabilities		\$353,000,067	\$247,447,686

For and on behalf of the Trustees who authorise the financial statements for issue on:

Date 30 / 7 / 14

Trustee 

Trustee 

Statement of financial performance

for year ended 31 December 2013

	Note	2013	2012
Income			
Property income			
General fees and other income		25,117	61,949
Rentals and parking		100,992	76,283
Under-recovery of tenant opex, energy and marketing costs		(49,559)	(34,395)
Total property income	11	76,550	103,837
Grants, sponsorship and donations	11	24,590	181,046
Gain on value of investments	11	463,768	-
Interest received	11	5,572,254	3,207,787
		6,137,162	3,492,670
Expenses			
Administration	12	455,698	474,092
Audit fees	17	12,000	13,500
Depreciation	7	341,038	288,414
Property costs	12	254,313	177,261
Public relations	12	89,619	26,965
Staff costs	12	1,096,061	549,669
Total Expenses		2,248,729	1,529,901
Sub Total		3,888,433	1,962,769
Non-operating expenses			
Contribution to charitable and community organisations		(32,306)	(30,461)
Net trading surplus		3,856,127	1,932,308
Non-trading adjustments			
Grants and donations received utilised for capital projects		1,904,251	596,602
Earthquake insurance proceeds - business interruption		-	26,106
Earthquake insurance proceeds - material damage		-	121,190,699
Net surplus transferred to Trust capital		\$5,760,378	\$123,745,715

Statement of movements in trust capital

for year ended 31 December 2013

	Note	2013	2012
Trust capital at beginning of year		245,442,346	112,483,562
Net surplus transferred to Trust capital		5,760,378	123,745,715
Add contributions			
Revaluation movement – annual revaluation	2	20,108,701	2,387,177
Revaluation movement – earthquake impairment	2	79,423,094	6,825,892
Total contributions		99,531,795	9,213,069
Trust capital at end of year		\$350,734,519	\$245,442,346



Statement of cash flows

for year ended 31 December 2013

	Note	2013	2012
Operating activities			
Cash was provided from:			
Grants and donations received		1,154,763	252,497
Interest received		4,958,967	2,390,390
Receipts from customers		127,780	143,143
Receipts from insurers		-	142,190,699
		6,241,510	144,976,729
Cash was applied to:			
Net movement in GST		1,313,730	543,169
Payments to suppliers		1,637,113	811,685
		2,950,843	1,354,854
Net cash inflow (outflow) from operating activities	13	3,290,667	143,621,875
Investing activities			
Cash was provided from:			
Sale of investments		13,697,260	-
Cash was applied to:			
Purchase of fixed assets and property improvement		17,346,679	8,243,429
Purchase of investments		-	147,797,096
		17,346,679	156,040,525
Net cash inflow (outflow) from investing activities		(3,649,419)	(156,040,525)
Net increase (decrease) in cash held		(358,752)	(12,418,650)
Add opening cash brought forward		4,785,257	17,203,907
Ending cash carried forward		\$4,426,505	\$4,785,257
Cash balances in balance sheet			
Current assets		4,426,505	4,785,257
Ending cash carried forward		\$4,426,505	\$4,785,257

Notes to the financial statements

for year ended 31 December 2013

1 Statement of accounting policies

Reporting entity

These are the financial statements of the Arts Centre of Christchurch Trust Board. The Trust has been registered in accordance with the Charities Act. The financial statements comply with NZ Financial Reporting Standards.

The financial statements have been prepared in accordance with generally accepted accounting practices. In instances where no provision is made in existing financial reporting standards the Trust has relied on guidance from international accounting standards published by the International Accounting Standards Committee and accounting standards published by other well-recognised bodies, such as the United Kingdom Accounting Standards Board.

Measurement base

The measurement base adopted is that of fair value (relying upon depreciated replacement cost as the best measure) for the primary property assets, market value for the Harbour NZ fund and historical cost (adjusted by revaluation where appropriate) for all other assets or transactions.

Going concern

The Arts Centre has considered its ability to continue as a going concern and pay its debts as they fall due in the 12 months following the issuance of these financial statements. The Trustees are of the opinion that the Trust is a going concern. They have resolved that they will not commit to preservation and reconstruction activity unless they have secured adequate certainty of funds to pay for such work. The Trust's activities are structured to minimise ongoing administrative costs and have adequate resources to fund these costs.

Particular accounting policies

The following is a summary of the significant accounting policies adopted by the Trust in the preparation of these financial statements.

Accounts receivable

Accounts receivable are stated at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Valuation of inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a first-in first-out basis, and net realisable value after due allowance for damaged and obsolete stock.



Notes to the financial statements

for year ended 31 December 2013

Property, plant and equipment

Land and buildings

Land is valued at fair value representing market value relative to the land's highest and best use, adjusted to reflect limitations on development in recognition of the heritage constraints associated with the site. As a consequence of the series of earthquakes that have affected Canterbury and with the CCDU (Christchurch Central Development Unit) blueprint, the market for commercial land is in a state of volatility even more so following the compulsory acquisition of land within the Blueprint Zones. But in 2013 our valuer found that the rates achieved for land have held up relatively well in comparison to pre-earthquake levels. It is valued at fair value in accordance with its highest and best use.

Buildings are valued at fair value determined by the depreciated replacement cost* without adjustment for optimisation. This was prepared by Rhodes and Associates and reviewed by Savills NZ.

The method of valuation of buildings recognises the obligations of the Trust (under its Trust Deed) to preserve the original stone buildings of the site in perpetuity and to further recognise the maintenance and conservation practices that the Board adopted under the Arts Centre Asset Management Plan 2008.

As a response to the above valuation methodology and Trust policy, the value of the heritage buildings is adjusted annually by the incremental change in the replacement cost of the portfolio. For the 2013 year the assessment of replacement cost had been better informed as a consequence of the work that the Arts Centre has undertaken in response to the earthquake damage repairs and strengthening programme. Cost estimate work carried out in 2013 provided a current insight into the construction costs and methodology appropriate for the replacement of these buildings and the value of the replacement cost of the portfolio has been adjusted accordingly.

The collection of heritage buildings held on the Arts Centre site is managed in a similar manner to a "museum collection" with a clear obligation on the Trust to conserve these buildings in perpetuity.

The value of the collection will be adjusted annually by the incremental change in the underlying replacement cost of these buildings as determined by a suitably qualified quantity surveyor assessing the replacement cost annually based on a consistent set of assumptions.

** The use of depreciated replacement cost as an assessment of value for the Arts Centre buildings is somewhat limited in its ability to provide an estimate of fair and current value but is regarded as the most suitable approach as it incorporates the obligations placed on the Trust, through its Trust Deed, to conserve these buildings using international best practice conservation techniques. The cost to replace these buildings using a combination of original method and original materials (while creating a building that complies with current building standards) is significantly more expensive than the cost of creating a similar building using modern techniques to create an equivalent looking modern replica.*

Based on an analysis of skill, time and material an estimate prepared by a Quantity Surveyor suggests the cost to construct replacement buildings using original material and method could be as much as three times the cost to construct a building using a modern reproduction approach.

Notes to the financial statements

for year ended 31 December 2013

Non heritage buildings

The value of the Arts Centre buildings that operate independently on a fully commercial basis are valued using a replacement approach. Portable buildings are valued at cost less accumulated depreciation.

Plant and equipment

Assets not including heritage buildings and land but including plant and equipment, motor vehicles, furniture and fittings, computer equipment and leasehold improvements are valued at cost less accumulated depreciation.

Artwork

Artwork is recorded at cost. Where artwork has been donated it is recorded at valuation in the current period.

Depreciation

Land

Land is not depreciated.

Buildings

The Trust Board adopts the following policy having regard to the responsibility it carries under the Trust Deed to protect and conserve all the heritage buildings on the site in perpetuity:

- 1 The collection of listed heritage buildings, contained on the Arts Centre site, is to be protected in perpetuity and as such has an indefinite life.
- 2 The site itself has significance as a heritage place and is recognised accordingly within the Christchurch City Plan.
- 3 The Trust will continue to exercise due care in the protection of these buildings through the establishment and operation of suitable asset management procedures, designed to extend the life of the built structures and fabric in a manner that is consistent with the International Council on Monuments and Sites (ICOMOS) NZ principles, and that is regarded as best practice based on international standards.
- 4 The Trust will not depreciate this collection of buildings, as the buildings constitute the heritage values of the site and as such will be conserved by the Trust to have an indefinite life. Depreciation therefore, is not applicable.
- 5 The Trust will depreciate those fixtures, fittings and services contained within the buildings and/or site, that are not seen as being integral parts of the heritage assets of the site. This will be in accordance with New Zealand financial reporting standards.

In line with the above policy the Board has determined not to depreciate the original heritage buildings on the site from and including the 2010 financial period. Prior to the adoption of an asset management plan in 2008, that is designed to preserve the buildings in perpetuity, the Board accepted a depreciation rate of 0.2% per annum from the date of completion of each building until 31 December 2009. This policy assumed a remaining future life of these buildings (as at 31 December 2009) of between 350 and 430 years.

For the year ended 31 December 2010 and subsequent years the Board has determined that this collection of heritage buildings has an indefinite future life and accordingly no depreciation will apply.

Building services and fitout

- Electrical, plumbing and drainage

The electrical, plumbing and drainage are an integral part of the original stone buildings and they are maintained in the same manner as the building structure and therefore not depreciated.

- Heating and ventilation, fire services and fitout

The depreciation rates used are:

Heating and ventilation	4.5%	SL
Fire services	2.3%	SL
Fitout	4.6%-5.2%	SL

Notes to the financial statements

for year ended 31 December 2013

Plant and equipment

Assets, including plant and equipment, motor vehicles, furniture and fittings, computer equipment and leasehold improvements are depreciated at rates which will write off the cost of the assets less their residual value over their estimated useful lives. The depreciation rates used are:

	Rate	Method
Motor vehicles	8.0%-36.0%	DV
Plant and equipment	8.0%-67.0%	DV and SL
Furniture and fittings	1.0%-60.0%	DV and SL
Computer equipment	25.0%	SL
Leasehold improvements	2.0%-11.4%	DV and SL
Non-heritage buildings	3.0%-8.0%	SL

Artwork is not depreciated.

Revaluation of Property, Plant and Equipment

The Arts Centre accounts for revaluation on a class of asset basis.

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

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Impairment of Property, Plant and Equipment

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, any impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Financial Performance.

For assets not carried at a revalued amount, any impairment loss is recognised in the Statement of Financial Performance.

In 2011 the Trustees accepted an estimate of anticipated costs for the repair works as a result of the multiple earthquakes since September 2010. They also agreed that this estimate of costs would be updated on an annual basis to keep up with current building costs and methodology. This estimate has been prepared by Rhodes & Associates Limited.

Given the quality of information now available to Rhodes & Associates Limited in the preparation of this estimate, the Trustees have adopted the 2013 figure as superseding the estimate prepared for the 2012 year.

Goods and Services Tax (GST)

The financial statements are prepared on a GST exclusive basis.

Taxation

The Trust has charitable objectives and is therefore exempt from income tax.

Revenue recognition

Rental income, outgoings and power recovered are recognised on an accrual basis, as is investment income. All grants are recognised as income when the money is spent for the designated purpose.

Leased equipment

Operating lease rentals are expensed in the period incurred.

Changes in accounting policies

There have been no changes in accounting policies and accounting policies have been applied on a consistent basis with those of the previous period.

Notes to the financial statements

for year ended 31 December 2013

2 Trust capital	Note	2013	2012
Property and site revaluation reserve			
Opening balance		72,489,220	63,276,151
Revaluation movement		99,531,795	9,213,069
		172,021,015	72,489,220
Undistributed income			
Balance brought forward		172,953,126	49,207,411
Net surplus after taxation		5,760,378	123,745,715
		178,713,504	172,953,126
Balance at end of year		\$350,734,519	\$245,442,346
Revaluation movement			
Movement in land revaluation		5,000	675,273
Movement in buildings revaluation		20,103,701	1,711,904
Impairment due to Canterbury Earthquake	7	79,423,094	6,825,892
		\$99,531,795	\$9,213,069
3 Cash and bank balances			
ANZ - Classic account		140	-
BNZ - 02 account		591	-
BNZ - 25 account		1,965,902	1,874,639
BNZ - 26 account		2,447,919	2,885,826
BNZ - Operating 00 account		11,953	24,792
		\$4,426,505	\$4,785,257

Notes to the financial statements

for year ended 31 December 2013

4 Investments	2013	2012
Short term investments		
ANZ term deposit 1003	-	1,252,110
ANZ term deposit 1005	-	10,131,507
ANZ term deposit 1006	-	25,268,013
ANZ term deposit 1007	-	3,370,000
ANZ term deposit 1009	13,108,912	-
ANZ term deposit 1012	7,000,000	-
ASB term deposit 0072	3,000,000	-
ASB term deposit 0073	8,400,000	-
BNZ term deposit 3034	-	3,000,000
BNZ term deposit 3036	-	13,694,400
BNZ term deposit 3040	-	11,000,000
BNZ term deposit 3041	-	11,000,000
BNZ term deposit 3043	12,000,000	-
BNZ term deposit 3044	5,000,000	-
BNZ term deposit 3045	13,000,000	-
Kiwibank term deposit 620772	-	15,205,699
Kiwibank term deposit 626094	-	10,099,726
Westpac term deposit 01	22,500,000	40,419,178
Westpac term deposit 02	-	3,370,000
Total Short term investments	\$84,008,912	\$147,810,633
The short term investments consist of bank term deposits.		
Non current investments		
ANZ term deposit 1004	2,154,912	2,050,451
Harbour NZ Short Duration Fund	50,463,768	-
Total non current investments	\$52,618,680	\$2,050,451
The long term investments consist of a bank term deposit and asset management fund.		
Total investments	\$136,627,592	\$149,861,084

5 Taxation		
Net surplus before taxation	5,760,378	123,745,715
Add (deduct)		
Non-assessable income	(5,760,378)	(123,745,715)
Taxable surplus	-	-
Taxation	-	-
Taxation payable	-	-

The Trust has charitable objectives and is therefore exempt from income tax.

Notes to the financial statements

for year ended 31 December 2013

6 Grants unspent	2013	2012
Great Hall Restoration Fund	94,471	94,471
Strengthening Communities	9,167	9,167
Boys High project - K Brown & M Wilson	-	15,000
Boys High project - JATA	-	15,325
Boys High project - NZ Steel	-	100,000
	\$103,638	\$233,963

Grants are taken to revenue and recorded in the year in which the amount was expended on the purpose for which the grant was made. Unspent grants or the unspent portion thereof are not taken to revenue and are recorded as current liabilities.

7 Property, plant and equipment

2013	Carrying amount	Accum depn	Book value
Land	24,825,000	-	24,825,000
Motor vehicles	220,524	65,091	155,433
Plant and equipment	1,080,637	755,230	325,407
Computers	297,163	228,384	68,779
Furniture and fittings	483,251	366,772	116,479
Leasehold improvements	94,269	40,306	53,963
Artwork	23,440	-	23,440
Buildings	324,159,274	4,564	324,154,710
Buildings - impairment	(141,950,000)	-	(141,950,000)
	\$209,233,558	\$1,460,347	\$207,773,211
2012			
Land	24,820,000	-	24,820,000
Motor vehicles	93,524	48,797	44,727
Plant and equipment	1,016,525	676,257	340,268
Computers	228,775	213,694	15,081
Furniture and fittings	478,716	349,725	128,991
Leasehold improvements	94,269	37,281	56,988
Artwork	23,055	-	23,055
Buildings	287,180,000	-	287,180,000
Buildings - impairment	(221,373,094)	-	(221,373,094)
	\$92,561,770	\$1,325,754	\$91,236,016

Depreciation expense	2013	2012
Buildings	209,672	167,661
Motor vehicles	16,293	6,394
Plant and equipment	80,107	70,268
Computer equipment	14,690	17,689
Furniture and fittings	17,251	23,101
Leasehold improvements	3,025	3,301
	\$341,038	\$288,414

Notes to the financial statements

for year ended 31 December 2013

Land

Land is valued at fair value representing market value relative to the land's highest and best use, adjusted to reflect limitations on development in recognition of the heritage constraints associated with the site.

Buildings

The collection of heritage buildings held on the Arts Centre site is managed in a similar manner to a "museum collection" with a clear obligation on the Trust to conserve these buildings in perpetuity. Accordingly the buildings and any integral fixtures or services are not depreciated. In respect of modern additions to the buildings like fire services and/or heating and ventilation, standard commercial depreciation rates recognising the remaining useful life of these elements are applied.

The value of the non-heritage Arts Centre buildings are valued using a replacement approach. Currently this only applies to the Registry additions building.

Impairment

Impairment is defined as the amount by which the recoverable value of an asset is less than the carrying value of that asset.

In the financial year ended 31 December 2011 the Canterbury region was struck by a significant earthquake on 22 February 2011 followed by multiple subsequent aftershocks, including a further significant event on 13 June 2011.

The heritage buildings on the Arts Centre site had been extensively damaged by the series of earthquakes that have affected the Canterbury region during both the 2010 and 2011 financial periods. In particular the events on 04 September 2010, 22 February 2011 and 13 June 2011 caused extensive damage to Arts Centre Buildings. It is estimated (1) the cost to repair those buildings as a consequence of those three events, less repair work carried out since 2011, is in excess of \$141 million.

In repairing and conserving these buildings the Trust is obliged, under its commitment to the principles of the ICOMOS (2) charter, to use (where possible) construction methods, techniques and materials that are the same as those that were used originally in the late 1800's or early twentieth century. This original approach to repair and conservation work can be as much as three or four times more expensive, on a cost per square metre of building basis, than the cost incurred when applying currently available construction methods, techniques and materials. Using an original approach to value the heritage buildings on the site results in a carrying value for these buildings (pre-damage) in the order of \$324 million (3).

The Trust Board is confident that the assessment of value for these buildings is determined from a reliance on the expert advice of qualified and experienced engineers, quantity surveyors and valuers. It is also the Boards view that those expert opinions have particular regard for the extensive works that have been undertaken over the last financial period in repairing and strengthening earthquake damage on-site in a manner that aligns with the obligations on the Trust to conserve the heritage buildings and their associated historic values.

The estimate of repair to the damage caused by various earthquake events since September 2010 is substantially influenced by the obligation on the Trust to apply (where possible) original construction method, technique and materials. When the estimated cost of repair (\$141 million) is deducted from the value of the buildings based on original construction method, technique and materials (\$324 million) there remains a remnant value on the damaged structures, as they stand today (including the market value of the land of \$24.8 million) of approximately \$207 million. The Trustees consider this to be a fair estimate of the recoverable value of these heritage assets.

During the 2013 year, approximately \$17 million was spent on repair work to the buildings (2012: \$7 million). This amount has been capitalised to buildings in the balance sheet as the costs are part of the capital restoration of the Arts Centre's heritage assets.

(1) Based on observations and plans prepared by Holmes Consulting Group, as consulting structural engineers, and cost estimates prepared by Rhodes & Associates, as quantity surveyors.

(2) ICOMOS New Zealand Charter - for the Conservation of Places of Cultural Heritage Value. Revised 2010.

(3) Based on a rebuild cost estimate - original construction prepared by Rhodes and Associates effective 31 December 2013 and reviewed by Savills Valuation and Advisory Services effective 31 December 2013.

Notes to the financial statements

for year ended 31 December 2013

8 Financial Instruments

Classes

The Arts Centre of Christchurch Trust has the following classes of financial instruments: cash and bank balances, accounts receivable, short term investments, non current investments and accounts payable. The balances of these financial instruments are shown on the statement of financial position (see page 20).

The financial instruments are valued at their estimated net realisable value in accordance with individual accounting policies.

Credit risk

The Arts Centre of Christchurch Trust is party to financial instruments which potentially subject the organisation to credit risk. These instruments primarily consist of bank balances and accounts receivable. Credit evaluations are performed on all customers requiring credit and the Trust generally does not require collateral or other security to support financial instruments with credit risk. In some instances personal guarantees are required from tenants and accordingly, such obligations are incorporated into the lease agreements with those tenants. The trustees consider there is no concentration of credit risk, with the exception of insurance risk (see below).

Interest rate risk

The Arts Centre of Christchurch Trust has interest rate risk in relation to its short term investments and non current investments. Interest rates at balance date range from 4.25% per annum to 5.00% per annum.

Currency risk

At balance date the trustees consider that the Arts Centre of Christchurch Trust had nil currency risk.

Fair values

The estimated fair values of the Trust's financial instruments as at 31 December 2013 are equivalent to the carrying values as detailed in the financial statements.

Insurance risk

All material damage policies on buildings have been cancelled and until repair and strengthening works are completed on buildings it is unlikely that new policies will be able to be established. However, the major building contracts on site have been able to obtain contract works insurance and the Registry additions (non-heritage building) has been able to obtain building insurance, not including natural disasters.

9 Employee entitlements

	2013	2012
Opening balance	45,499	50,144
Employee entitlements accrued	441,800	65,489
Employee entitlements paid	(86,136)	(70,134)
	\$401,163	\$45,499

All employee entitlements relate to holiday pay and a gratuity bonus scheme.

Notes to the financial statements

for year ended 31 December 2013

10 Christchurch City Council contributions

The Christchurch City Council have contributed the following funds for conservation work programmes:

Current year contributions

	2013	2012
	<u>1,780,774</u>	<u>617,226</u>

11 Income groupings

Property income

2013 - received from: Opex administration fee, tenancy leasing, tenancy car park leasing and sundry site income.

2012 - received from: Opex administration fee, tenancy leasing, tenancy car park leasing, market stall equipment hire and sundry site income.

Grants, sponsorship and donations

Funding received from: Christchurch City Council, NZ Steel, JATA, K Brown and M Wilson, Estate of E A Flint, donations for the use of Market Square and other personal donations.

Interest

Received from: Operating accounts and term deposits.

Gain on value of investments

This represents the movement for the year of the Harbour NZ Fund based on the performance of the fund. The movement includes income gains, capital gains and fees. There is no available report which provides a split between income gains and capital gains. The fund only invests in interest bearing assets.

Notes to the financial statements

for year ended 31 December 2013

12 Expense groupings

Administration

Paid out to: Bank charges, computer costs, consultants, equipment leases, purchases and repairs, accountancy support, legal fees, office costs, travel expenses, communications, valuation expenses, general and trust board expenses and net losses on disposal of fixed assets.

Property costs

Paid out to: Arts Centre opex & energy, conservation maintenance, consultants, equipment, off site storage, plant and building repairs and maintenance, leasing costs, local council rates, security, waste removal and vehicle expenses.

Public relations

Paid out to: Annual report, design, press releases, public relations and website costs.

Staff costs

Paid out to: Staff remuneration, ACC levy, staff uniforms, staff training, protective clothing and recruitment.

13 Reconciliation of net profit

with cashflows from operating activities

	2013	2012
Reported surplus	5,760,378	123,745,715
Add non-cash items:		
Depreciation	341,038	288,414
Loss on disposal of fixed assets	241	-
Gain on value of investments	(463,768)	-
	5,637,889	124,034,129
Add (less) movements in other working capital items:		
Decrease/(increase) in accounts receivable	(1,594,087)	(1,429,609)
Decrease/(increase) in prepayments	(241,038)	(9,793)
Decrease/(increase) in inventories	(390,547)	937
Increase/(decrease) in accounts payable	1,194,264	567,722
Increase/(decrease) in GST payable	(1,185,490)	(3,607,480)
Increase/(decrease) in unspent grants	(130,324)	92,075
Decrease/(increase) in insurance receivable	-	23,973,894
Net cash inflow from operating activities	\$3,290,667	\$143,621,875

14 Contingent liabilities

The previous, but now cancelled, Arts Centre insurance policy held for plant and equipment material damage also included cover for the Rutherford's Den Trust exhibition chattels and equipment. At the time of writing The Rutherford's Den Trust was in the process of assessing the equipment and calculating a value of the damaged equipment. The value needs to be agreed by the Arts Centre and then paid from the insurance settlements the Arts Centre received in 2012. As of yet there is no indication of this value.

Notes to the financial statements

for year ended 31 December 2013

15 Capital and operating lease commitments

Operating lease commitments	2013	2012
Less than one year	4,190	4,740
1-2 years	2,760	4,190
2-5 years	-	2,760
Total operating lease commitments	\$6,950	\$11,690

The operating lease commitments relate to a water cooler and a Toshiba E-Studio.

The lease expense recorded through profit and loss for the year was \$4,808 (2012: \$4,808).

Capital commitments

Clock Tower and College Hall buildings		
Less than one year	13,315,114	11,941,885
1-2 years	6,657,557	11,941,885
2-5 years	-	5,970,942
	\$19,972,671	\$29,854,712
HA Registry building		
Less than one year	-	1,850,882
	-	\$1,850,882
Gymnasium building		
Less than one year	176,786	-
	\$176,786	-
Boys High building		
Less than one year	10,106,348	-
1-2 years	5,053,174	-
	\$15,159,522	-
Boys High Canopy		
Less than one year	944,910	-
	\$944,910	-
Groundwater Heating - Well drilling		
Less than one year	438,712	-
	\$438,712	-
Chemistry building		
Less than one year	5,434,741	-
1-2 years	1,811,580	-
	\$7,246,321	-
Total capital commitments	\$43,938,922	\$31,705,594

Notes to the financial statements

for year ended 31 December 2013

16 Related parties

Martin Hadlee is a trustee of the Arts Centre of Christchurch Trust Board and provides consulting services to the Trust via M J Hadlee Consulting Services Limited. For the year ended 31 December 2013, the consulting fees paid to M J Hadlee Consulting Services Limited were \$5,740 (2012: \$11,305). As at balance date \$438 (2012: \$595) owing to M J Hadlee Consulting Services Limited was included in accounts payable.

Jennifer Crawford is a trustee and the Chairperson of the Arts Centre of Christchurch Trust Board. She is also a Partner Owner at Anderson Lloyd Lawyers. Anderson Lloyd Lawyers provides legal advice and services to the Trust. For the year ended 31 December 2013, the fees paid to Anderson Lloyd Lawyers were \$4,794 (2012: Nil).

17 Auditors remuneration

Total auditors remuneration for the year was \$12,000 relating to the audit of the financial statements (2012: \$28,835, with \$13,500 relating to the audit of the financial statements and \$15,335 relating to other non audit services).

18 Trustees reimbursements

Trustees are partially reimbursed for their personal administration costs associated with their role. These are not attendance fees. Trustee reimbursements during the year total \$4,800 (2012: \$4,200). No amounts were outstanding at balance date.

19 Donations

Donations paid during the year were \$30,000 (2012: \$30,000).

20 Inventories

Inventories comprise roof slates, lead and copper nails with roof slates making up the majority of the balance. All stock is considered to be finished goods and is ready for use. No write off of stock or provision for obsolescence have been recorded.

21 Segment reporting

The Arts Centre of Christchurch Trust has no identifiable geographical or operational segments to report on.

22 Events occurring after balance date

In 2012 there had been advice of an intended donation via the Christchurch Earthquake Appeal Trust of \$14,000,000, which will be directed to the College Hall/Clock Tower rebuilding programme after our budgeted funds are used on the project. At the time of writing it had been indicated that drawdown would occur in 2014.

There has also been confirmation of Funding approved for the 2014 year from:

Lottery WW100 Fund, Lion Foundation and The Christchurch Earthquake Appeal (UK).

In January 2014 the contract for repairs and strengthening works for the Library and Common Room buildings and the Arcades was let to Simon Construction Limited, the cost estimate being \$7,900,000. The duration of this contract is expected to be 12 months.

The Trust is continuing with its Governance review.

All post balance date receipts stated in the 2012 financial statements have been received in the 2013 year.





-Supporters-

American Universities International Programs
 Aotearoa Foundation
 Brannigans
 Canterbury Earthquake Appeal Trust
 Christchurch Agency For Energy
 Christchurch Arts Festival
 Christchurch City Council
 Christmas Country Fete
 Estate of EA Flint

Fletcher Building
 Hilti New Zealand Limited
 JM Eales
 K Brown and M Wilson
 Manatū Taonga, the Ministry for Culture and Heritage
 McCrea + Partners
 Mike Henry Insurance Brokers
 Shirley Ladies Probus Club
 Simpson Grierson

T Shailer Weston
 The Agency Communications Limited
 U3A Kate Sheppard
 U3A Okeover
 U3A Rutherford
 Urban Assault
 Virginia F Nelson
 WT Partnership

The Arts Centre
of CHRISTCHURCH



Annual Report

2013



The Arts Centre of Christchurch, 301 Montreal Street
PO Box 845, Christchurch 8140, New Zealand

+64 3 364 9720 info@artscentre.org.nz www.artscentre.org.nz