

The Arts Centre  
Te Matatiki Toi Ora

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# Annual Report 2018





**Jonathan**  
The Central Art Gallery

# The Arts Centre in numbers

23

Heritage buildings in one block

8

Heritage buildings still to be restored and re-opened by 2021



4,000

Memorial Window stained-glass panels restored by hand

13 METRES

Highest point of the Great Hall

1 DEN

Where Ernest, Lord Rutherford studied

## 2018 numbers

14th & 15th

Heritage buildings restored and strengthened

650,000 Visitors

Up two-thirds on 2017



3,927m<sup>2</sup>

Venues space

5,260m<sup>2</sup>

Leasable area

# Chairperson Report

Felicity Price



**Ever since the transformative effects of the Canterbury earthquakes, The Arts Centre Te Matatiki Toi Ora has been through its own metamorphosis, making great strides every year on the planned restoration and, in its wake, revitalisation and repopulation.**

But we have also had to make some unexpected adjustments in our leadership and in how we are funded. As a result, it has been another big year for all of us – board, staff and contractors.

The most significant decision the board had to make in 2018 was the appointment of a new chief executive to replace the exceptional André Lovatt, who left in February. In the interim, former Christchurch City Council Chief Operating Officer Jane Parfitt ably held the role.

In April we appointed Court Theatre Chief Executive Philip Aldridge ONZM to be our chief executive and he began in July. He hit the ground running and has been busy since working closely with the new leadership team to:

- Finesse the Stage Two financial model now that Stage One is complete;
- fundraise to cover the deficit from our insurance payout and thereby achieve as much of Stage Two as financially possible;
- put appropriate and prudent contracts in place to cover the second stage of the restoration;
- ensure existing tenants are looked after and a balanced mix of new tenants are attracted to the site; and
- grow the engagement with the artistic community to repopulate the centre.

We also welcomed a new trustee in February, with city developer and Christchurch Heritage Trust Board member James Stringer replacing Olivia Egerton, who left the board to take up a management role at The Arts Centre.

In 2018, with great help from Te Rūnanga o Ngāi Tahu, we began using our name in full – The Arts Centre Te Matatiki Toi Ora – as a long overdue acknowledgement of our tangata whenua. Te Matatiki Toi Ora, “The Spring of Living Art”, enriches our vision with a sense of place connected through history and geography. Our community is built above an aquifer – water that keeps all our buildings warm with a heat-exchange system. It is a spring that has been a source of water and life to the surrounding area and people for centuries. Similarly, of course, The Arts Centre is the heart of creativity for residents and visitors alike.

Recognition of the excellence achieved in the restoration programme to date came once again with heritage awards: For the Clock Tower restoration we won the Box 112 Canterbury Heritage Awards Supreme Award, as well as the Public Realm – Saved and Restored Award.

During the year the board had to make some tough decisions once the true extent of the funding shortfall between the insurance payout and the cost of repairs was calculated. We always knew there would be a gap, but the \$35 million shortfall was greater than anticipated. Consequently, we have had to make provision for cutting back on the full restoration of the Engineering buildings until funding becomes available.



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**We launched in August a \$10 million fundraising programme to rebuild the Observatory Tower, which was the most significantly damaged of all our Category 1 heritage-listed buildings and the most expensive to repair.**

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We launched in August a \$10 million fundraising programme to rebuild the Observatory Tower, which was the most significantly damaged of all our Category 1 heritage-listed buildings and the most expensive to repair.

The case for the restoration of the Observatory Tower's block of buildings was supported by the announcement in November of the leasing of the Physics and Biology buildings to the Sarin Group, an experienced, family-owned Kiwi hotel management company. Trustees went through lengthy due diligence to ensure the boutique arts hotel and adjacent events centre proposal was sound and we were grateful for the wide skillsets of staff and advisers in supporting us to make the right decision.

Similarly, a business case for leasing part of the West Lecture building overlooking the Christchurch Botanic Gardens to a cinema operator and the selection process that followed were also given rigorous consideration by trustees. In December, we announced

the new two-screen Lumière cinema would be operated and co-owned by experienced local cinephile Nick Paris and former Hollywood screenwriter Max Hoffman.

Decisions like these cannot be made lightly and trustees have been encouraged by the support of our generous and loyal funders in being able to progress. In June the New Zealand Lottery Grants Board announced a \$4.83 million boost, providing a significant foundation for our efforts to help rebuild the Observatory Tower, for which we are most grateful. Special thanks are also due to the Christchurch Earthquake Appeal Trust, Rātā Foundation and Cornerstone programme supporters.

We also continue to appreciate the work of the Friends of the Arts Centre, who began to host guided tours of The Arts Centre during the year as a welcome fundraiser and addition to the visitor services we provide.

**Felicity Price ONZM**  
Chairperson

# Chief Executive Report

Philip Aldridge



**In recent years The Arts Centre Te Matatiki Toi Ora has of necessity been an organisation of project managers, consultants, engineers and architects. We are now transitioning – repopulating and reclaiming our place in the arts. The arts, the physical expression and intellectual exploration of mankind's creativity, are resurgent.**

Three key words – restoration, repopulation and arts – are at the heart of The Arts Centre's success, and its challenges.

## Restoration

Stage One of the three-stage heritage restoration project – one of the world's largest – was completed at the end of 2018.

While restoration began in 2012 as a \$290 million project, it has been superbly managed and delivered. It has been award-winning and is being delivered on time and within budget. In the process, through wise governance and careful management, overall costs have been managed down to \$250 million.

The end of Stage One came in October when the School of Art (1877) and West Lecture (1917) buildings were finished. This meant the overall restoration hit the two-thirds mark as the total of restored and strengthened buildings increased to 15 out of 23.

## Repopulation and the Arts

The Arts Centre is again regaining its role as a cherished and valuable community centre.

Events and programming are the heart of the repopulation and it is pleasing to see visitor numbers rising to 650,000 in 2018 – an increase of about a third from 500,000 the year before. With activities constantly growing this is a trend that will continue.

Highlights from the year include:

- **Matariki 2018:** Matariki celebrations were launched this year with activities ranging from a kapa haka showcase to a night māketē (market). The celebrations were so successful they have become a key annual programme.
- **The Arts Centre Māketē:** Weekly markets returned in November with the launch of The Arts Centre Māketē. Every Sunday Market Square is packed with as many as 56 stalls selling fresh produce; locally made, quality products and food, and it's proving to be as popular as ever.
- **Education:** More than 2,200 school children were taught by our in-house Rutherford's Den educators in 2018. This included a joint programme run with SCAPE Public Art, which taught 500 children from low-decile schools how to appreciate contemporary outdoor art.
- **Rembrandt Remastered:** This exhibition showcased 57 stunning life-size reproductions of the Dutch master's paintings that had been digitally remastered to look exactly as they did when they left his studio centuries ago.
- **To Ōtautahi With Love:** This outdoor exhibition featured original works and odes to the city from more than 50 Ōtautahi artists. The artists were inspired by the thought of summer holidays and the time-honoured tradition of sending festive greeting cards.
- **2018 SCAPE Public Art season:** This season saw the installation of George Rickey's Three Squares Gyrotory, Variation 2 in Market Square.



- **Great Hall Lunchtime Concert Series:** Building upon the success of the first year of the series in 2017, these popular events, which are run in collaboration with concert coordinator Trish Rainey, returned in 2018 with concerts each month from February to November.
- **Leighs Construction Outdoor Cinema:** This successful summer series returned in 2018 with locals and tourists alike watching films in the North Quad across four dates in February and March and then again as part of the next summer series in December.

We were delighted to partner with the Christchurch City Council and ChristchurchNZ to help deliver some of their principal events, such as the biennial House of Travel Botanic D'Lights and the annual World Buskers Festival.

The former filled the Great Hall, the Clock Tower and the North and South Quads with amazing light installations for the first time in 2018. The festival attracted 136,000 people across five nights in August.

The latter attracted thousands of people to the Great Hall, North Quad and Market Square across 10 days. Strut & Fret, the company now managing the festival, took over the lease of the Gym in October and the reimaged festival, now called Bread & Circus – World Buskers Festival, will be holding shows in the North Quad, Market Square and the Gym in an expanded season in 2019.

### Community

We welcomed four new members to our community in 2018.

In February The Physics Room moved its office into Registry Additions, close by its Worcester Boulevard

gallery. It was a partial homecoming for the visual arts gallery as it started out life in The Arts Centre's Physics building in 1996.

Rekindle, a social enterprise offering resourcefulness workshops, took residency on the first floor of the Boys' High building for six months from June under the Life in Vacant Spaces scheme.

Boys' High's first floor also houses two more new residents – natural skin care store Skin Space moved in in October and specialist denim and work-wear store Indigo & Provisions the following month.

The trustees made two prudent decisions regarding two future community members – Lumière cinema and Sarin Group. Lumière will bring cinema back to The Arts Centre with its two-screen boutique cinema in the West Lecture building opening in mid-2019. Sarin will be the operator of a boutique hotel developed around The Observatory in the South Quad. This, crucially, allows us to generate reliable income. It is expected to open in 2022.

Between tenants, soon-to-be tenants and visitors, a real sense of community is developing across the centre. We are investing much work in this and it is pleasing to note the enthusiasm of like-minded tenants who share this ethos.



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**The Arts Centre is recognised as national taonga by an act of Parliament, but it can surprise the public to learn it does not receive operational subsidy from either the local or the national purse. It may well be we are the largest arts organisation in the country that is unsubsidised. Since the establishment of the Arts Council in 1963 it has been widely accepted that there can only be a thriving arts sector through the provision of subsidy – and The Arts Centre is no different to the rest of the sector.**

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#### **Finances**

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The centre can fundraise, just as it has done for years. We are investing in this and in August we launched a \$10 million Observatory Tower appeal to restore the precious building. We can commercialise every opportunity we can find, and we are actively doing so. But even if all tenants paid full commercial rates, the books would still not balance.

This independent charitable trust faces two substantial issues:

- 1) The insurance settlement and the generous grants that have sustained the restoration will soon run out. We are \$35 million short of being able to re-open the entire centre to the public. We now face the possibility the main frontage of this entire city block along Worcester Boulevard, the prime tourist thoroughfare of the city, will remain behind construction fences until such time as funds can be sourced. This will be a tragedy for the city, for tourism and for locals alike.
- 2) We are running an annual deficit budget. Activities are funded by the small remainder of insurance funds. Soon those funds will be exhausted. Without subsidy The Arts Centre simply cannot exist – a solution can only be political.

It has been a signal honour for me to return to The Arts Centre. Pre-earthquake I enjoyed six years leading The Court Theatre at the centre. It is a pleasure to find old friends on staff, as well as many new ones. Together they bring dynamic energy and dedicated excellence to the lauded restoration and the repopulation of the complex.

While I have noted the existential crisis the centre faces, and nothing can diminish the severity of these issues, it is good to acknowledge the tremendous advances, the repopulation, the arts resurgence, the dedicated staff and a high-powered board of trustees ably led by Felicity Price.

It's good to be back.

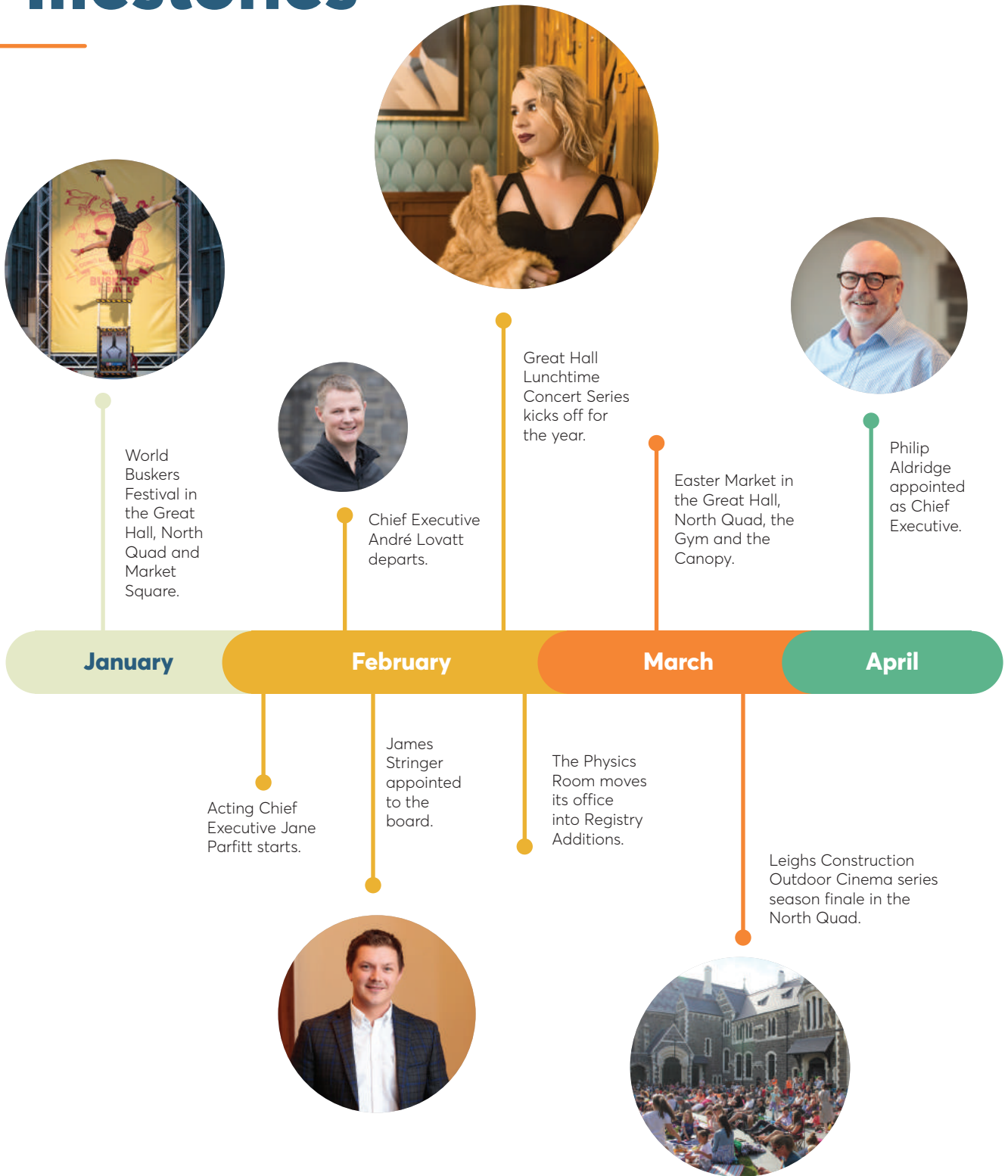
**Philip Aldridge ONZM**  
Chief Executive





**Deborah**  
SCAPE Public Art

# Key 2018 Milestones





The Observatory Tower restoration receives a \$4.83 million grant from New Zealand Lottery Grants Board.



NZ Music Month celebrated with more than 25 concerts by local musicians across The Arts Centre.

Clock Tower wins the Supreme Award and Public Realm - Saved and Restored Award at the Box 112 Canterbury Heritage Awards.

Rekindle opens in Boys' High.

Acting Chief Executive Jane Parfitt departs.



KidsFest programmes run by Rutherford's Den, Teece Museum of Classical Antiquities and Fudge Cottage.

## May

## June

## July

Free Theatre's season of *Alice*.

The Rolleston Avenue crane leaves after two years.

University of Canterbury and The Arts Centre Concert Series begins in the Great Hall.

A temporary tape art installation by Veronica Herber is installed across The Arts Centre.



Chief Executive Philip Aldridge starts.



Inaugural Matariki celebrations across The Arts Centre.





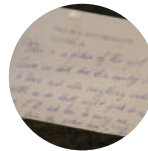
Monster Spring Clean Market in the Gym and Market Square.



SCAPE Public Art celebrates 20 years. George Rickey's *Three Squares Gyrotory, Variation 2* installed in Market Square.



House of Travel Botanic D'Lights in the North and South Quads and the Great Hall.



An anonymous declaration of love found on the back of a photo in the Observatory Tower.

Rembrandt Remastered exhibition opens in the Great Hall.

Observatory Tower's Be a Star campaign to fundraise \$10 million launched.

**August**      **September**      **October**

Christchurch Earthquake Appeal Trust (CEAT) plaque unveiling in the Great Hall.



Midwinter Carnival across the Great Hall, North Quad, the Gym, the Canopy and Market.

Word Christchurch Festival 2018 events in the Gym.

Suffrage Series, part of Beca Heritage Week, in the Great Hall in conjunction with Christchurch City Council and Heritage New Zealand Pouhere Taonga.

Strut & Fret lease the Gym, naming it the Backstage Social Club.

Highway to Hades Halloween event in South Quad in conjunction with the University of Canterbury.

Skin Space opens in Boys' High.



Restoration of School of Art (1877) and West Lecture (1917) complete.





Inaugural Necessary Traditions festival by Rekindle with support from The Arts Centre.



2,200 students attended Rutherford's Den education programmes over the year.



It's Beginning to Feel a Lot Like Christmas Mākete in Market Square and the Gym.



The Court Youth Company perform Children of the Night, an immersive horror experience, across The Arts Centre.



Kiwi company Sarin Investments Hotel announced as operator of boutique Arts Centre hotel and events centre.

Lumière cinema announced as operator of the boutique theatre in West Lecture building.

A venues showcase in the Great Hall attracts 130 event planners, managers and decisionmakers.

## November

## December

Armistice Day centenary commemorated outside the Great Hall's Memorial Window.



Indigo & Provisions opens in Boys' High.



Late-night Christmas shopping events start in Boys' High.

To Ōtautahi With Love outdoor exhibition between Market Square and Boys' High starts.

Leighs Construction Outdoor Cinema series kicks off for the summer.



Recorded 650,000 visitors for the year.

A weekly market returns to The Arts Centre – The Arts Centre Mākete.



# Fundraising Report

Susan Henson



**Once again, a huge thank you. We are truly heartened by the generosity of our many funders – trusts, organisations and individuals – who supported our work in 2018. Every donation, regardless of size, has made a difference this past year and is much appreciated.**

As an independent charitable trust with no ongoing central or local government funding, The Arts Centre relies upon donations, grants, sponsorships, bequests and goods-in-kind to keep up the momentum on the restoration project, as well as fund activities and programmes during the year.

This year the New Zealand Lottery Grants Board awarded a generous Significant Projects Fund grant of \$4.83 million towards the restoration of the iconic Observatory Tower. If you've visited The Arts Centre recently, you will know this unique building was the most badly damaged onsite after the earthquakes. We thank the Lottery Grants Board for this game-changing funding that is allowing work to proceed on the restoration of this iconic building.

A group of influential funders was formally recognised during the year with a bronze plaque in the Great Hall unveiled to mark their donations. Channelled via the Christchurch Earthquake Appeal Trust (CEAT) in 2011, a total of \$14.2 million was given to restore the hall and Clock Tower to their original magnificence. Thank you to the Aotearoa Foundation, Manatū Taonga Ministry for Culture and Heritage, Fletcher Building (NZ) and John Griffin.

Donor boards have been mounted on the main Clock Tower stairs to celebrate all those who have donated to The Arts Centre since the restoration project began.

The colourful "Be a Star" campaign was launched in August, asking people to donate to the Observatory Tower campaign and name a virtual star. A galaxy of donors has jumped on board, helping to enable the repaired Townsend Teece Telescope to return home and be accessible for stargazing and education.

The significant donors in our Cornerstone programme have continued to grow. These donors have made significant gifts or notified legacies to The Arts Centre, and their generosity helps ensure the future of arts, culture and education in the heart of the city. Donors in this group receive long-term recognition for their commitment through a range of unique benefits, and we sincerely thank them for their help.

A summary of your generosity throughout the year:

- An award from the New Zealand Lottery Grants Board's Environment and Heritage Committee provided funding for the creation of a new site-wide conservation plan, which helps in promoting, conserving and maintaining the integrity of the heritage features and fabric. We are grateful for the ongoing support from the Lottery Grants Board.
- Rātā Foundation provided a second tranche of capital funding towards the tower restoration project, which was very much appreciated, as well as funding towards the Rutherford's Den education programme.
- The Ministry of Education Te Tāhuhu O Te Mātauranga has funded the Rutherford's Den education programme for a three-year period until the end of 2019, funding the two part-time educators. This funding is vital to providing quality curriculum-linked education experiences for more than 2,200 students each year.



- The Rembrandt Remastered exhibition brought a warm splash of colour to winter with several thousand visitors purchasing tickets and enjoying the digitally restored masterpieces. Thank you to John Jones Steel, the Netherlands Society Christchurch and Stonewood Homes Christchurch for their sponsorship.
- The Robert and Barbara Stewart Charitable Trust provided funding towards the restoration project.
- The Friends of the Arts Centre has continued to support through various activities, including providing heritage walking tours and running a dance to raise funds.
- Christchurch City Council's Enliven Places Project Fund helped support the resumption of The Arts Centre Māketē, the weekly Sunday market in Market Square, and an outdoor summer art exhibition that opened in November. Thank you to the council for this programme funding.
- Leighs Construction sponsored the Leighs Construction Outdoor Cinema series in the North Quad, providing fun outdoor movies for all over the summer months.

Many local donors and supporters joined to sponsor various operational activities and individuals' work at The Arts Centre in 2018 in response to our New Year update letter. A sincere thank you to all who sponsored slates, Oamaru stone, specialised tools and educational materials. Every donation, large or small, makes a difference.

With Stage One of the restoration project complete, and 15 buildings re-opened, we now look towards the funding of Stage Two.

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**Our dream is to strengthen, restore and re-open all buildings in Stage Two, including the four large buildings that comprise the School of Engineering and face onto Worcester Boulevard. This requires funding to allow the current momentum to be maintained.**

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Join us in seeing this huge restoration through to completion, providing a stunning home for the arts for generations to come. Help us take down the last of the chain-link fences – find out how to do so at [artscentre.org.nz/support](https://artscentre.org.nz/support).

**Susan Henson**  
Fundraising Manager

# Thank you to our Supporters

## Foundation donors

The Aotearoa Foundation  
Fletcher Building (New Zealand)  
Limited  
Manatū Taonga Ministry for Culture  
and Heritage  
John Griffin

## Foundations and trusts

Christchurch City Council  
Mainland Foundation  
New Zealand Lottery Grants Board  
Olivia Spencer Bower Foundation  
Rātā Foundation  
The Southern Trust

## Major donors

Canterbury Decorative Fine Arts  
Society (CADFAS)  
Friends of the Arts Centre  
Garden City Tappers and Performing  
Arts  
Anonymous

## Cornerstone programme

### Platinum supporters

Dorothy Maclean

### Gold supporters

Kathy Brown and Mark Wilson  
Jen Crawford and Andy Mathers  
Robert and Barbara Stewart  
Charitable Trust

### Silver supporters

Charles Fleischmann and Carol  
Caldwell  
Peter and Deirdre Cottrell  
Drummond Inheritance Trust  
In honour of Bill and Debbie Lipner  
Robin and Annette Mann  
Sally Page

### Bronze supporters

Margaret Austin  
Paddy and Gayle Cotter  
Susan Doig  
Dr Sue Nightingale and Dr Stuart  
Wise

### Supporters

Martin Hadlee  
Henshaw Developments Trust  
Michael Lane and Monica Ryan  
Dr Ian and Dr Lynne Lochhead  
Virginia Nelson  
James Stringer  
Anonymous

## Observatory Tower donors

Philip and Fenella Aldridge  
Margaret Austin  
Murray and Bindy Barclay  
Philippa Bates  
Philip Bones  
Kathy Brown and Mark Wilson  
Merle Cooney  
In memory of Pam Crawford  
Grant Dean  
Jane Doig  
Anne Edmond  
Patricia Glausius  
David and Diana Holderness  
In honour of Raewyn Hutchings  
Peter and Jean Hyam  
Erin Victoria Jackson  
Roger Keen  
In memory of Graeme Kershaw  
Ann Lyons  
Lorraine Logan and David Martin  
Dorothy Maclean  
Robin and Annette Mann  
Caroline Murray  
Laura and Leicester Murray  
Sally Page  
Peter Penlington  
Louise Porter  
Felicity Price  
Michael and Karen Rondel  
Judith Ross  
Christina Sell-McLachlan  
Graeme and Jean Sharfe  
Thomas Murray Forbes Taylor  
Mark and Jill Todd  
Edith Tripp  
Sheila Watson  
T. Shailer Weston  
Christine Whybrew  
Thomas Young and Susan Henson





### Restoration donors

Adrienne Adamson  
Nicky Averill  
Jocelyn Bowman  
Robert Bull  
Libby Chambers  
Peter A Clark  
Wendy Cleland  
John Glennie  
Marie Gurnsey  
Martin Hadlee  
Joan Hazelhurst  
Claire and John Mackintosh  
Anne Maclean  
Bryony MacMillan  
Luca Manghi  
Roger and Heather McGowan  
Jill McKellar  
David and Letitia Moorhouse  
Helen Peate  
Nova Purchase  
Gay Rathgen  
Robin and Ralph Redpath  
Kay Rouse  
Hilary and Lawrence Smith  
Malcolm Smith  
Ray Spring  
Susanne Trim  
Edith Tripp  
Walk Christchurch  
Anonymous

### Great Hall chair sponsors roll of honour

The Robert and Barbara Stewart  
Charitable Trust (20)  
Paddy and Gayle Cotter (5)  
Charles Fleischmann and Carol  
Caldwell (5)  
Ann and David Booth (2)  
Rosemary and Max Bradford (2)  
Richard and Kate Burt (2)  
In memory of Iris and Janice  
Campbell (2)  
Prue and Pat Cotter (2)  
Peter Foster (2)  
Michael and Karyn Rondel (2)  
Judith Ross (2)  
Philippa Bates  
Reina Dornan  
Kennedy and Marilyn Graham  
Richard Hartshorn and Susie Mead  
Joan Hazelhurst  
Gillian Heald  
Garry and Beverley Jeffery  
Patience Kearns  
Lyn and David Kennedy  
Jennifer and Peter Lovatt  
Marion Macbeth  
Joy McKelvey  
Sally Page  
Rosemary Perry  
Ted Perry  
Michael and Lesley Petterson  
Alan and Barbra Pullar  
Rod and Pat Syme  
Stephen and Elizabeth Tubbs  
Walk Christchurch  
Linda and Warwick Webb

### Corporate sponsorship and donations

Adgraphix  
Blackwell Mazda  
Boffa Miskell  
Complete Asbestos Solutions  
Ernst & Young  
Grant Thornton  
John Jones Steel New Zealand  
Leighs Construction Ltd  
Mr Mod  
Netherlands Society Christchurch NZ  
New Zealand Media and  
Entertainment  
Spectrum Lighting and Sound  
Stonewood Homes Christchurch





# Staff Photo

## as at November 2018

From left to right.

### Back row:

Communications and Engagement Manager Jo Gilbert, Site Maintenance Richard Lee, Stonemason Ned Alloway, Finance Assistant Karen Hooper, Leading Hand Nic Dobbs, Operations Manager Brad Adlam, Educator Margot Persson, Leading Hand Darren Harris, Apprentice Stonemason Blair Tawaka, Site Labourer Scott Webb, Programmes and Partnerships Manager Olivia Egerton.

### Middle row:

Stonemason Chris Ormes, Corporate Services Manager Sheryl Keeley, Den Visitor Lead Co-Ordinator Jenny Stuart, Den Host Val Goulding, Health and Safety Manager Liz Hodgson, Market Coordinator Abbie Pickrill, Venues and Events Manager Olivia Burt, Marketing Manager Shelley Erskine, Leasing Manager Louise Sutherland, Site Labourer Johnny Lucas.

### Front row:

Personal Assistant to Site and Restoration Manager Kat Evans, Stonemason Tom Stevens, Site Maintenance Jamie Wootton, Site and Restoration Manager Chris Whitty, Chief Executive Philip Aldridge, Site Labourer Cai Stevens, Stonemason Martin Daly, Site Foreman Paul Houlihan, Human Resources Administrator Elyse Rennie, Educator Katy French, Den Host Nicky Stevenson.

### Absent:

Den Host Rachel Aitken, Den Host Jane Barrett, Den Host Sophia Bennetts, Den Host Rosie Clarke, Den Host Kate Curtis, Den Host Kate Fielder, Den Host Melissa Haskell, Den Host Kevin Hawthorn, Fundraising Manager Susan Henson, Den Host Giada Sami, Labourer/Forklift Driver Philip Titmuss, Apprentice Stonemason Geoff Veale.

# Financial Statements

For the year ended 31 December 2018

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## Trust Directory

For the year ended 31 December 2018

**Date of settlement:** 31 December 1978

**Date of Royal assent:** 5 June 2015

**Incorporation Act:** Arts Centre of Christchurch Trust Act 2015

### Trustees:

Dr Rod Carr  
Grant Dean  
Erin Jackson (Deputy Chair)  
Puamiria Parata-Goodall  
Felicity Price (Chairperson)  
Michael Rondel  
Mark Russell  
James Stringer  
Mark Todd

### Bankers:

Bank of New Zealand Christchurch

### Solicitors:

Anderson Lloyd Christchurch

### Independent Auditors:

Grant Thornton New Zealand Audit Partnership  
Christchurch

### Accountants:

Ernst & Young Limited  
Christchurch

### Chief Executive:

André Lovatt (to 13 February 2018)  
Jane Parfitt (acting 7 February to 29 June 2018)  
Philip Aldridge (from 2 July 2018)

### Registered office:

Clock Tower Building  
2 Worcester Boulevard  
Christchurch 8013

**Charities Commission registration number:** CC21247

## Independent Auditor's Report

**Grant Thornton New Zealand Audit Partnership**  
L3, Grant Thornton House  
134 Oxford Terrace  
PO Box 2099  
Christchurch 8140  
T +64 3 379 9580  
F +64 3 366 3720  
[www.grantthornton.co.nz](http://www.grantthornton.co.nz)

To the Trustees of the Arts Centre of Christchurch Trust Board

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Arts Centre of Christchurch Trust Board (the "Trust") on pages 20 to 36 which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive revenue and expenses, statement of movements in trust capital and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Arts Centre of Christchurch Trust Board as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

#### Basis for Opinion

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

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

#### Other Information than the Financial Statements and Auditor's Report Thereon

The Trustees are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

#### Restriction on use of our report

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

#### Grant Thornton New Zealand Audit Partnership



**M D Stewart**  
Partner  
Christchurch

13 May 2019

# Statement of Financial Position

At 31 December 2018

	NOTE	2018 \$	2017 \$
<b>Current assets</b>			
Cash and cash equivalents		3,051,068	2,513,849
Accrued interest from exchange transactions		911,158	970,363
Accounts receivable from exchange transactions		169,721	158,290
GST refund due		141,052	164,177
Prepayments		5,967	18,779
Inventories		249,290	273,212
Investments		36,223,960	27,549,122
		<b>40,752,217</b>	<b>31,647,791</b>
<b>Non current assets</b>			
Property, plant and equipment	4	365,919,480	350,578,732
Investments		12,577,913	34,194,823
		<b>378,497,393</b>	<b>384,773,555</b>
<b>Total assets</b>		<b>419,249,610</b>	<b>416,421,346</b>
<b>Current liabilities</b>			
Accounts payable		979,191	1,832,470
Income received in advance	3	66,410	38,825
Employee entitlements		110,400	102,425
Grants unspent	2	139,000	582,000
Bonus accrual		427,983	525,993
		<b>1,722,984</b>	<b>3,081,714</b>
<b>Trust capital and reserves</b>			
Accumulated comprehensive revenue and expenses		208,173,247	205,370,414
Buildings and land revaluation reserve		209,353,378	207,969,218
		<b>417,526,625</b>	<b>413,339,632</b>
<b>Total trust capital and liabilities</b>		<b>419,249,610</b>	<b>416,421,346</b>

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

  
Trustee

12 May 2019  
Date

  
Trustee

13 May 2019  
Date

The accompanying notes form part of these financial statements.

# Statement of Comprehensive Revenue and Expenses

For the year ended 31 December 2018

	NOTE	2018 \$	2017 \$
<b>Revenue from exchange transactions</b>			
Property income			
General fees and other income		417,083	203,494
Rentals and parking		1,082,840	903,070
Over (under) recovery of tenant energy and other operating expenses		(365,328)	(81,892)
Total property income		1,134,595	1,024,672
Insurance income		-	6,954
Interest received		2,128,397	2,606,905
<b>Total revenue from exchange transactions</b>		<b>3,262,992</b>	<b>3,638,531</b>
<b>Revenue from non-exchange transactions</b>			
Grants, sponsorship and donations		205,766	150,098
Grants and donations received utilised for capital projects		3,499,099	691,000
<b>Total revenue from non-exchange transactions</b>		<b>3,704,865</b>	<b>841,098</b>
<b>Total revenues</b>		<b>6,967,857</b>	<b>4,479,629</b>
<b>Expenses</b>			
Administration		407,646	576,083
Expenses relating to flooding damage		-	56,954
Audit fees		19,494	15,422
Depreciation	4	512,935	557,185
Property costs		808,945	634,375
Public relations		151,238	133,375
Staff costs		1,959,148	1,636,148
Other operating expenses		305,617	126,897
<b>Total Expenses</b>		<b>4,165,023</b>	<b>3,736,439</b>
<b>Total surplus for the year attributable to the Trust Board</b>		<b>2,802,833</b>	<b>743,190</b>
<b>Other comprehensive revenue and expenses</b>			
Revaluation of buildings and land		1,384,160	10,150,977
<b>Total comprehensive revenue and expenses for the year attributable to the Trust Board</b>		<b>4,186,993</b>	<b>10,894,167</b>

The accompanying notes form part of these financial statements.

# Statement of Movements in Trust Capital

For the year ended 31 December 2018

	Accumulated Comprehensive Revenue and Expenses \$	Buildings and Land Revaluations \$	TOTAL \$
<b>Balance at 1 January 2018</b>	205,370,414	207,969,218	<b>413,339,632</b>
Net surplus for the year	2,802,833	-	<b>2,802,833</b>
Other comprehensive revenue and expenses	-	1,384,160	<b>1,384,160</b>
Total comprehensive revenue and expenses	2,802,833	1,384,160	<b>4,186,993</b>
<b>Balance at 31 December 2018</b>	<b>208,173,247</b>	<b>209,353,378</b>	<b>417,526,625</b>
<b>Balance at 1 January 2017</b>	204,627,224	197,818,241	<b>402,445,465</b>
Net surplus for the year	743,190	-	<b>743,190</b>
Other comprehensive revenue and expenses	-	10,150,977	<b>10,150,977</b>
Total comprehensive revenue and expenses	743,190	10,150,977	<b>10,894,167</b>
<b>Balance at 31 December 2017</b>	<b>205,370,414</b>	<b>207,969,218</b>	<b>413,339,632</b>

The accompanying notes form part of these financial statements.



# Statement of Cash Flows

For the year ended 31 December 2018

	NOTE	2018 \$	2017 \$
<b>Operating activities</b>			
<b>Cash was provided from:</b>			
Grants and donations received		3,261,865	1,400,466
Interest received		2,187,602	3,825,408
Receipts from customers		1,047,852	1,222,464
		<u>6,497,319</u>	<u>6,448,338</u>
<b>Cash was applied to:</b>			
Net movement in GST		(514)	(53,035)
Payments to suppliers		4,390,683	3,006,034
		<u>4,390,169</u>	<u>2,952,999</u>
<b>Net cash inflow (outflow) from operating activities</b>		<b>2,107,150</b>	<b>3,495,339</b>
<b>Investing activities</b>			
<b>Cash was provided from:</b>			
Proceeds from the disposal of investments		12,942,072	10,305,531
<b>Cash was applied to:</b>			
Purchase of fixed assets and property improvement		14,512,003	15,353,431
<b>Net cash outflows from investing activities</b>		<b>(1,569,931)</b>	<b>(5,047,900)</b>
<b>Net increase (decrease) in cash held</b>		<b>537,219</b>	<b>(1,552,561)</b>
Add opening cash brought forward		2,513,849	4,066,410
<b>Closing cash and cash equivalents per statement of financial position</b>		<b>3,051,068</b>	<b>2,513,849</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2018

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## 1. STATEMENT OF ACCOUNTING POLICIES

### REPORTING ENTITY

The Arts Centre of Christchurch Trust Board ("the Trust") is a registered charity under the Charities Act 2005.

These financial statements have been approved and were authorised for issue by the Board of Trustees on 13 May 2019.

### STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with generally accepted accounting practices in New Zealand ("NZ GAAP") and the requirements of the Charities Act 2005. The Trust is a public benefit entity for the purpose of financial reporting. The Trust is eligible to report in accordance with Tier 2 Not-for-Profit PBE IPSAS because it does not have public accountability and it is not large.

The financial statements of the Trust comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-for-Profit entities.

The Board of Trustees has elected to report in accordance with Tier 2 Not-for-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

### MEASUREMENT BASE

The financial statements have been prepared on a historical cost basis, except for certain property assets that have been measured at fair value. The financial statements are presented in New Zealand dollars which is also the functional currency and all values are rounded to the nearest dollar (\$).

### GOING CONCERN

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.

### CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All accounting policies have been applied on a consistent basis with those of the previous period, with the exception of the change in classification of term deposits, refer to note 1 (e) for further explanation. The impact of this change is not material.

## SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

### (b) Accounts receivable

Accounts receivable are classified in the loans and receivables category of financial assets. They are initially measured at fair value plus transactions costs (if any). Accounts receivable are subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Trade receivables generally have 12 day terms.

Bad debts are written off during the period in which they are identified. An impairment provision is recognised when there is objective evidence that the Trust will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows.

### (c) Accounts payable

Accounts payable are initially recognised at fair value and subsequently carried at amortised cost, and due to their short term nature are not discounted. They represent liabilities for goods and services provided to the Trust prior to the end of financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of goods and services. The amounts are unsecured and usually paid within 20 days of recognition.

### (d) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is the estimated selling price less estimated costs necessary to make the sale.

### (e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### *Subsequent measurement*

For purposes of subsequent measurement of financial assets the Trust classifies its instruments into one category:

- Loans and receivables

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral

part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive revenue and expenses. The losses arising from impairment are recognised in the statement of comprehensive revenue and expenses in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to cash and cash equivalents accounts receivable from exchange transactions and accounts receivable from non-exchange transactions, along with investments in term deposits.

The Trustees have decided to separately present accrued interest on the statement of financial position in the current year as this is not compounded. The Arts Centre does not enter into derivative contracts.

#### ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. Removed from the Trust's statement of financial position) primarily when:

- The rights to receive cash flows from the asset have expired, or
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### ***Reclassification***

During the year the term deposits were reclassified to loans and receivables given they are not held for short term trading. There are no material adjustments resulting from this change.

#### ***Impairment of financial assets***

The Trust assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications:

- That the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments
- The probability that they will enter bankruptcy or other financial reorganisation, and
- Observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### ***Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Trust first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Trust determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of comprehensive revenue and expenses. Interest income (recorded as finance income in the statement of comprehensive revenue and expenses) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the

purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Trust. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive revenue and expenses.

## **Financial liabilities**

### ***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Trust's financial liabilities includes trade, other payables and the bonus accrual.

### ***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below:

#### ***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. The Trust has no financial liabilities at fair value through profit and loss.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive revenue and expenses.

#### ***Other liabilities***

After initial recognition, making it interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive revenue and expenses. This category generally applies to trade and other payables, including employee entitlements and bonus accrual.

#### ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification. This is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive revenue and expenses.

## **(f) Property, Plant and Equipment**

Property, plant and equipment is measured initially at cost.

### ***Land***

Land is subsequently measured 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. Revaluations are performed with sufficient frequency to ensure that the book value of the asset does not differ materially from its fair value.

Land is not depreciated.

## Buildings

### Heritage buildings

Heritage buildings are subsequently measured at fair value. Revaluation is performed with sufficient frequency to ensure that the book value of the assets does not differ materially from the fair value. The Board has determined that the collection of heritage buildings has an indefinite future life and accordingly no depreciation will apply.

The fair value of heritage buildings are determined by the depreciated replacement cost. The valuation will be performed and/or reviewed annually by an expert.

The method of valuation of buildings recognises the obligations of the Trust 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.

### Non-heritage buildings

Non-heritage buildings are subsequently measured at cost less accumulated depreciation.

### Portable buildings

Portable buildings are carried at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis over the estimated useful lives of buildings.

Depreciation methods, useful lives and residual values are reassessed at each balance date.

The following methods of depreciation have been applied: straight-line (SL) and diminishing value (DV).

	<b>Rate</b>	<b>Method</b>
Portable buildings	3.0% - 13.5%	SL
Non-heritage buildings	3.0%	DV

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

The heating and ventilation, fire services and fitout of all buildings are depreciated using the following rates:

	<b>Rate</b>	<b>Method</b>
Heating and ventilation	4.5%	SL
Fire services	2.3%	SL
Fitout	4.6% - 5.2%	SL

### Plant and equipment

Plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment.

Depreciation methods, useful lives and residual values are reassessed at each balance date. The depreciation rates used are:

	<b>Rate</b>	<b>Method</b>
Motor vehicles	8.0% - 30.0%	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%- 67.0%	DV and SL
Leasehold improvements	2.0% - 11.4%	DV and SL

#### *Artwork*

Artwork is subsequently measured at cost less impairment. Where artwork has been donated it is initially recorded at fair value.

Artwork is not depreciated.

#### **Revaluation of Buildings and Land**

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

The revaluation surplus is recorded in other comprehensive revenue or expenses in the statement of comprehensive revenue and expenses and credited to an asset revaluation reserve. Except to the extent that it reverses an impairment of the same asset previously recognised in surplus or deficit in the statement of comprehensive revenue and expenses, the increase is recognised in other comprehensive revenue or expenses.

An impairment is recognised in surplus or deficit, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve, in which case the decrease is recognised in surplus or deficit.

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 (except for revalued buildings)**

For the purpose of assessing impairment indicators and impairment testing, the Trust classifies all property, plant and equipment as cash generating assets.

At each reporting date, the Trust reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For cash generating assets, value in use is determined using fair value method.

Assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

#### **(g) Equity**

Equity is measured as the difference between total assets and total liabilities. It is made up of the following components:

##### *Accumulated comprehensive revenue and expenses*

Accumulated comprehensive revenue and expenses is the accumulated surplus or deficit since the formation of the Trust, adjusted for transfers to and from specific reserves.

##### *Buildings and land revaluation reserve*

This reserve is for the revaluation of buildings and land items that are measured at fair value after initial recognition. The affected properties are all buildings where the revaluation method is applied.

#### **(h) Taxation**

##### *Income Tax*

The Trust is exempt from income tax due to its charitable status.

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

The financial statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

### **(i) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

#### ***Revenue from non-exchange transactions***

##### *Donations, grants and sponsorships*

Revenue from non-exchange transactions is recognised when the Trust obtains control of the transferred asset (cash, goods, services, or property) and the transfer is free from conditions that require the asset to be refunded or returned if the conditions are not fulfilled. If there are conditions attached that give rise to a requirement to repay the grant or return the asset, deferred revenue is recognised. In this situation, revenue is recognised once the Trust has satisfied the conditions.

#### ***Revenue from exchange transactions***

##### *Interest received*

Interest income is recorded using the effective interest rate.

##### *Property income*

Rental revenue is recognised on a straight line basis over the lease term. Outgoings and power recovered are recognised on an accrual basis. At balance date there were eighteen active leases and four active licenses in place with the minimum term of one year and the maximum term of eight years.

### **(j) Leases**

Operating lease rentals are expensed on a straight line basis over the term of the lease.

### **(k) Employee entitlements**

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

### **Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

Revaluation and impairment of property, plant and equipment are based on judgements provided by Rhodes & Associates, an external quantity surveying company and reviewed by an external valuer.

Quadrangle Holdings Limited is currently non trading, therefore there is a nil result and the Trustees have decided not to consolidate the company.



## 2. GRANTS UNSPENT

	2018 \$	2017 \$
The Southern Trust	5,000	-
New Zealand Lotteries Grants Board	118,000	575,000
CCC Enliven Places	4,000	-
Strengthening Communities	9,000	7,000
Mainland Foundation	3,000	-
	<b>139,000</b>	<b>582,000</b>

Grants are taken to revenue and recorded in the year in which they are recovered unless there is an explicit return obligation. In this instance unspent grants or the unspent portion thereof are not taken to revenue and are recorded as current liabilities.

## 3. INCOME RECEIVED IN ADVANCE

	2018 \$	2017 \$
Income received in advance	66,410	38,825

Venue hire income is received in advance for the hirer to confirm an event. It is then recognised as revenue at the time of the event taking place.

#### 4. PROPERTY, PLANT AND EQUIPMENT

	LAND	MOTOR VEHICLES	PLANT AND EQUIPMENT	COMPUTERS	FURNITURE AND FITTINGS	LEASEHOLD IMPROVEMENTS	ARTWORKS	HERITAGE BUILDINGS	NON-HERITAGE BUILDINGS	TOTAL
<b>Cost</b>										
At 31 December 2017	28,980,000	233,648	1,595,751	689,766	845,763	94,269	23,440	349,999,472	8,101,634	390,563,743
Additions	-	-	33,189	101,067	38,875	-	-	14,147,080	149,311	14,469,522
Revaluations	2,650,000	-	-	-	-	-	-	(296,411)	-	2,353,589
At 31 December 2018	<b>\$31,630,000</b>	<b>\$233,648</b>	<b>\$1,628,940</b>	<b>\$790,833</b>	<b>\$884,638</b>	<b>\$94,269</b>	<b>\$23,440</b>	<b>\$363,850,141</b>	<b>\$8,250,945</b>	<b>\$407,386,854</b>
<b>Depreciation and Impairment</b>										
At 31 December 2017	-	116,555	1,169,579	515,896	500,214	50,221	-	37,605,362	27,183	39,985,010
Depreciation	-	14,751	76,363	90,810	55,839	2,050	-	267,675	5,447	512,935
Less: 2017 Impairment	-	-	-	-	-	-	-	(37,170,571)	-	(37,170,571)
Less: 2018 Impairment	-	-	-	-	-	-	-	38,140,000	-	38,140,000
Disposals	-	-	-	-	-	-	-	-	-	-
At 31 December 2018	-	<b>\$131,306</b>	<b>\$1,245,942</b>	<b>\$606,706</b>	<b>\$556,053</b>	<b>\$52,271</b>	-	<b>\$38,842,466</b>	<b>\$32,630</b>	<b>\$41,467,374</b>
<b>Net Book Value</b>										
At 31 December 2017	<b>\$28,980,000</b>	<b>\$117,093</b>	<b>\$426,172</b>	<b>\$173,870</b>	<b>\$345,549</b>	<b>\$44,048</b>	<b>\$23,440</b>	<b>\$312,394,110</b>	<b>\$8,074,451</b>	<b>\$350,578,733</b>
At 31 December 2018	<b>\$31,630,000</b>	<b>\$102,342</b>	<b>\$382,998</b>	<b>\$184,127</b>	<b>\$328,585</b>	<b>\$41,998</b>	<b>\$23,440</b>	<b>\$325,007,675</b>	<b>\$8,218,315</b>	<b>\$365,919,480</b>

## VALUATION

### *Heritage buildings*

The Trust has engaged the use of expert advice of qualified and experienced engineers, quantity surveyors and valuers in determining the fair value of heritage buildings. The valuation of heritage buildings was prepared by Rhodes and Associates Limited and reviewed by Colliers International Valuation (Chch) Limited.

The depreciated replacement cost model was applied to assess the fair value of the Arts Centre buildings. Where depreciated replacement cost is somewhat limited in its ability to provide an estimate of fair and current value, it is regarded as the most suitable approach as it incorporates the obligations placed on the Trust.

In repairing and conserving these buildings the Trust is obliged, under its commitment to the principles of the ICOMOS (1) charter, to use (where possible) construction methods, techniques and materials that are the same as those that were used originally in the late nineteenth 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-impairment) in the order of \$362 million (2).

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, has been taken into consideration when determining fair value.

## BUILDING IMPAIRMENT

The heritage buildings on the Arts Centre site were extensively damaged by the series of earthquakes that have affected the Canterbury region during both the 2010 and 2011 financial periods.

It is estimated (3) the cost to repair those buildings as a consequence of those three events, less repair work carried out since 2011, is in excess of \$38.1 million.

During the 2018 year, approximately \$14.1 million was spent on repair work to the buildings (2017: \$10.5 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) ICOMOS New Zealand Charter - for the Conservation of Places of Cultural Heritage Value. Revised 2010.*

*(2) Based on a rebuild cost estimate - original construction prepared by Rhodes and Associates Limited effective 31 December 2018 and reviewed by Colliers International Valuation (Chch) Limited effective 31 December 2018.*

*(3) Based on observations and plans prepared by Holmes Construction Group, as consulting structural engineers, and cost estimates prepared by Rhodes and Associates Limited, as quantity surveyors.*

## 5. CAPITAL COMMITMENTS

	2018 \$	2017 \$
AA Boys High Building		
Less than one year	-	111,848
	<b>-</b>	<b>111,848</b>
BB, Phase 1, Stage 2		
Less than one year	735,600	-
	<b>735,600</b>	-
CA - CD buildings		
Less than one year	-	50,000
	-	<b>50,000</b>
CE - West Lecture		
Less than one year	100,000	4,260,194
	<b>100,000</b>	<b>4,260,194</b>
DA - School of Art		
Less than one year	-	2,904,353
	-	<b>2,904,353</b>
EA Chemistry building		
Less than one year	-	189,699
	-	<b>189,699</b>
GA - GC buildings		
Less than one year	-	31,661
	-	<b>31,661</b>
FA-FC Observatory, Biology, Physics		
Less than one year	1,444,400	-
	<b>1,444,400</b>	-
Sitewide Services and Infrastructure		
Less than one year	20,363	639,987
	<b>20,363</b>	<b>639,987</b>
New Workshop		
Less than one year	-	412,802
	-	<b>412,802</b>
<b>Total capital commitments</b>	<b>2,300,363</b>	<b>8,600,544</b>

## 6. OPERATING LEASE COMMITMENTS

At balance date, the Board of Trustees had entered into the following non-cancellable operating leases:

OPERATING LEASE COMMITMENTS	2018 \$	2017 \$
Less than one year	8,352	3,588
1 -2 years	16,704	1,196
3 -4 years	11,330	-
Total operating lease commitments	<b>36,386</b>	<b>4,784</b>

## 7. RELATED PARTIES

Erin Jackson is a trustee and the deputy Chairperson of the Arts Centre of Christchurch Trust Board. She is also the owner of the business Narrative Campaigns. Narrative Campaigns provide social and digital media assistance to the Trust. For the year ended 31 December 2018, the total fees paid to Narrative Campaigns were \$19,095 (2017: \$9,811).

Michael Rondel is a trustee of the Arts Centre of Christchurch Trust Board. He is also a Partner at BDO Christchurch Limited. BDO Christchurch Limited has provided services for Site wide operating cash flow modelling to the Trust. For the year ended 31 December 2018, the total of BDO Christchurch fees were \$9,080 (2017: \$78,586).

Dr Rod Carr is a trustee of the Arts Centre of Christchurch Trust Board. He was the Vice-Chancellor of the University of Canterbury until February 2019. The University of Canterbury is a tenant of the Arts Centre and leases the EA Chemistry building. This lease was negotiated on commercial terms in October 2014, which was prior to Dr Rod Carr joining the Board in February 2017. The outstanding amount at year end from University of Canterbury is \$61,342 (2017: \$1,911).

The Arts Centre owns 100% of the 100 shares in the company Quadrangle Holdings Limited. This company is not currently operational and has no assets or liabilities. Felicity Price and Michael Rondel are the current directors.

## 8. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel of the Trust include the Trustees, and the Senior Management Group. The Trustees are not remunerated. They are entitled to receive an expense allowance once a year (see Note 11). The Senior Management Group includes the CEO and Managers. The total remuneration of key management personnel and number of individuals, on a full-time equivalent (FTE) basis, receiving remuneration from the Trust are:

	2018 \$	2017 \$
Senior management group (10.5 FTE)	1,287,634	1,271,325

## 9. CONTINGENT ASSETS AND LIABILITIES

A deposit of \$31,348 is currently being held with the solicitors in relation to the planned hotel lease. The deposit will be released to the Trust upon the meeting of certain criteria by the lessee which are contingent upon a future event (2017: \$Nil).

## 10. TRUSTEE 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 (2017: \$5,400). No amounts were outstanding at balance date.

## 11. DONATIONS

Donations paid during the year were \$400 (2017: \$Nil).

## 12. EVENTS OCCURRING AFTER BALANCE DATE

There were no events after balance date.

## 13. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial instruments presented in the Statement of Financial Position relate to the following categories of assets and liabilities:

<b>FINANCIAL ASSETS</b>	<b>2018 \$</b>	<b>2017 \$</b>
Loans and Receivables:		
Cash and Cash Equivalents	3,051,068	2,513,849
Receivables from exchange transactions	169,721	158,290
Accrued interest from exchange transactions	911,158	970,363
Investments	48,801,874	61,743,945
	<b>52,933,821</b>	<b>65,386,447</b>
<b>Financial liabilities</b>	979,191	1,832,470
Trade and Other Creditors	110,400	102,425
Employee Entitlements	427,983	525,993
Bonus Accrual	<b>1,517,574</b>	<b>2,460,888</b>



HEREFORD ST

# Annual Report 2018

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Published June 2019

The Arts Centre, 2 Worcester Boulevard  
PO Box 845, Christchurch, 8140

+64 3 366 0989  
info@artscentre.org.nz  
www.artscentre.org.nz

[artscentre.org.nz](http://artscentre.org.nz)



Te Matatiki Toi Ora