

ST JAMES THEATRE CHARITABLE TRUST ANNUAL REPORT 2005/06 REVIEW

1. Introduction

St James Theatre Charitable Trust (SJT) has submitted its audited annual report for the year to 30 June 2006.

2. Key Issues

- Utilisation KPIs are not being met. The SJT have indicated that they may have to take on more risk in order to attract shows to their facilities.
- The Trust charges the Company a management fee each year that varies each year so that the operating profit in the Company is zero. Given that all of the staff are employed in the Company, it is difficult to see what management services are being provided. The auditors have agreed to this treatment and, given that the Company does not pay rent to the Trust, do not believe that it is a problem from a tax perspective.
- A linked issue with point two is the deductibility of Trust expenses. As the fee charged between the Trust and the Company is described as a management fee, theoretically the depreciation expense should not be tax deductible.

3. Performance

a. Financial

Statement of Financial Performance

\$ '000	FY Actual	2004/05 Actual
Income	4,440	4,062
Expenditure	4,444	4,380
Operating surplus	(4)	(317)

Statement of Financial Position

\$ '000	FY Actual	2004/05 Actual
Current assets	2,044	1,496
Non-current assets	20,581	20,836
Current liabilities	1,081	748
Non current liabilities	1,062	1,099
Equity	20,481	20,485
Current ratio		2:1
Equity ratio		92%

Although not outlined in the annual report, the figures from 2004/05 have been restated in the current annual report. In the above analysis I have used the restated figures. The differences are:

- Increase in current assets \$1,496,003 to \$1,519,079
- Increase in current liabilities \$747,882 to \$855,959
- Decrease in non current liabilities \$1,099,214 to \$1,014,213

These changes are due to splitting out the current portion (\$85,001) of the ANZ loan and changing RWT refundable (\$23,076) from a reduction in accrued expenses to a current asset.

Statement of Cash Flows

\$ '000	FY Actual	2004/05 Actual
Operating	1,159	618
Investing	(600)	(1,644)
Financing	(79)	1099
Net	480	73
Closing balance	1,758	1,277

b. KPIs

Key Performance Indicator	Targets	Actual
Number of performances:		
St James Theatre	126	103
Opera House	107	90
Total number of days utilised:		
St James Theatre	198	170
Opera House	129	97
Average utilisation of seats (total seats sold per performance):		
St James Theatre	55%	56%
Opera House	55%	61%
Number of Performance Related Events	47	This information was not available at the time this report was being prepared
Average spend (excluding tickets)		

per head per performance (incl. GST)	\$1.50-\$3.50	\$3.92 \$3.28
St James Theatre	\$0.30-	
Opera House	\$1.50	
Average Yield per non performance event (incl. venue rental)	\$2,672	This information was not available at the time this report was being prepared

4. Key item for the year

The SJT received funding from NZ Community trust to install a pit lift in the St James Theatre. This provides the ability to rapidly change the venue / stage configuration allowing the increasing number of short run events to be staged.

5. Governance

Two changes to the Trustees occurred during the year. Nicola Young retired and Juliet McKee was appointed.

6. Comments Regarding Council

- The Trust is grateful for WCC for assistance with the audience development initiative. However as WCC support has now ceased the sustainability of this programme is being reviewed
- The Trust provides theatre entertainment without recourse to funding from the broader ratepayer base. However they do acknowledge that WCC settled the assets to the SJT.

7. Future Plans / Issues

- The SJT is currently considering options for the development of the back lot. Given the particulars of the site, this has involved discussions with the neighbours of the back lot.
- A significant focus for the SJT is creating greater revenue from the cafes and non event businesses. To do this SJT believes that redevelopment of St James first floor gallery will be required to enhance its attractiveness to the conference market.
- The Opera House will be developed contingent on funding and venue schedules. The next stage of the development will be the installation of sprinkler systems.

- The core sponsorships are approaching renewal. Given the break even position of SJT these are an important source of revenue.
- The SJT are currently undertaking an IFRS project so that they comply with the new standards. This will include restating prior year balances. The planned completion date is the end of the calendar year.

8. Conclusion

The SJT did not require additional funding this year. They operate in an uncertain and fast changing market and will need to continually update the WCC on the risks they face.

The current Trust and Company structure should be reviewed.