

ST JAMES THEATRE CHARITABLE TRUST

ANNUAL REPORT

For the Year Ended 30 June 2010

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ANNUAL REPORT

For Year Ended 30 June 2010

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ST JAMES THEATRE CHARITABLE TRUST

ANNUAL REPORT OF TRUSTEES

The Trustees are pleased to present the Annual Report of the St James Theatre Charitable Trust ("the Trust") for the year ended 30 June 2010.

1. Vision

The Board continues to seek to fulfill the vision of the Trust, viz:

To provide a world class theatre experience to Wellingtonians and visitors, as well as to local and international theatre hirers, at the Westpac St James Theatre and the Opera House and in doing so to be a major contributor to the Quality of Life in Creative Wellington - Innovation Capital.

2. Activities

The Trust and Group made a loss of \$263,192 compared to a budgeted loss of \$469,711. This was an extremely good outcome in a year where a break even result would have been looked upon favourably.

During the year the St James Theatre was hired for performances for 184 days (2009: 113 excluding Terracotta Warriors) and the Opera House for 101 (2009: 107). This figure includes dark days, pack in and pack out.

The St James Theatre had 117 performances (2009: 88 excluding Terracotta Warriors). In 2009/10 the Opera House had 99 performances (2008/09: 97).

In the 2009/2010 year the Trust continued to focus on seeking to sustain the business through exploring new revenue streams, diversifying theatre show genre and hirers and increasing audiences. The Opera House has been a vital part of this strategy. Emphasis has been placed on improving the revenue and profitability of the Food, Beverage and Events Department which has been successful.

Ongoing discussions with Shand Shelton and the Historic Places Trust have explored the possibilities for signage and lighting on the Theatre Building. The Opera House café was leased during the year and trades under the name of Pollux. In addition to keeping the Opera House building open, it has provided valuable additional lease income.

building work was performed at the Opera House. Some purchases were made to improve the Jimmy Café, including sound-proofing the ceiling to make it more suitable to host performances, which were all covered by independent funding.

A conditioning report for both buildings was commissioned at the request of Wellington City Council which outlined the extent of repairs and maintenance work recommended over the next ten years. An Asset Management Plan has been drawn up which and will be managed with funding assistance from the City Council from July 2010 onwards.

The Fire Protection System has been part of discussions since late 2004. The installation of a Smoke Extract System, has been completed. The second stage will be the installation of the Sprinkler System in the auditorium and front of house. Continuation of this and other work, including the facade at the Opera House, has been identified in the Asset Management Plan and are likely to go ahead in 2011/12.

3. Outlook

A proposal for merger of the St James Theatre Charitable Trust and the Wellington City Council's ("the Council") Convention Centre has been presented at Council Level and is currently open for public consultation with submissions to be received for consideration by the Council before 30 September 2010. The proposed outcome is that the Trust will be wound up in order for the merger to take place and a new entity will be created to manage the operations of the the St James Theatre, Opera House, Michael Fowler Centre, Old Town Hall, TSB Arena and Shed 6. Under the proposal, the building assets and fitout belonging to the Group would be transferred to WCC ownership. The remaining assets and liabilities would be transferred to the new entity once all debts have been settled.

The Trust continues to achieve the mission of "Keeping the two historic theatres as viable working theatres, delivering high quality experiences (shows) to Wellingtonians and visitors and contributing to the Council's outcomes including Stronger Sense of Place, More Eventful, More Inclusive and More Actively Engaged".

Vital to the Trust's success is the relationship with its hirers, both overseas, local and community, to attract shows to Wellington. The Trust has worked hard to develop new hirers and has had some major achievements in this area developing new genre and markets in the performing arts and events. The Trust is particularly aware of the necessary preparation for the global opportunity in marketing Wellington as the Events and Arts Capital of New Zealand presented by the Rugby World Cup in 2011. Marketing the venues as more accessible for the wider community will continue to be a focus of the Trust. Maintaining traditional audiences as well as attracting new ones becomes even more important in the current economic climate.

The Trust also continues to seek increased revenue generation outside of the auditoriums through enhancing revenue from greater utilisation of our cafes, as well as from non-events businesses, such as rents. Soundproofing of the Jimmy Cafe has been completed and curtains have also been installed in the 1st floor gallery to assist with sound-proofing and enable events to be cordoned off.

The Trust is looking to increase the number of joint ventures it undertakes as this risk-sharing option is a safer option than 'own shows' in these uncertain economic times. The likelihood of presenting 'own shows' has fallen considerably in the past two years due to the economy and cash-flow issues. For this reason, it is unlikely that they will be considered as a viable option over the next 12 months, unless investors can be found.

The Trust will continue the ongoing development of the Opera House as described earlier subject to funds being available.

4. Thanks

The Trust records its appreciation of current sponsors - Marsh Insurance and Streets Ice Cream, and to New Zealand Community Trust (NZCT) and Pelorus Trust for their funding support.

The Wellington City Council – Mayor Kerry Prendergast, CEO Garry Poole, Councillor Ray Ahipene-Mercer, as the Culture and Arts Portfolio Leader and James Ogden, as Chair of CCOP subcommittee along with various Council Officers with whom we deal throughout the year - have all been unfailingly supportive.

And, in particular, the Trust extend its thanks for the efforts which continue to be made by our Chief Executive (Craig Goodall) and his dedicated, experienced team of managers and staff on behalf of us all.

5. Trustees

The Trustees during the year were:

Christopher Wilton Parkin
Roger Holmes Miller
Sam Knowles
Pele Catherine Walker
Stephanie Cook
Derek Fry (appointed 1 January 2010)
Juliet Mary Broad McKee (resigned 31 December 2009)

All of the Directors received a fee of \$13,000 p.a, except Chris Parkin whose fee as Chairman was \$26,000 and Derek Fry who was on a shorter six month term and was not paid. The Directors' fees are paid by the Trust.

6. Remuneration of Employees

There were two employees of the Group whose remuneration was greater than \$100,000.

**ST JAMES THEATRE CHARITABLE TRUST
BALANCE SHEET
As at 30 June 2010**

	Notes	Group		Trust Parent	
		2010 \$	2009 \$	2010 \$	2009 \$
CURRENT ASSETS					
Cash and cash equivalents	5	319,535	110,664	14,948	1,276
Trade and other receivables	7	365,905	387,858	953,125	989,026
Inventories		53,283	48,501	-	-
		738,723	547,023	968,073	990,302
NON-CURRENT ASSETS					
Intangibles	11	-	-	-	-
Property, Plant & Equipment	10	18,851,970	19,376,776	18,686,463	19,195,957
		18,851,970	19,376,776	18,686,463	19,195,957
TOTAL ASSETS		19,590,693	19,923,799	19,654,536	20,186,259
CURRENT LIABILITIES					
Trade and other payables	12	876,518	874,721	352,954	311,829
Bank loan	6	112,302	104,592	112,302	104,592
Employee benefits	16	157,422	124,801	-	-
		1,146,242	1,104,114	465,256	416,421
NON-CURRENT LIABILITIES					
Bank loan	6	531,682	643,724	531,682	643,724
TOTAL LIABILITIES		1,677,924	1,747,838	996,938	1,060,145
EQUITY					
Settlement on Trust	15	2,700,000	2,700,000	2,700,000	2,700,000
Retained Earnings	15	15,212,769	15,475,961	15,957,598	16,426,114
		17,912,769	18,175,961	18,657,598	19,126,114
TOTAL EQUITY		17,912,769	18,175,961	18,657,598	19,126,114
TOTAL EQUITY AND LIABILITIES		19,590,693	19,923,799	19,654,536	20,186,259

The Trustees of the St James Charitable Trust have authorised these financial statements for issue on 28 September 2010

.....
Trustee

.....
Trustee

ST JAMES THEATRE CHARITABLE TRUST

**STATEMENT OF COMPREHENSIVE INCOME
For the Year ended 30 June 2010**

	Notes	Group		Trust Parent	
		2010 \$	2009 \$	2010 \$	2009 \$
INCOME					
Revenue					
Sale of goods and services		3,978,591	3,436,752	-	-
Commercial lease income		231,888	214,377	-	-
Total Revenue for Operating Activities		4,210,479	3,651,129	-	-
Other grant and subsidy income	4	340,912	423,148	271,176	395,555
Total Financial income	3	5,169	1,141	121	1,141
TOTAL OPERATING INCOME	3	4,556,560	4,075,418	271,297	396,696
EXPENDITURE					
Change in inventories of finished goods		(4,784)	3,304	-	-
Raw materials and consumables used		1,870,886	1,722,639	52,351	173,196
Employee benefits expense		2,021,867	1,989,791	-	-
Depreciation and Amortisation					
Depreciation		607,421	604,797	539,243	524,336
Amortisation		-	7,570	-	-
Total Depreciation and Amortisation		607,421	612,367	539,243	524,336
Finance costs		51,919	57,101	50,720	56,925
Operating lease payments		47,724	60,495	-	-
Directors/Trustees fees		97,500	103,327	97,500	103,327
Other expenses		127,219	181,186	-	-
Impairment losses		-	-	-	-
TOTAL OPERATING EXPENDITURE		4,819,752	4,730,210	739,813	857,784
NET DEFICIT BEFORE TAX		(263,192)	(654,792)	(468,516)	(461,088)
Tax		-	-	-	-
NET DEFICIT FOR THE YEAR AFTER TAX		(263,192)	(654,792)	(468,516)	(461,088)
Other Comprehensive Income		-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)		(263,192)	(654,792)	(468,516)	(461,088)

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

ST JAMES THEATRE CHARITABLE TRUST
STATEMENT OF CHANGES IN TRUST FUNDS
For the Year ended 30 June 2010

Group	Contributed Equity \$	Accumulated Surpluses \$	Total Equity \$
Balance at 1 July 2009	2,700,000	15,475,961	18,175,961
Net Deficit For the Year	-	(263,192)	(263,192)
Other comprehensive Income	-	-	-
Total comprehensive income	-	(263,192)	(263,192)
Balance at 30 June 2010	2,700,000	15,212,769	17,912,769
Trust			
Balance at 1 July 2009	2,700,000	16,426,114	19,126,114
Net Deficit For the Year	-	(468,516)	(468,516)
Other comprehensive Income	-	-	-
Total comprehensive income	-	(468,516)	(468,516)
Balance at 30 June 2010	2,700,000	15,957,598	18,657,598
Group			
Balance at 1 July 2008	2,700,000	16,130,753	18,830,753
Net Deficit For the Year	-	(654,792)	(654,792)
Other comprehensive Income	-	-	-
Total comprehensive income	-	(654,792)	(654,792)
Balance at 30 June 2009	2,700,000	15,475,961	18,175,961
Trust			
Balance at 1 July 2008	2,700,000	16,887,202	19,587,202
Net Deficit For the Year	-	(461,088)	(461,088)
Other comprehensive Income	-	-	-
Total comprehensive income	-	(461,088)	(461,088)
Balance at 30 June 2009	2,700,000	16,426,114	19,126,114

ST JAMES THEATRE CHARITABLE TRUST
KEY PERFORMANCE INDICATORS
For the Year ended 30 June 2010

Key Performance Indicator	Targets	Actual	Notes
Total number of days utilised: St James Theatre	286	338	Includes Jimmy Café operation Does not include Pollux café
Opera	144	129	
Number of performances St James Theatre	76	117	
Opera	84	99	
Average utilisation of seats St James Theatre	55%	65%	Includes complimentaries Includes complimentaries
Opera	55%	72%	
Total number of days Jimmy bar open	300	317	
% of Wellingtonians and New Zealanders who say that Wellington is the Arts Capital of NZ		70% (Wgtn) 53% (N.Z.)	Measured by WCC on behalf of the Trust
% of Wellingtonians and New Zealanders who agree that Wellington has a culturally rich and diverse scene		94% (Wgtn) 85% (N.Z.)	Measured by WCC on behalf of the Trust
Have you been to see a show at the St James or Opera House in the last 12 months?		St James 35% Opera House 28%	Measured by WCC on behalf of the Trust
How do you rate the overall experience at the St James or the Opera House if you have been to see a show in the last 12 months?		SJ 97% positive OH 89% positive	Measured by WCC on behalf of the Trust
Total Assets: Liabilities	13:1	12:1	
Current	1:1	0.64	

The statement of accounting policies and notes to these statements form part of, and should be read in conjunction with these financial statements.

ST JAMES THEATRE CHARITABLE TRUST

STATEMENT OF ACCOUNTING POLICIES For the year ended 30 June 2010

1. General information

The financial statements for the "Trust Parent" are those of St James Theatre Charitable Trust ("the Trust") as a separate legal entity. St James Theatre Charitable Trust is a trust registered under the Incorporated Societies Act 1908.

The consolidated financial statements for the "Group" are those of the economic entity comprising St James Charitable Trust and its wholly owned subsidiary, St James Theatre Limited (the "Subsidiary").

The Trust is a registered trust and domiciled in New Zealand. The address of its registered office is 77-87 Courtenay Place, Wellington.

The Wellington City Council (WCC) is the Settlor on the Trust and as such appoints the Board of Trustees.

Changes to New Zealand legislation (Local Government Amendment Act 1999, and the Income Tax Amendment Act 1999) have resulted in the Trust having lost its charitable status for income tax purposes as at 30 June 2001, due to its position as a Council Controlled Organisation.

The Trust's Settlers do not have the power to amend these financial statements once issued.

The primary objective of the Trust is "to provide a world class theatre experience to Wellingtonians and visitors, as well as to local and international theatre hirers, at the Westpac St James Theatre and the Opera House and in doing so to be a major contributor to the Quality of Life in Creative Wellington - Innovation Capital."

The Trust and Group are designated as public benefit entities for financial reporting purposes.

The financial statements of the Trust are for the year ended 30 June 2010. The financial statements were authorised for issue by the Board of Trustees on 28 September 2010.

2. Summary of significant accounting policies

a. Basis of preparation

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other relevant applicable Financial Reporting Standards as appropriate for public benefit entities.

The Trust and Group are qualifying entities within the Framework for Differential Reporting. The Trust and Group qualify on the basis that they are not publicly accountable and are not large entities. The Trust and Group have taken advantage of all differential reporting concessions available to them.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional and presentation currency of the Trust and its Subsidiary is New Zealand dollars.

The particular accounting policies, which materially affect the measurement in relation to the income statement and balance sheet are as follows:

Going Concern Assumption

The financial statements have been prepared under the going concern assumption. The Trust considers that this assumption is appropriate for a number of reasons. The Trust:-

- a) has prepared cash flow forecasts that demonstrate that it can meet its financial obligations,
- b) has an uncommitted bank overdraft facility of \$1m in place for any temporary cash shortfalls,
- c) will take steps to address potential shortfalls in working capital should they eventuate.

In June 2010, Wellington City Council ("the Council"), the Trust's settlor, announced a proposal for the merger of the St James Theatre Charitable Trust ("the Trust") and Wellington City Council's Convention Centre. The proposal is currently open for public consultation with submissions to be received for consideration by the Council before 30 September 2010.

These financial statements have been prepared adopting the going concern assumption, on the basis that no decision on the proposed merger, including its timing and structure, has been made by the Council. The Trustees consider this basis of preparation to be appropriate until such time as they are able to determine with certainty that the proposed merger will take place and what the implications for the Trust will be. Should the proposal be approved by the Council, it may result in the winding up of the Trust and Group and the transfer of its assets to the Council by way of a distribution.

Change in Accounting Policy

The Trust has adopted NZ IAS 1 Revised (Presentation of Financial Statements) for the year ended 30 June 2010. This requires that recognised income and expense are presented separately from owner changes in equity in a statement of comprehensive income. This change in accounting policy impacts only the presentation of the financial statements.

b. Revenue recognition

Revenue comprises the fair value for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts. Revenue is recognised as follows:

Sales of goods

Sales of goods are recognised when the Group has delivered a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the amount of the sale, including credit card fees payable for the transaction. Such fees are included in bank fees and finance costs.

Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

Rental income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Grants

Grants are recognised in the Statement of Comprehensive Income when the funds are received. Any grants for which there are restrictions placed on the use and/or recognition of the grant, and when these requirements have not been completed are carried as liabilities until the conditions have been fulfilled. Sponsorship is recognised at the time of invoicing, as the benefit has been accrued to the other party upon payment of the sponsorship.

c. Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of the Trust as at 30 June 2010 and the results of the subsidiary for the year then ended. The Trust and its subsidiary together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Trust controls another entity.

Subsidiaries which form part of the Group are consolidated from the date on which control is transferred to the Trust. They are de-consolidated from the date that control ceases.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, less costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income.

Inter-company transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

d. Leases

Operating Lease

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

e. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings as a current liability in the Balance Sheet.

f. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for doubtful debts. A provision for impairment of trade receivables is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

g. Inventories

Inventories held for sale on a commercial basis are valued at the lower of cost and net realisable value.

The cost of the inventory is determined using the first-in first-out method.

The write down from cost to current replacement cost or net realisable value is recognised as an expense in the Statement of Comprehensive Income.

h. Property, plant and equipment

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The depreciation rates adopted are as follows:

Buildings	1% - 2%
Building fit-out, Plant & Equipment	4% - 80%
Technological Equipment	6.6% - 36%
Furniture & fittings	7.8% - 18.6%
Uniforms	80%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

i. Intangible assets

Software acquisition

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Group's website are recognised as an expense when incurred.

Amortisation

Computer software licenses are amortised on a straight-line basis over their estimated useful life of 3 years.

Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of or has a zero net book value.

The amortisation charge for each period is recognised in the Statement of Comprehensive Income.

j. Impairment of non-financial assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Group would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If the carrying amount of an asset exceeds its recoverable amount, the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the Statement of Comprehensive Income.

k. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

l. Employee benefits
Short-term benefits

Short term employee benefits are those that the Group expects to be settled within 12 months of balance date and are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date and sick leave.

m. Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

n. Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Balance Sheet.

Commitments and contingencies are disclosed exclusive of GST.

o. Taxation

The income tax expense recognised for the year is calculated using the taxes payable method and is determined using tax rules. Under the taxes payable method, income tax expense in respect of the current period is equal to the income tax payable for the same period.

p. Critical judgements in applying the Group's accounting policies

The Trustees must exercise their judgement when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

q. Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after Balance Sheet date. These are classified as non-current assets. Loans and receivables are classified as 'Trade and other receivables' and 'Cash and cash equivalents' in the Balance Sheet. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

r. Financial risk management

The Group's activities expose it to credit risk, foreign exchange risk and interest rate risk.

Credit risk

The Group incurs credit risk from transactions with debtors in the normal course of business. The Group does not have any significant concentration of credit risk.

Amounts owed by debtors are unsecured. The Group does not require any collateral or security to support debtors. The carrying value of receivables are equivalent to their fair value.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar. Foreign exchange risk arises from future commercial transactions and recognised monetary asset and liabilities. The Group manages this risk by monitoring exchange rates on a daily basis and making purchases as considered prudent at the time.

Interest Rate Risk

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest risk.

s. Foreign currency translation
Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

t. Investments in subsidiaries

Investments in subsidiaries in the Trust Parent financial statements are stated at cost less impairment.

u. Settlement on trust

Settlement on trust is classified as equity in the balance sheet. These funds are recognised at the fair value contributed by the Settlor on inception of the Trust.

ST JAMES THEATRE CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2010

3 Revenue and other income

	Group		Trust Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Theatre operations	2,263,646	1,737,170	-	-
Food, beverage and events	1,714,945	1,699,582	-	-
Grants and sponsorship	340,912	423,148	271,176	395,555
Tenancies and other income	231,888	214,377	-	-
Interest	5,169	1,141	121	1,141
Total	4,556,560	4,075,418	271,297	396,696

4 Grants and donations

	Group		Trust Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Grant income during the year comprises:				
Grants & trust funding	186,736	268,972	117,000	241,379
Wellington City Council (refer note 20)	154,176	154,176	154,176	154,176
Total	340,912	423,148	271,176	395,555

5 Cash and cash equivalents

The Trust and Group currently uses call accounts to earn interest on any excess funds held for operational purposes.

30-Jun-10	Group	Trust Parent	Interest Rate	Maturity
	\$	\$		
Cash at bank and in hand	41,163	14,324	1%	Current
Deposits at call	278,372	624	2%	Current
Total cash & cash equivalents	319,535	14,948		

30-Jun-09	Group	Trust Parent	Interest Rate	Maturity
	\$	\$		
Cash at bank and in hand	(917)	575	0%	Current
Deposits at call	111,581	701	Variable	Current
Total cash & cash equivalents	110,664	1,276		

ST JAMES THEATRE CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*Continued*)
For the year ended 30 June 2010

6 Borrowings

As at 30 June 2010 the ANZ Bank has approved funding of up to \$1.0 million to the Trust and Group. Currently this is by way of an overdraft arrangement of \$500,000 each for the Subsidiary and the Trust at the floating interest rate of 11.3% (2009: 11.3%) per annum on any overdrawn amount (nil at 30 June 2010 and 30 June 2009). The Trust entered into a 10 year Term loan with the ANZ for \$1.1m at an annual interest rate of 7.13%. The Trust paid total interest of \$49,843 for the year ended 30 June 2010 (2009: \$56,925).

30-Jun-10		Group	Trust Parent	Interest Rate	Maturity
		\$	\$		
Bank loans	Current	112,302	112,302		
	Non-Current	531,682	531,682		
	TOTAL	643,984	643,984	7.13%	1-May-15

30-Jun-09		Group	Trust Parent	Interest Rate	Maturity
		\$	\$		
Bank loans	Current	104,592	104,592		
	Non-Current	643,724	643,724		
	TOTAL	748,316	748,316	7.13%	1-May-15

7 Trade and other receivables

	Group		Trust Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Trade	253,317	301,093	173,448	188,073
less provision for doubtful debts	(8,500)	-	-	-
	244,817	301,093	173,448	188,073
Subsidiaries	-	-	738,413	798,084
Related parties (note 20)	-	-	-	-
Prepayments	50,700	71,717	38,390	-
Other receivables	70,388	15,048	2,874	2,869
Total	365,905	387,858	953,125	989,026

8 Bad and doubtful trade receivables

The Trust and Group have recognised losses of \$17,622 in respect of bad and doubtful trade receivables during the year ended 30 June 2010 (2009: \$6,903).

ST JAMES THEATRE CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*Continued*)
For the year ended 30 June 2010

9 Investment in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described above.

Name of entity	Principal activities	Equity holding	
		2010	2009
St James Theatre Limited	Theatre management	100%	100%

Interest in subsidiary

Carrying value of interest in subsidiary	nil	nil
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The Trust's investment in the subsidiary comprises 101 ordinary shares which are fully paid
The subsidiary has a balance date of 30 June.

As at 30 June 2008 the Trust undertook an impairment assessment of its investment in the subsidiary. As a result of the assessment, the trustees have elected to write the value of this investment down to nil, as the carrying value exceeded the recoverable amount. This assessment continues to be valid at 30 June 2010.

10 Property, plant and equipment

GROUP	Land and Buildings	Fit out, Plant & Equipment	Technological Equipment	Furniture, Fittings & Uniforms	Total
	\$	\$	\$	\$	\$
As at 30 June 2010					
Cost	16,145,555	9,919,808	67,125	174,992	26,307,480
Accumulated depreciation	(1,918,098)	(5,370,890)	(54,928)	(111,594)	(7,455,510)
Net Book Amount	14,227,457	4,548,918	12,197	63,398	18,851,970
As at 30 June 2009					
Cost	16,145,555	9,875,732	64,810	144,968	26,231,065
Accumulated depreciation	(1,782,552)	(4,925,206)	(47,791)	(98,740)	(6,854,289)
Net Book Amount	14,363,003	4,950,526	17,019	46,228	19,376,776
TRUST PARENT					
As at 30 June 2010					
Cost	16,145,555	9,376,681	-	-	25,522,236
Accumulated depreciation	(1,918,098)	(4,917,675)	-	-	(6,835,773)
Net Book Amount	14,227,457	4,459,006	-	-	18,686,463
As at 30 June 2009					
Cost	16,145,555	9,347,184	-	-	25,492,739
Accumulated depreciation	(1,782,552)	(4,514,230)	-	-	(6,296,782)
Net Book Amount	14,363,003	4,832,954	-	-	19,195,957
	Group		Trust Parent		
	2010	2009	2010	2009	
Depreciation Expense	\$	\$	\$	\$	
Land and Buildings	135,547	135,547	135,547	135,547	
Fit out, Plant & Equipment	451,393	448,640	403,696	388,789	
Technological Equipment	7,626	8,171	-	-	
Furniture, Fittings & Uniforms	12,855	12,439	-	-	
Total	607,421	604,797	539,243	524,336	

The bank loans and overdraft of the Trust and Group are secured by first mortgage over the Group's freehold land and buildings.

ST JAMES THEATRE CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*Continued*)
For the year ended 30 June 2010

11 Intangibles

Group

	Computer Software \$	Total \$
As at 30 June 2010		
Cost	162,630	162,630
Accumulated depreciation	(162,630)	(162,630)
Net Book Amount	<u>-</u>	<u>-</u>
As at 30 June 2009		
Cost	162,630	162,630
Accumulated depreciation	(162,630)	(162,630)
Net Book Amount	<u>-</u>	<u>-</u>

The Trust does not hold any intangible assets (2009: Nil).

12 Trade and other payables

	Group		Trust Parent	
	2010 \$	2009 \$	2010 \$	2009 \$
Trade	292,786	242,823	57,354	510
Revenue in advance	280,122	280,122	280,122	280,122
Performance deposits held	158,826	161,363	-	-
Accruals	79,261	98,158	878	13,000
GST payable	65,523	92,255	14,600	18,197
Total	<u>876,518</u>	<u>874,721</u>	<u>352,954</u>	<u>311,829</u>

ST JAMES THEATRE CHARITABLE TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2010

13 Financial instruments by category

Assets as per balance sheet	Loans and Receivables
Group	\$
As at 30 June 2010	
Trade and other receivables	315,205
Cash and cash equivalents	319,535
	<u>634,740</u>
As at 30 June 2009	
Trade and other receivables	316,141
Cash and cash equivalents	110,664
	<u>426,805</u>
Trust Parent	
As at 30 June 2010	
Trade and other receivables	914,735
Cash and cash equivalents	14,948
	<u>929,683</u>
As at 30 June 2009	
Trade and other receivables	989,026
Cash and cash equivalents	1,276
	<u>990,302</u>
Liabilities as per balance sheet	Measured at amortised cost
As at 30 June 2010	\$
Group	
As at 30 June 2010	
Borrowings	643,984
Trade and other Payables	810,995
	<u>1,454,979</u>
As at 30 June 2009	
Borrowings	748,316
Trade and other Payables	782,466
	<u>1,530,782</u>
Trust Parent	
As at 30 June 2010	
Borrowings	643,984
Trade and other Payables	338,354
	<u>982,338</u>
As at 30 June 2009	
Borrowings	748,316
Trade and other Payables	293,632
	<u>1,041,948</u>

ST JAMES THEATRE CHARITABLE TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2010

14 Income taxation

The St James Theatre Charitable Trust is not a charitable trust for taxation purposes because of its position as a Council Controlled Organisation. However, the Trust does not currently pay any income tax and does not expect to pay any in the foreseeable future. This is because the Trust is in a tax loss position and has significant unrecognised tax losses available to be carried forward (approximately \$4.31 million as at 30 June 10) and offset against any future income tax liability.

Reconciliation of Taxable Losses

	Group		Trust Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
a. Reconciliation of effective tax rate				
Profit / (loss) before tax	(263,192)	(654,792)	(468,516)	(461,088)
Income tax @ 30%	(78,958)	(196,438)	(140,555)	(138,326)
Expenses not deductible for tax purposes	2,849	2,021	-	-
Temporary differences	(64,830)	(64,941)	(72,328)	(74,178)
Utilisation of previously unrecognised tax losses	-	-	-	-
Under (over) provision in prior years	-	-	-	-
Tax expense/(losses) carried forward	(140,938)	(259,357)	(212,883)	(212,505)

In May 2010 the New Zealand Government announced a reduction in the corporate tax rate from 30% to 28%. This will be effective from the 2011/12 income tax year.

15 Equity and retained earnings

a. Equity

	Group		Trust Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Settlement on Trust	2,700,000	2,700,000	2,700,000	2,700,000
Retained earnings (b)	15,212,769	15,475,961	15,957,598	16,426,114
Total	17,912,769	18,175,961	18,657,598	19,126,114

b. Retained earnings

	Group		Trust Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Balance at beginning of year	15,475,961	16,130,753	16,426,114	16,887,202
Net deficit for the year	(263,192)	(654,792)	(468,516)	(461,088)
Balance at end of year	15,212,769	15,475,961	15,957,598	16,426,114

The Settlement on Trust balance above has been classified as equity due to the fact that this amount is not required to be repaid.

ST JAMES THEATRE CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*Continued*)
For the year ended 30 June 2010

16 Employee benefits

Group & Parent	2010	2009
	\$	\$
Annual leave entitlements	88,439	91,445
Wages and salaries payable	68,983	33,356
Total employee benefits	157,422	124,801

17 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Trust Group.

	Group		Trust Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
PricewaterhouseCoopers:				
Assurance services	27,652	27,652	-	-
Taxation services and other financial advice	-	6,525	-	-
Total fees	27,652	34,177	-	-

18 Commitments

The following details commitments associated with the Trust and the Group.

a. Capital commitments

The capital commitments for the Trust and Group at 30 June 2010 amounted to Nil (2009: Nil).

b. Lease commitments

In the current year the Group's lease of computer equipment from Technology Rental Limited terminated. A lease of six months was entered into with the Groups' IT provider, Lantech, who had purchased the equipment for its residual value.

The ongoing lease commitment under non-cancellable operating leases is:

	Group		Trust Parent	
	2010	2009	2010	2009
	\$	\$	\$	\$
Less than one year	15,274	47,918	-	-
Between one and five years	-	254	-	-
Total lease commitments	15,274	48,172	-	-

ST JAMES THEATRE CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*Continued*)
For the year ended 30 June 2010

19 Contingent liabilities

There are no contingent liabilities for Trust and Group at 30 June 2010 (2009: Nil).

20 Related party information

The Trust and Subsidiary had material transactions with the following related parties:

Mr. S Whittington is a Director of the Subsidiary and is not a Trustee of the Trust. Mr. Whittington receives directors fees of \$13,000 p.a. (2009: \$13,000 p.a.) which are paid directly to Buddle Findlay, of which Mr. Whittington is a partner, and are used to provide the Trust and Group with legal advice during the year.

The WCC has given the Trust an operating grant of \$154,176 p.a. for 10 years for the Opera House Flying system upgrade project. As at 30 June 2010 the unspent grant income of \$280,122 has been recognised in the Balance Sheet as income received in advance (2009: \$280,122).

As at 30 June 2010 the Trust has a receivable of \$738,413 (2009: \$798,083), representing the remaining management fee payable by the Subsidiary to the Trust of \$221,166 and other expenses and cash advances owed by the Subsidiary to the Trust. There was no management fee payable from the Subsidiary to the Trust in 2010 (2009: Nil). This amount is eliminated on consolidation. The Trust has resolved not to seek repayment of this amount within the next 12 months.

There is no amount included in accounts payable as at 30 June 2010 owed to the Subsidiary (2009: nil).

The Trust pays the directors fees for the Subsidiary (2009: same). In 2010, the audit fee was paid by the Subsidiary (2009: same).

21 Events occurring after balance date

There have been no events that have occurred subsequent to balance date (2009: Nil).

St James Theatre Charitable Trust

Statement of Taxable Income For the Year Ended 30 June 2010

	2010	2009
Net Profit/(Loss)	(468,516)	\$ (461,088)
Add		
Accounting depreciation	135,547	128,833
Non deductible interest expense	50,720	56,765
UOMI received	-	-
Impairment Loss	-	-
Less:		
Tax depreciation	(376,641)	(376,094)
Non assessable grant income	<u>(50,720)</u>	<u>(56,765)</u>
Expenses not deductible for tax purposes	(241,094)	(247,261)
Taxable Income	(709,610)	(708,349)