

ST JAMES THEATRE CHARITABLE TRUST

ANNUAL REPORT

For the Year Ended 30 June 2011

ST JAMES THEATRE CHARITABLE TRUST

ANNUAL REPORT

For Year Ended 30 June 2011

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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 2011.

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 \$496,265 compared to a budgeted loss of \$453,969. The objective of the Trust is to break even before depreciation. An operating profit of \$86,409 before depreciation was achieved, an extremely good outcome in a year still heavily affected by the economic downturn.

During the year the St James Theatre was hired for performances for 105 days (2010: 184) and the Opera House for 101 (2010: 101). This figure includes dark days, pack in and pack out.

The St James Theatre had 91 performances (2010: 117). In 2010/11 the Opera House had 87 performances (2009/10: 99).

In the 2010/2011 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.

Sound equipment for the Jimmy Café was funded by the Performing Arts Foundation of NZ (PAF), and enabled the hosting of four cabaret acts in June 2011. In addition, a new range and other equipment was purchased for the Jimmy Café kitchen to replace some very old appliances.

In 2009/10 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 (AMP) was drawn up by Shand Shelton and is being managed with funding assistance from the City Council.

As part of the AMP, \$217,000 was spent on deferred maintenance on the St James and Opera House buildings and funded by WCC in accordance with the AMP. The principal work was water-proofing the exterior of the St James and repairing the Opera House verandah. Expenditure to this extent on the buildings had not been possible in the past due to the low cash levels of the Trust.

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. Priorities may change in the timing of planned work with the escalation in importance of seismic work at the Opera House.

3. Outlook

The merger between the St James Theatre Charitable Trust and the Wellington City Council's ("the Council") Convention Centre took place on the 1st of July 2011. The Trust will be wound up in order for the merger to take place and a new entity, Wellington Venues Ltd (WVL) has been created to manage the operations of the the St James Theatre, Opera House, Michael Fowler Centre, Old Town Hall, TSB Arena and Shed 6. The building assets and fitout belonging to the Group will be transferred to WCC ownership. The remaining assets and liabilities would be transferred to WVL 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". This objective will continue as the theatres move into the future as part of WVL.

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.

The Trust has continued 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. Improvements have continued to be made to the Jimmy Cafe with the installation of sound and lighting equipment to complement the sound-proofing from last year.

The Trust, as part of WVL, continues to look at increasing 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 perceived risk of presenting 'own shows' has increased in the past two years due to the economy, cash-flow issues and the emergence of companies offering heavily discounted tickets. For this reason, it is likely that they will be only considered as a viable option over the next 12 months if they are considered to be exceptional box office prospects.

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 sponsor Streets Ice Cream, the Performing Arts Foundation of New Zealand (PAFNZ) and Wellington City Council for their funding support.

The Trust extend its thanks for the efforts which continue to be made by the 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
Samuel Knowles
Pele Catherine Walker
Stephanie Cook (resigned 30 September 2010)
Derek Fry

Stephen Whittington is a director of the Trust but not a trustee. Derek Fry is an employee of Wellington City Council and is an unpaid trustee.

Roger Miller and Pele Walker received a full annual fee of \$13,000. Chris Parkin, Sam Knowles and Stephen Whittington were made directors of Wellington Venues Ltd from 1 February 2011 and to avoid being paid twice were only paid by St James until 31 January 2011. Stephanie Cook finished as director of the Trust at 30 September 2010. A charge was also received from Wellington Venues Ltd of \$21,875 which represented a share of directors' fees. The Directors' fees are paid by the Trust.

Directors fees paid were as follows:

Chris Parkin	\$	15,167
Roger Miller	\$	13,000
Samuel Knowles	\$	7,583
Pele Walker	\$	13,000
Stephanie Cook	\$	3,250
Stephen Whittington	\$	7,583

6. Remuneration of Employees

There was one employee whose remuneration was greater than \$100,000, falling between \$150,000 - \$160,000.

7. Windup of Trust

As at 30 June 2011, the Group ceased trading as the St James Theatre Charitable Trust and was effectively wound up. All activities previously undertaken by the Group are now performed by the recently formed Council Controlled Trading Organisation (CCTO), Wellington Venues Ltd. The land and buildings held by the Trust will be transferred to WCC. Assets held by the Company will be transferred to WCC, trading as Wellington Venues.

ST JAMES THEATRE CHARITABLE TRUST

BALANCE SHEETS
As at 30 June 2011

Notes	Group		Trust Parent		
	2011	2010	2011	2010	
	\$	\$	\$	\$	
CURRENT ASSETS					
Cash and cash equivalents	5	14,825	319,535	766	14,948
Trade and other receivables	7	226,215	365,905	639,558	953,125
Inventories		48,584	53,283	-	-
Intangibles	11	-	-	-	-
Property, Plant & Equipment	10	18,377,171	-	18,187,731	-
		<u>18,666,795</u>	<u>738,723</u>	<u>18,828,055</u>	<u>968,073</u>
NON-CURRENT ASSETS					
Property, Plant & Equipment		-	18,851,970	-	18,686,463
		<u>-</u>	<u>18,851,970</u>	<u>-</u>	<u>18,686,463</u>
TOTAL ASSETS		<u>18,666,795</u>	<u>19,590,693</u>	<u>18,828,055</u>	<u>19,654,536</u>
CURRENT LIABILITIES					
Trade and other payables	12	562,197	876,518	71,336	352,954
Bank loan	6	531,823	112,302	531,823	112,302
Employee benefits	16	156,271	157,422	-	-
		<u>1,250,291</u>	<u>1,146,242</u>	<u>603,159</u>	<u>465,256</u>
NON-CURRENT LIABILITIES					
Bank Loan		-	531,682	-	531,682
		<u>-</u>	<u>531,682</u>	<u>-</u>	<u>531,682</u>
TOTAL LIABILITIES		<u>1,250,291</u>	<u>1,677,924</u>	<u>603,159</u>	<u>996,938</u>
EQUITY					
Settlement on Trust	15	2,700,000	2,700,000	2,700,000	2,700,000
Retained Earnings	15	14,716,504	15,212,769	15,524,896	15,957,598
		<u>17,416,504</u>	<u>17,912,769</u>	<u>18,224,896</u>	<u>18,657,598</u>
TOTAL EQUITY		17,416,504	17,912,769	18,224,896	18,657,598
TOTAL EQUITY AND LIABILITIES		<u>18,666,795</u>	<u>19,590,693</u>	<u>18,828,055</u>	<u>19,654,536</u>

The Trustees of the St James Charitable Trust have authorised these financial statements for issue on 28 September 2011

.....
Trustee

.....
Trustee

ST JAMES THEATRE CHARITABLE TRUST

STATEMENTS OF COMPREHENSIVE INCOME
For the Year ended 30 June 2011

	Notes	Group		Trust Parent	
		2011 \$	2010 \$	2011 \$	2010 \$
INCOME					
Revenue					
Sale of goods and services		3,109,254	3,978,591	-	-
Commercial lease income		258,867	231,888	-	-
Total Revenue for Operating Activities		3,368,121	4,210,479	-	-
Other grant and subsidy income	4	565,927	340,912	337,608	271,176
Total Financial income	3	5,440	5,169	1,368	121
TOTAL OPERATING INCOME	3	3,939,488	4,556,560	338,976	271,297
EXPENDITURE					
Change in inventories of finished goods		4,812	(4,784)	-	-
Raw materials and consumables used		1,352,804	1,870,886	58,653	52,351
Employee benefits expense		1,929,295	2,021,867	-	-
Depreciation and Amortisation					
Depreciation		582,674	607,421	531,644	539,243
Total Depreciation and Amortisation		582,674	607,421	531,644	539,243
Finance costs		41,270	51,919	41,138	50,719
Operating lease payments		26,288	47,724	-	-
Directors/Trustees fees		82,888	97,500	82,888	97,500
Other expenses		415,722	127,219	57,355	-
TOTAL OPERATING EXPENDITURE		4,435,753	4,819,752	771,678	739,813
NET DEFICIT BEFORE TAX		(496,265)	(263,192)	(432,702)	(468,516)
Tax	14	-	-	-	-
NET DEFICIT FOR THE YEAR AFTER TAX		(496,265)	(263,192)	(432,702)	(468,516)
Other Comprehensive Income		-	-	-	-
TOTAL COMPREHENSIVE LOSS		(496,265)	(263,192)	(432,702)	(468,516)

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
STATEMENTS OF CHANGES IN TRUST FUNDS
For the Year ended 30 June 2011

Group	Contributed Equity \$	Accumulated Surpluses \$	Total Equity \$
Balance at 1 July 2010	2,700,000	15,212,769	17,912,769
Net Deficit For the Year	-	(496,265)	(496,265)
Other comprehensive Income	-	-	-
Total comprehensive income	-	(496,265)	(496,265)
Balance at 30 June 2011	2,700,000	14,716,504	17,416,504
Trust			
Balance at 1 July 2010	2,700,000	15,957,598	18,657,598
Net Deficit For the Year	-	(432,702)	(432,702)
Other comprehensive Income	-	-	-
Total comprehensive income	-	(432,702)	(432,702)
Balance at 30 June 2011	2,700,000	15,524,896	18,224,896
Group			
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

ST JAMES THEATRE CHARITABLE TRUST
KEY PERFORMANCE INDICATORS
For the Year ended 30 June 2011

Key Performance Indicator	Targets	Actual	Notes
Total number of days utilised: St James Theatre	290	322	Includes Jimmy Café operation Does not include Pollux café
Opera House	160	125	
Number of performances St James Theatre	86	91	
Opera House	108	87	
Number of non-performance events St James Theatre	200	231	
Opera House	50	38	
Total number of days Jimmy bar open	290	274	
% of Wellingtonians and New Zealanders who say that Wellington is the Arts Capital of NZ		70% (Wgtn) 53% (N.Z.) (2010)	No measurement made in 2010-11. Measured by WCC on behalf of the Trust in 2009-10
% of Wellingtonians and New Zealanders who agree that Wellington has a culturally rich and diverse scene		94% (Wgtn) 85% (N.Z.) (2010)	No measurement made in 2010-11. Measured by WCC on behalf of the Trust in 2009-10
Have you been to see a show at the St James or Opera House in the last 12 months?		St James 27% Opera House 21%	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 84% positive	Measured by WCC on behalf of the Trust
Total Assets: Liabilities	13:1	15:1	All assets and liabilities now treated as current
Current	0.5:1	15:1	

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 2011

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 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 2011. The financial statements were authorised for issue by the Board of Trustees on 28 September 2011.

2. Summary of significant accounting policies

a. Basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. They comply with New Zealand equivalents to International Financial Reporting Standards, 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, except for NZ IAS 18 paragraph NZ 6.1.

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 realisation basis which has not resulted in any changes to the accounting policies previously applied.

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 Statements of Comprehensive Income and Balance Sheets are as follows:

Going Concern Assumption

The going concern assumption has not been adopted as the Trust & Company will be wound up as soon as is practicable after 1 July 2011. 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 Convention Centre began trading as Wellington Venues on 1 February 2011, with an understanding that the Trust would join the merger on 1 July 2011.

On 1 July 2011 the merger took place and the operations of St James Theatre Charitable Trust and St James Theatre Ltd were transferred into Wellington Venues Project, a business unit of Wellington City Council (WCC) which is managed by Wellington Venues Limited. On wind up, the assets and liabilities of St James Theatre Charitable Trust and assets of St James Theatre Ltd will be transferred to WCC as settlor of the trust for no consideration.

Change in Accounting Policy

There have been no changes in accounting policy.

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 2011 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. 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

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 Group 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. Cost is the purchase price of the inventory.

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. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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%
Land	Not depreciated

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 an asset's carrying amount exceeds its recoverable amount, the asset is impaired and 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

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its assets at initial recognition and re-evaluates this designation at every reporting date.

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. Regular purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

r. 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.

s. Investments in subsidiaries

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

t. 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 2011

3 Revenue and other income

	Group		Trust Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Theatre operations	1,514,744	2,263,646	-	-
Food, beverage and events	1,594,510	1,714,945	-	-
Grants and sponsorship (note 4)	565,927	340,912	337,608	271,176
Tenancies and other income	258,867	231,888	-	-
Interest	5,440	5,169	1,368	121
Total	3,939,488	4,556,560	338,976	271,297

4 Grants and donations

	Group		Trust Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Grant income during the year comprises:				
Grants & trust funding	68,591	146,736	57,485	117,000
Wellington City Council (refer note 20)	497,336	194,176	280,123	154,176
Total	565,927	340,912	337,608	271,176

in 2011, the Wellington City Council ("the WCC") gave grants totalling \$217,213 (2010: \$40,000 event funding) toward deferred maintenance as part of the 10 year Asset Maintenance Plan. WCC also paid the annual grant of \$154,176 to repay the flying system loan. A further amount of \$125,947 relating to the flying system loan, previously recorded as Income in Advance, was recognised as revenue in this financial year.

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-11	Group	Trust Parent
	\$	\$
Cash at bank and in hand	13,907	-
Deposits at call	918	766
Total cash & cash equivalents	14,825	766

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

ST JAMES THEATRE CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*Continued*)
For the year ended 30 June 2011

6 Borrowings

As at 30 June 2011 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 10.3% (2010: 11.3%) per annum on any overdrawn amount (nil at 30 June 2011 and 30 June 2010). 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 \$41,135 for the year ended 30 June 2011 (2010: \$49,843).

30-Jun-11		Group	Trust Parent
		\$	\$
Bank loans	Current	531,823	531,823
	TOTAL	531,823	531,823

30-Jun-10		Group	Trust Parent
		\$	\$
Bank loans	Current	112,302	112,302
	Non-Current	531,682	531,682
	TOTAL	643,984	643,984

7 Trade and other receivables

	Group		Trust Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Trade	178,915	253,317	14,950	173,448
less provision for doubtful debts	-	(8,500)	-	-
	178,915	244,817	14,950	173,448
Subsidiaries	-	-	592,413	738,413
Prepayments	2,473	50,700	-	38,390
Other receivables	44,827	70,388	32,195	2,874
Total	226,215	365,905	639,558	953,125

8 Bad and doubtful trade receivables

The Trust and Group have recognised losses of \$2,488 in respect of bad and doubtful trade receivables during the year ended 30 June 2011 (2010: \$17,622).

ST JAMES THEATRE CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*Continued*)
For the year ended 30 June 2011

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	
		2011	2010
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 2011.

10 Property, plant and equipment

GROUP	Land and Buildings	Fit out, Plant & Equipment	Technological Equipment	Furniture, Fittings & Uniforms	Total
	\$	\$	\$	\$	\$
As at 30 June 2011					
Cost	16,145,555	10,026,072	36,261	175,267	26,383,155
Accumulated depreciation	(2,053,645)	(5,800,198)	(28,053)	(124,088)	(8,005,984)
Net Book Amount	14,091,910	4,225,874	8,208	51,179	18,377,171
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
TRUST PARENT					
As at 30 June 2011					
Cost	16,145,555	9,409,592	-	-	25,555,147
Accumulated depreciation	(2,053,645)	(5,313,771)	-	-	(7,367,416)
Net Book Amount	14,091,910	4,095,821	-	-	18,187,731
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
	Group		Trust Parent		
	2011	2010	2011	2010	
Depreciation Expense	\$	\$	\$	\$	
Land and Buildings	135,547	135,547	135,547	135,547	
Fit out, Plant & Equipment	429,596	451,393	396,097	403,696	
Technological Equipment	3,394	7,626	-	-	
Furniture, Fittings & Uniforms	14,137	12,855	-	-	
Total	582,674	607,421	531,644	539,243	

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 2011

11 Intangibles

Group

	Computer Software	Total
	\$	\$
As at 30 June 2011		
Cost	157,056	157,056
Accumulated amortisation	(157,056)	(157,056)
Net Book Amount	-	-
As at 30 June 2010		
Cost	162,630	162,630
Accumulated amortisation	(162,630)	(162,630)
Net Book Amount	-	-

The Trust does not hold any intangible assets (2010: Nil).

12 Trade and other payables

	Group		Trust Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Trade	330,687	292,786	15,465	57,354
Revenue in advance	-	280,122	-	280,122
Performance deposits held	39,506	158,826	-	-
Accruals	157,538	79,261	55,923	878
GST payable	34,466	65,523	(52)	14,600
Total	562,197	876,518	71,336	352,954

ST JAMES THEATRE CHARITABLE TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2011

13 Financial instruments by category

Assets as per balance sheet	Loans and Receivables
Group	\$
As at 30 June 2011	
Trade and other receivables	223,742
Cash and cash equivalents	14,825
	<u>238,567</u>
As at 30 June 2010	
Trade and other receivables	315,205
Cash and cash equivalents	319,535
	<u>634,740</u>
Trust Parent	
As at 30 June 2011	
Trade and other receivables	639,558
Cash and cash equivalents	766
	<u>640,324</u>
As at 30 June 2010	
Trade and other receivables	914,735
Cash and cash equivalents	14,948
	<u>929,683</u>
Liabilities as per balance sheet	Measured at amortised cost
As at 30 June 2011	\$
Group	
As at 30 June 2011	
Borrowings	531,823
Trade and other Payables	527,731
	<u>1,059,554</u>
As at 30 June 2010	
Borrowings	643,984
Trade and other Payables	810,995
	<u>1,454,979</u>
Trust Parent	
As at 30 June 2011	
Borrowings	531,823
Trade and other Payables	71,388
	<u>603,211</u>
As at 30 June 2010	
Borrowings	643,984
Trade and other Payables	338,354
	<u>982,338</u>

ST JAMES THEATRE CHARITABLE TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 30 June 2011

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 of approximately \$5.70 million as at 30 June 2011 available to be carried forward (\$5.02 million as at 30 June 10) and offset against any future income tax liability.

Reconciliation of Taxable Losses

	Group		Trust Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
a. Reconciliation of effective tax rate				
Loss before tax	(496,265)	(263,192)	(432,702)	(468,516)
Income tax @ 30%	(148,880)	(78,958)	(129,811)	(140,555)
Expenses not deductible for tax purposes	2,378	2,849	-	-
Temporary differences	(81,002)	(64,830)	(72,328)	(72,328)
Tax losses carried forward	(227,504)	(140,939)	(202,139)	(212,883)

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	
	2011	2010	2011	2010
	\$	\$	\$	\$
Settlement on Trust	2,700,000	2,700,000	2,700,000	2,700,000
Retained earnings (b)	14,716,504	15,212,769	15,524,896	15,957,598
Total	17,416,504	17,912,769	18,224,896	18,657,598

b. Retained earnings

	Group		Trust Parent	
	2011	2010	2011	2010
	\$	\$	\$	\$
Balance at beginning of year	15,212,769	15,475,961	15,957,598	16,426,114
Net deficit for the year	(496,265)	(263,192)	(432,702)	(468,516)
Balance at end of year	14,716,504	15,212,769	15,524,896	15,957,598

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 2011

16 Employee benefits

Group & Trust Parent	2011	2010
	\$	\$
Annual leave entitlements	79,525	88,439
Wages and salaries payable	76,746	68,983
Total employee benefits	156,271	157,422

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	
	2011	2010	2011	2010
	\$	\$	\$	\$
PricewaterhouseCoopers:				
Assurance services	29,044	27,652	-	-
Taxation services and other financial advice	-	-	-	-
Total fees	29,044	27,652	-	-

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 2011 amounted to Nil (2010: 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	
	2011	2010	2011	2010
	\$	\$	\$	\$
Less than one year	-	15,274	-	-
Between one and five years	-	-	-	-
Total lease commitments	-	15,274	-	-

ST JAMES THEATRE CHARITABLE TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (*Continued*)
For the year ended 30 June 2011

19 Contingent liabilities

There are no contingent liabilities for Trust and Group at 30 June 2011 (2010: 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. He received directors fees of \$7,583 until 31 January 2011 (2010: \$13,000 p.a.) which were paid directly to Buddle Findlay, of which Mr. Whittington is a partner, and were 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 2011 no unspent grant income has been recognised in the Statement of Comprehensive Income as revenue. In 2010, it was recognised in the Balance Sheet as income in advance (\$280,122).

As at 30 June 2011 the Trust has a receivable of \$592,413 (2010: \$738,413), 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 2011 (2010: Nil). This amount is eliminated on consolidation.

There is no amount included in accounts payable as at 30 June 2011 owed to the Subsidiary (2010: Nil).

The Trust pays the directors fees for the Subsidiary (2010: same). In 2011, the audit fee was paid by the Subsidiary (2010: same).

The Group receives grants from the Wellington City Council, refer to note 4.

21 Events occurring after balance date

As set out in note 2, the Trustees are in the process of winding up the Group.