

The Arts Centre
of CHRISTCHURCH



Annual Report

2014





- Foreword -

Alive with activity is the best description of the Arts Centre over the past year.

Over the previous 12 months, the restoration project has spread across the site, with progress made on a number of key buildings. With around half the site targeted for reopening by the end of 2015, the pace of the work has been considerable.

Although much of the restoration is carried out behind the safety fences, several completed elements provide very visible signs of the progress that is being achieved. The Clock Tower and College Hall turret in particular are proud symbols of the quality and level of detail in the work that is underway.

As the site is progressively reopened, it is also being brought back to life. This year, we were excited to welcome back the arts to our site, with Free Theatre and collaborators Arts Circus creating a new performance space in the Gymnasium.

While the Arts Centre was appropriately insured, the shortfall between funding for the restoration and the cost to complete the whole project remains significant. We are extremely grateful for the contributions and support of all our donors and sponsors who remain committed to the Arts Centre. Although our constrained funding means we must be prudent and prioritise each element of this highly complex and detailed programme, we - together with all our supporters - are extremely proud of what has been achieved this year.



-Chair Report-

Last year was about building on the solid foundations that were put in place for a re-imagined and restored Arts Centre. The Arts Centre Vision is now starting to become reality.

The heritage restoration project continues in earnest across the site. All those involved in the project are displaying a high level of care and commitment as the buildings are faithfully restored. It is truly special to be able to walk down Worcester Boulevard and hear the bell ringing once again in the Clock Tower. The progressive reopening of these important areas of the site in the coming months will be a cause for celebration.

In the meantime we continue to look for opportunities to progressively bring people back to the Arts Centre by promoting arts, culture and education activities. We remain committed to supporting the creative sector in our city and we look forward to hosting the Christchurch Arts Festival again in 2015.

We are also incredibly grateful for the support of our sponsors and for the donations received to date. Fundraising is a key strategic focus as we move forward, with the Cornerstone Programme and other initiatives now underway. The establishment of the Friends of the Arts Centre is also an important way for us to reconnect with our stakeholders and strengthen existing relationships. We aim to build on these foundations in the months ahead.

Special legislation was introduced in Parliament in 2014 to support and complement these efforts. The Arts Centre of Christchurch Trust Bill passed its first reading in 2014 and has received widespread support from across the political spectrum. The Act is now in place and there is a six month transitional period to establish a skills-based Board in accordance with legislative criteria. It is vitally important that we have a strong set of skills on the Board during the restoration phase over the next few years. Continuity will also be a key consideration in the short term to ensure that management has the necessary support to complete the restoration project and deliver on the Arts Centre Vision.

It is indeed a privilege to play a governance role as custodians of this special place. The support we have received to date really does make a difference. It strengthens the resolve of all those involved to keep up the hard work. We firmly believe that the Arts Centre of Christchurch can once again be a place for our community and, we think, a beacon of hope that our city can rise up better and stronger than before.

Jen Crawford
Board Chair





-CEO Report-

Our approach in the last 12 months has been to consolidate our restoration activity to focus on:

- The completion of over half the built area of the site before the end of calendar year 2015, including:
 - The Clock Tower, College Hall and Classics buildings
 - The Boys' High building
 - The Library and Common Room buildings
 - The Chemistry building
 - The new centralised plant building
- Continuation of the restoration of the Engineering extensions building through 2015
- Continuation of site wide building services, reticulation works and landscape design activities
- Completion of design for the West Lecture and School of Art/Girls' High buildings.

I am incredibly appreciative of the commitment of the large team of people engaged in all aspects of the restoration.

The remainder of 2015 will see a much greater emphasis on the leasing of available space, as we take the first tangible steps of turning the Vision of the Arts Centre into reality.

Funds management and fundraising

The Trust's insurance settlement is invested and continues to fund the restoration and operation of the organisation. Following a review, the Trustees determined to manage the investment portfolio in-house, rather than via an external funds manager. This approach continues to be subject to review, but at the present time is considered appropriate in view of the investment strategy Trustees have established.

Fundraising, along with cost savings, continue to be a major focus. In the last 12 months, drawdowns of the Christchurch Earthquake Appeal Trust grant commenced and a number of other grants and donations were received. With the first half of the restoration funded, our focus is now very much on funding the second half of the programme. As part of this, the Arts Centre has launched a major new fundraising initiative, the Cornerstone Programme, through which we aim to raise \$100,000 before the end of 2015.

Rutherford's Den

In December 2014, the Trustees of the Rutherford's Den Trust Board resolved to wind up the Rutherford's Den Trust at the end of the 2014/15 financial year.

The decision to wind up the Den Trust was taken following a review of the role that the Den would have in the future. As part of this, the merit of a separate governance arrangement did not outweigh the benefits of the governance and operations of the Den being made a more fundamental part of the Arts Centre.

Rutherford's Den has long been one of the outstanding visitor attractions at the Arts Centre. It also performs an important role in the education of young New Zealanders on science and the impact of Ernest, Lord Rutherford's work on today's world.

The refurbished Rutherford's Den is being designed to appeal to a wide range of visitors and locals alike. Our objective is for visitors to the Den to learn about the power of not only Rutherford's work, but also the power of ideas, creativity and leadership – all traits that made Rutherford who he was.

The operations and governance of the Den have now been brought into the Arts Centre's organisation, including the delivery of the Rutherford's Den education programme.

Other activity

Our primary focus continues to be the efficient and careful completion of the restoration. However, we have continued to contribute to opportunities which promote and facilitate the arts, culture and education.

One highlight has been the commencement of the Free Theatre and Arts Circus lease of the Gymnasium building. There have been a wide range of performance projects, designed to bring together a range of artists and creative disciplines, including children's education programmes held in the Gymnasium since July 2014. We look forward to seeing the building being used for a wide range of events and performances.

Another highlight occurred in January when Market Square proudly hosted the World Buskers Festival, in what we hope will be an annual occurrence. Over the course of the festival, thousands of visitors and local people had the opportunity to enjoy high-quality, open air theatre once again; the weather was glorious and the crowds were huge.

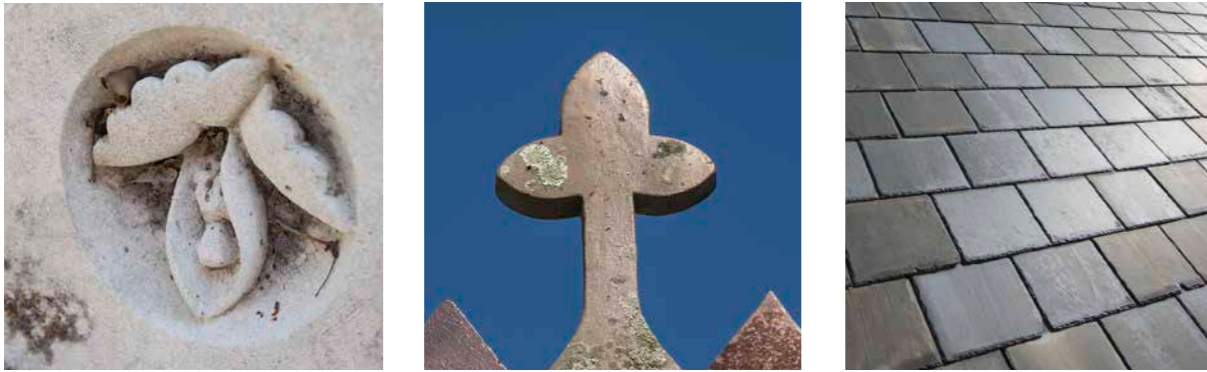
We are all excited to see the return of the Christchurch Arts Festival to the Arts Centre in August this year. The Festival promises to excite and delight our community once again.

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

The Friends of the Arts Centre was formed in the last 12 months. The Friends have kicked off their activities with the target of raising \$150,000, to enable the reinstatement of the spectacular flèche that we aim to install on the completed Boys' High building.

André Lovatt

Chief Executive



-Progress-

2014 was a year of significant progress, with the Arts Centre a hive of restoration activity. In the year to December 2014, the Arts Centre has achieved a number of milestones and successes, with the restoration of the Clock Tower and the opening of the Gymnasium as a venue for the Arts very visible symbols of the progress being made.

Restoration success

August 2014 marked the completion of the Gymnasium restoration. Once the gym of the former Boys' High, the restored building now features a soaring glass canopy, providing a covered, multi-purpose courtyard. To mark the opening, a public open day was held, with a large crowd attending to walk through the finished project. The restoration was completed with a generous grant of \$50,000, received last year from The Christchurch Earthquake Appeal Fund (UK).

Another high-profile symbol of the progress that is being made throughout the site was the restoration of one of its best-known architectural features, the College Hall turret. During the September 2010 earthquake, the turret broke free of its footing and rotated in place about 50mm.

The turret, which has been extensively strengthened and restored, was craned into position in the early morning of Tuesday 2 December, 2014. Renovated by Fletcher Construction Company over six months, the turret has been relined with concrete, replacing the original interior brickwork, and the entire tower structure reinforced with concrete and steel. The Arts Centre's team of expert stonemasons replaced around 10 per cent of the exterior stonework for the turret, repairing the damage suffered in the September 2010 earthquake.

Repairs to the Clock Tower on Worcester Boulevard have been a highly visible sign of the progress being made on site. For four years, the clock had been stopped at 12.51pm - the time the earthquake struck on 22nd February 2011. Representatives of the original UK manufacturers of the historic clock, Gillette and Johnston, carried out the restoration of the clock on site. The bell, constructed in London in 1878, was cleaned and restored and has a new hammer cast, new straps, and housing - a process made possible by a generous donation of \$600,000 by The Lion Foundation.

Work is also progressing on Girls' High/School of Art, West Lecture Theatre and the new subterranean workshop. Strengthening work that was carried out on the buildings in 2008 has meant that Girls' High was the least damaged building on site.

This year, restoration also commenced on the Engineering Extension building, due for completion in May 2016. The building was first completed in 1923, before being converted into a lecture theatre in 1959, and then a performance theatre in the 1970s. Future use of the building is in discussion, with emphasis on creating a flexible, multi-purpose space.

Welcoming back the arts

In October 2014, collaborators Free Theatre and Arts Circus began the first new arts-practice tenancy at the Arts Centre in the restored Gymnasium. Throughout the year, Free Theatre introduced a programme of professional performances designed to engage with the extraordinary environment of contemporary Christchurch. A popular regular feature in the new venue were the company's Ubu Nights which combined performance, film, music and hospitality.

While Free Theatre's new works and an accompanying education programme have provided the backbone to this new venture, the company also provided space and facilities for private and community events.

The SCIRT World Buskers Festival 2015 brought its special brand of colour and excitement to the Arts Centre in January, with performances at a special stage in Market Square. Thousands of locals and visitors attended the free events, making the summer a lively experience at the Arts Centre.

Funding progress

The Arts Centre was the recipient of a \$1.12m grant from the Lottery World War One Commemorations, Environment and Heritage Committee. The funding will go towards the creation of conservation plans and engineering reports for the West Lecture Theatre, Girls' High School and F block (Biology and Observatory, Biology Extensions and Physics buildings), which forms part of the initial phase in the restoration of these buildings.

In October, the Southern Trust donated \$25,000 towards the restoration of two of the large stained glass windows along the Rolleston Avenue side of College Hall. The row of six large stained glass windows require post-earthquake restoration, each with three lancets and three circular tracery panels made of antique European glass. Fortunately, the windows survived the earthquakes mainly intact, but have sustained damage to the glass, lead, framing and vandal-proof covers.

Holmes Consulting Group, the site's civil and structural engineering consultant for the restoration programme, also provided generous financial support to the Arts Centre, by donating \$12,000 towards fundraising events and activities.

Focused on raising \$2m for the redevelopment of Rutherford's Den, a new fundraising campaign aims to create a content-rich, digitally enabled interactive experience in the actual rooms where Nobel laureate Ernest, Lord Rutherford worked. It is hoped the refreshed Rutherford's Den will help inspire a new generation of scientists and innovators.

WW100: Remembering their sacrifices

The College Hall Memorial Window is a unique reminder of the sacrifices a generation of young New Zealanders made in the First World War. As part of New Zealand's commemoration of the 100-year anniversary of the war, the Arts Centre is playing a part in local remembrance activities. The window will be rededicated in the names of staff and students of Canterbury College, the School of Engineering, the School of Art, and Christchurch Boys' and Girls' High Schools, who were killed during the Great War. As part of this project, the names of the fallen will be commemorated on new plaques to be displayed beneath the restored window. The project is funded by the Lottery World War One Commemorations, Environment and Heritage Committee.

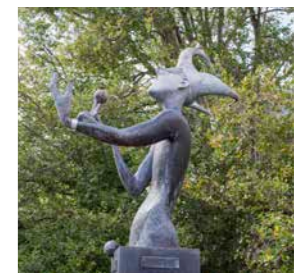
Our people

From stonemasons and construction workers, to board members, stakeholders and friends, the people working tirelessly at the Arts Centre continue to give the site its life and purpose.

The Friends of the Arts Centre held their inaugural event at the Spectrum Street Art Exhibition at the YMCA. The event featured outstanding musical performances from the children of the Specialist Music Programme, based at Westburn Primary School. The event was well attended by a range of supporters.

The Arts Centre of Christchurch Trust Act received unanimous support from Parliament. The focus of the Act is on introducing a skills-based governance structure, ensuring the appointment of board members with the broad range of skills required to see the restoration programme to its completion.

Currently one of the largest heritage restoration projects in the world, restoration activity continues right across the site ready, with over \$110m committed to the programme and hundreds of skilled workers dedicated to its successful delivery. With the target of completing half of the site ready for repopulation in 2015, the project is about to move into a new and exciting phase: bringing people back to a renewed and restored Arts Centre.



-Team on site -

We would like to take this opportunity to recognise the ongoing hard work and support of the following organisations involved in the restoration programme in 2014.

Design Team

Abley Transportation Consultants
 Acoustic Engineering Services
 Adderley Head
 Aqualinc
 Boffa Miskell
 Christchurch Agency for Energy
 Dave Pearson Architects
 Eliot Sinclair and Partners
 Geotech Consulting
 Holmes Consulting Group
 Holmes Fire
 Insignis
 Opus International
 Pedersen Read
 Powell Fenwick Consultants
 Resource Management Group
 Rhodes and Associates
 Savills in association with ProDirections
 Torque IP
 Underground Overground Archaeology
 Warren and Mahoney

Contractors

AF Plumbing Services
 Alarm Solutions
 Arbor-Tek
 Benmax
 C. Lund & Son
 Cashmere Engineering
 Chubb
 Clark Electrics
 Code 9
 Concut
 Daveron Scaffolding Ltd
 Dooleys Masonry
 Fletcher Construction
 Gillett & Johnston
 Graham Stewart Stained Glass
 Haley Construction
 James Herdman Roofing
 McMillan Drilling
 McTavish and McTavish
 MultiMedia Communications
 Parkside Quarries
 Simon Construction
 The Arts Centre Property team
 Titan
 Triton



RESTORATION PROGRESS



330,000

PERSON HOURS WORKED



14

CONTRACTS AWARDED



9,952

SLATE TILES PLACED



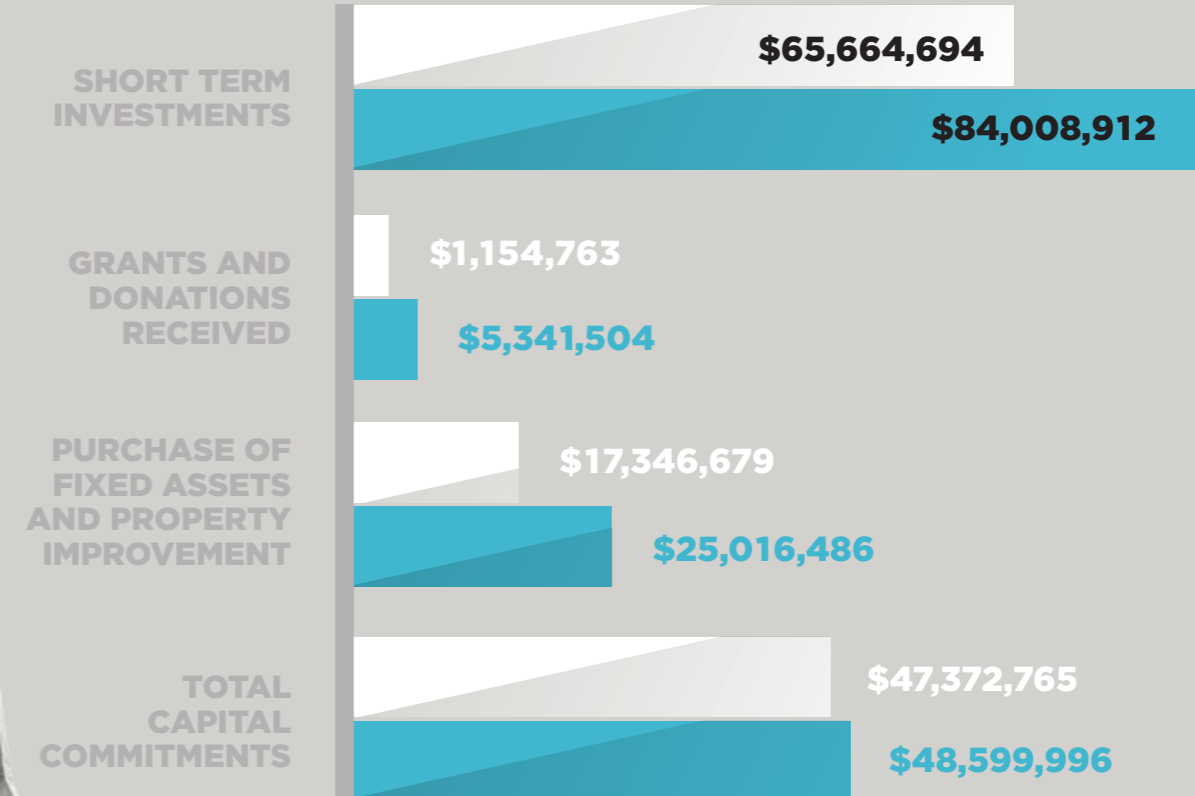
97,000

KILOGRAMS OF LIMESTONE CARVED



FINANCIAL POSITION

2013 2014



Meet —THE— Board



Jen Crawford (Chair)

Jen is a resource management law specialist and a Partner at Anderson Lloyd Lawyers. She has 19 years experience in project consenting and also holds a First Class Honours Bachelor of Arts (History).

Jen is a Chartered Member of the Institute of Directors, a member of Heritage New Zealand Pouhere Taonga and the Resource Management Law Association, as well as being a past trustee of the University of Canterbury Foundation. She was appointed to the Trust Board in May 2010.



Scott McCrea (Co-Deputy Chair)

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



Deane Simmonds

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



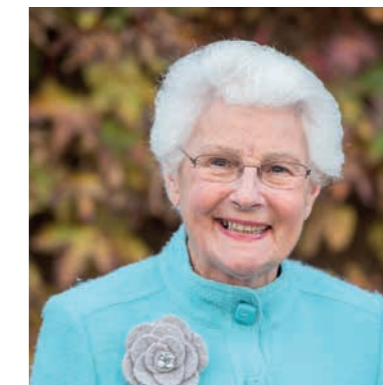
Martin Hadlee

A Chartered Accountant, Martin is currently principal consultant to his management services company. He has held a number of directorships, is currently a trustee for numerous private trusts/estates and continues to maintain a significant level of activity within community-based organisations. Martin has been involved with the Arts Centre since its establishment in the late 1970s and contributed to the formation of the Trust and the transfer of the property from the University of Canterbury. He has worked closely with all of the boards since and has advised on financial matters for the past three decades. As Secretary/Treasurer, Martin was also Chair of the Board's finance committee until June 2014. He was appointed a trustee in March 2009.



Michael Rondel

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



Hon. Margaret Austin

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



Gillian Heald

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



Rob Hall (Co-Deputy Chair)

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



Paula Rigby

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



Erin Jackson

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



Yani Johanson

Christchurch City Councillor, Yani Johanson, joined the Arts Centre Trust Board this year as a nominee of the Christchurch City Council. Yani brings his extensive governance experience and passion for heritage and the inner city, to his role. Yani says he was delighted to be appointed by Council to the Arts Centre Trust Board and is focused on reestablishing a closer civic relationship as the Arts Centre repairs and rebuilds.



Arts Centre of Christchurch Trust Board FINANCIAL STATEMENTS

for the year ended 31 December 2014

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Trust directory

Date of settlement 31 December 1978

Trustees

- Margaret Austin
- Jennifer Crawford (Chairperson)
- Martin Hadlee
- Rob Hall (Co-Deputy Chair)
- Gillian Heald
- Erin Jackson
- Yani Johanson
- Scott McCrea (Co-Deputy Chair)
- Paula Rigby
- Michael Rondel
- Deane Simmonds

Bankers Bank of New Zealand
Christchurch

Solicitors Anderson Lloyd
Christchurch

Simpson Grierson
Christchurch

Auditors Grant Thornton New Zealand
Audit Partnership
Christchurch

Accountants Ernst & Young Limited
Christchurch

Chief Executive André Lovatt

Secretary/Treasurer Martin Hadlee
MJ Hadlee Consulting
Services Ltd
Christchurch



Independent Auditor's Report

Audit
Grant Thornton New Zealand Audit Partnership
 Level 3, 2 Hazeldean Road
 Addington
 PO Box 2099
 Christchurch
 T +64 (0)3 379 9560
 F +64 (0)3 356 3720
 www.grantthornton.co.nz

To the Trustees of the Arts Centre of Christchurch Trust Board

Report on the financial statements

We have audited the financial statements of The Arts Centre of Christchurch Trust Board (the "Trust") on pages 20 to 34, which comprise the statement of financial position as at 31 December 2014, and the statement of financial performance, statement of movements in trust capital and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibilities

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

Auditor's responsibilities

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

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

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

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

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

Opinion

In our opinion, the financial statements on pages 20 to 34 present fairly, in all material respects, the financial position of The Arts Centre of Christchurch Trust Board as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Grant Thornton New Zealand Audit Partnership
 Christchurch, New Zealand
 4 May 2015

Statement of financial position

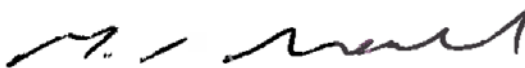
as at 31 December 2014

	Note	2014	2013
Current assets			
Cash and bank balances		5,202,008	4,426,505
Accounts receivable		1,093,594	3,048,818
GST refund due		575,059	381,758
Prepayments		294,757	254,374
Inventories		885,797	487,809
Short-term investments		65,664,694	84,008,912
		73,715,909	92,608,176
Non current assets			
Property, plant and equipment	5	230,171,002	207,773,211
Investments		55,000,000	52,618,680
		285,171,002	260,391,891
Total assets		\$358,886,911	\$353,000,067
Current liabilities			
Accounts payable		3,990,075	1,760,747
Employee entitlements	7	632,605	401,163
Grants unspent	3	140,141	103,638
		4,762,821	2,265,548
Trust capital	2	354,124,090	350,734,519
Total capital and liabilities		\$358,886,911	\$353,000,067

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

4.5.15
Date


Trustee


Trustee

Statement of financial performance

for year ended 31 December 2014

	Note	2014	2013
Income			
Property income			
General fees and other income		41,415	25,117
Rentals and parking		168,068	100,992
Under-recovery of tenant opex, energy and marketing costs		(39,771)	(49,559)
Total property income		169,712	76,550
Grants, sponsorship and donations		65,799	24,590
Gain on value of investments		–	463,768
Interest received		5,784,039	5,572,254
		6,019,550	6,137,162
Expenses			
Administration		432,551	455,698
Audit fees	12	12,840	12,000
Depreciation	5	343,892	341,038
Property costs		369,035	254,313
Public relations		62,031	89,619
Staff costs		1,088,801	1,096,061
Total Expenses		2,309,150	2,248,729
Sub Total		3,710,400	3,888,433
Non-operating expenses			
Contribution to charitable and community organisations		(32,246)	(32,306)
Net trading surplus		3,678,154	3,856,127
Non-trading adjustments			
Grants and donations received utilised for capital projects		3,884,401	1,904,251
Earthquake insurance settlement - Rutherfords Den	15	(110,582)	–
Net surplus transferred to Trust capital		\$7,451,973	\$5,760,378

Statement of movements in trust capital

for year ended 31 December 2014

	Note	2014	2013
Trust capital at beginning of year		350,734,519	245,442,346
Net surplus transferred to Trust capital		7,451,973	5,760,378
Add contributions			
Revaluation movement - annual revaluation	2	(29,611,120)	20,108,701
Revaluation movement - earthquake impairment	2	25,548,718	79,423,094
Total contributions		(4,062,402)	99,531,795
Trust capital at end of year		\$354,124,090	\$350,734,519



Statement of cash flows

for year ended 31 December 2014

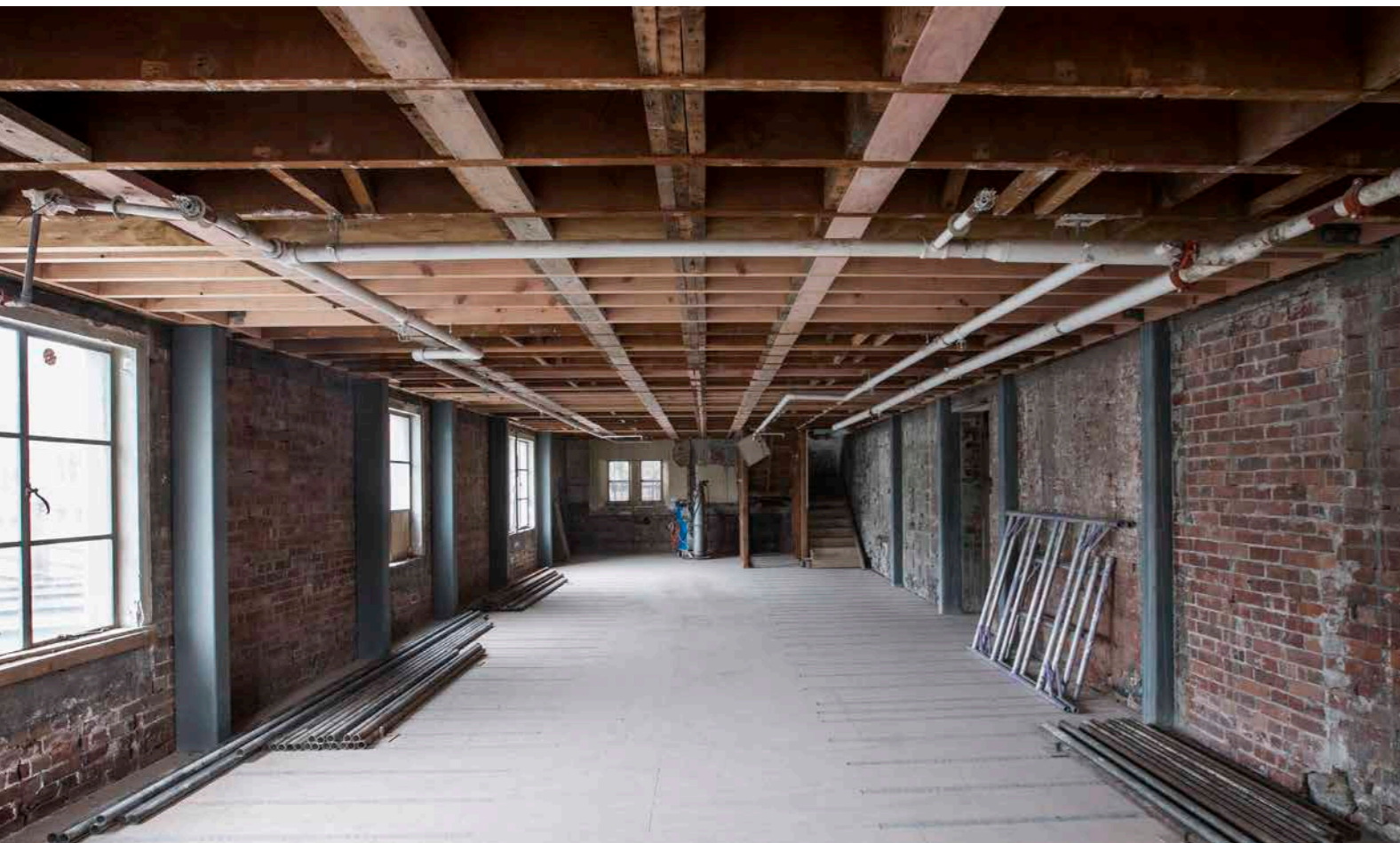
	Note	2014	2013
Operating activities			
Cash was provided from:			
Grants and donations received		5,341,504	1,154,763
Interest received		6,205,272	4,958,967
Net movement in GST		245,032	-
Receipts from customers		152,084	127,780
		11,943,892	6,241,510
Cash was applied to:			
Net movement in GST		-	1,313,730
Payments to suppliers		2,114,800	1,637,113
		2,114,800	2,950,843
Net cash inflow (outflow) from operating activities		9,829,092	3,290,667
Investing activities			
Cash was provided from:			
Proceeds from the disposal of investments		15,962,898	-
Sale of investments		-	13,697,260
		15,962,898	13,697,260
Cash was applied to:			
Purchase of fixed assets and property improvement		25,016,486	17,346,679
Purchase of investments		-	-
		25,016,486	17,346,679
Net cash inflow (outflow) from investing activities		(9,053,588)	(3,649,419)
Net increase (decrease) in cash held		775,504	(358,752)
Add opening cash brought forward		4,426,505	4,785,257
Ending cash carried forward		\$5,202,009	\$4,426,505
Cash balances in balance sheet			
Current assets		5,202,009	4,426,505
Ending cash carried forward		5,202,009	\$4,426,505

The accompanying notes form part of these financial statements

Statement of cash flows

for year ended 31 December 2014

Note	2014	2013
Reconciliation of net profit with cashflows from operating activities		
Reported surplus	7,451,973	5,760,378
Add non-cash items		
Depreciation	343,892	341,038
Loss on disposal of fixed assets	(32)	241
Gain on value of investments	-	(463,768)
	7,795,833	5,637,889
Add (less) movements in other working capital items		
Decrease/(increase) in accounts receivable	1,955,224	(1,594,087)
Decrease/(increase) in prepayments	(40,383)	(241,038)
Decrease/(increase) in inventories	(397,988)	(390,547)
Increase/(decrease) in accounts payable	673,204	1,194,264
Increase/(decrease) in GST payable	(193,301)	(1,185,490)
Increase/(decrease) in unspent grants	36,503	(130,324)
Net cash inflow from operating activities	\$9,829,092	\$3,290,667



Notes to the financial statements

for year ended 31 December 2014

1 Statement of accounting policies

Reporting entity

The Arts Centre of Christchurch Trust Board ("the Trust") is registered in accordance with the Charities Act 2005.

Statement of compliance

The financial statements comply with NZ Financial Reporting Standards.

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practices in New Zealand (NZ GAAP). A new multi-standards financial reporting framework has been introduced in New Zealand by the External Reporting Board (XRB). The framework changes will mean the Trust, as a not-for-profit (NFP) public benefit entity (PBE), will report against a new suite of public benefit entity accounting standards (International Public Sector Accounting Standards). As the Trust is designated for as a PBE, the financial statements will need to be prepared using the new PBE standards from financial year ending 31 December 2016, with comparatives restated for FY 2015. The Trustees have not assessed the impacts arising from this transition.

Measurement base

The financial statements have been prepared on an historical cost basis, except for certain property assets that have been measured at fair value.

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.

Significant accounting policies

Accounting policies have been applied on a consistent basis with those of the previous period.

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

(a) Accounts receivable

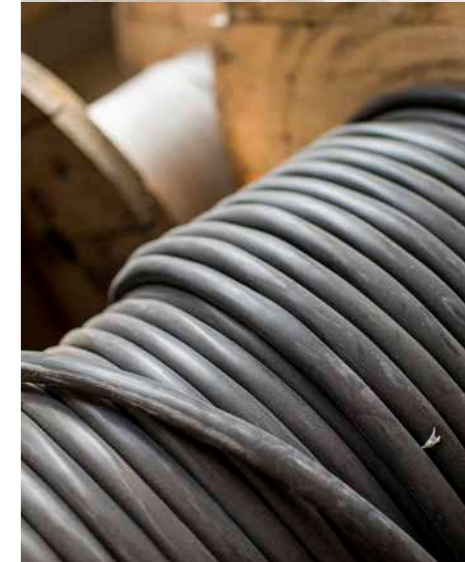
Accounts receivable are stated at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

(b) 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.

(c) Investments

Investments are stated at the lower of cost or market value for non listed securities. For listed securities these are stated at market value.



Notes to the financial statements

for year ended 31 December 2014

(d) Property, plant and equipment

Land

Land is 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.

Land is not depreciated.

Buildings

Buildings are measured at fair value.

The fair value of non-heritage buildings that operate independently on a fully commercial basis are measured using a replacement cost approach.

Portable buildings are valued at cost less accumulated depreciation.

The depreciation rates used are:

	Rate	Method
Portable buildings	3.0%-13.5%	SL

The fair value of heritage buildings are determined by the depreciated replacement cost without adjustment for optimisation. The valuation will be performed and/or reviewed annually by a suitably qualified surveyor.

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.

The Board has determined that the collection of heritage buildings has an indefinite future life and accordingly no depreciation will apply.

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

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

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

Notes to the financial statements

for year ended 31 December 2014

Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. The depreciation rates used are:

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

Artwork

Artwork is measured at cost. Where artwork has been donated it is initially recorded at fair value. Artwork is not depreciated.

Revaluation of Property, Plant and Equipment

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

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

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

Impairment of Property, Plant and Equipment

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount.

For revalued assets, any impairment loss is recognised against the revaluation reserve for that class of asset.

Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Financial Performance.

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

Taxation

Income Tax

The Trust is exempt from income tax.

Goods and Services Tax (GST)

The financial statements are prepared on a GST exclusive basis.

Revenue recognition

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

Leased equipment

Operating lease rentals are expensed in the period incurred.



Notes to the financial statements

for year ended 31 December 2014

2 Trust capital	Note	2014	2013
Property and site revaluation reserve			
Opening balance		172,021,015	72,489,220
Movement in land revaluation		1,500,000	5,000
Movement in buildings revaluation		(31,111,120)	20,103,701
Impairment due to Canterbury Earthquake		25,548,718	79,423,094
		167,958,613	172,021,015
Undistributed income			
Balance brought forward		178,713,504	172,953,126
Net surplus after taxation		7,451,973	5,760,378
		186,165,477	178,713,504
Balance at end of year		\$354,124,090	\$350,734,519
3 Grants unspent			
		2014	2013
Great Hall Restoration Fund		94,471	94,471
The Southern Trust		25,000	-
New Zealand Lotteries Grants Board		20,670	-
Strengthening Communities		-	9,167
		\$140,141	\$103,638

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

4 Investments

Short term investments consist of bank term deposits which mature within 12 months of balance date.

Non-current investments consist of bank term deposits which mature after 12 months of balance date.



Notes to the financial statements

for year ended 31 December 2014

5 Property, plant and equipment	2014	2013	
	Carrying amount	Accum depn	Book value
2014			
Land	26,325,000	-	26,325,000
Motor vehicles	220,524	82,087	138,437
Plant and equipment	1,435,368	863,178	572,190
Computers	308,356	252,665	55,691
Furniture and fittings	485,887	381,779	104,108
Leasehold improvements	94,269	43,086	51,183
Artwork	23,440	-	23,440
Buildings	319,306,799	4,564	319,302,235
Buildings - impairment	(116,401,282)	-	(116,401,282)
	\$231,798,361	\$1,627,359	\$230,171,002
2013			
Land	24,825,000	-	24,825,000
Motor vehicles	220,524	65,091	155,433
Plant and equipment	1,080,637	755,230	325,407
Computers	297,163	228,384	68,779
Furniture and fittings	483,251	366,772	116,479
Leasehold improvements	94,269	40,306	53,963
Artwork	23,440	-	23,440
Buildings	324,159,274	4,564	324,154,710
Buildings - impairment	(141,950,000)	-	(141,950,000)
	\$209,233,558	\$1,460,347	\$207,773,211

Depreciation expense

	2014	2013
Buildings	176,846	209,672
Motor vehicles	16,997	16,293
Plant and equipment	107,948	80,107
Computer equipment	24,313	14,690
Furniture and fittings	15,008	17,251
Leasehold improvements	2,780	3,025
	\$343,892	\$341,038



Notes to the financial statements

for year ended 31 December 2014

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 and reviewed by Savills NZ.

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

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 1800's or early twentieth century.

This original approach to repair and conservation work can be as much as three or four times more expensive, on a cost per square metre of building basis, than the cost incurred when applying currently available construction methods, techniques and materials.

Using an original approach to value the heritage buildings on the site results in a carrying value for these buildings (pre-impairment) in the order of \$318 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 of 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 \$116 million.

During the 2014 year, approximately \$26 million was spent on repair work to the buildings (2013: \$17 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 effective 31 December 2014 and reviewed by Savills Valuation and Advisory Services effective 31 December 2014.

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

Notes to the financial statements

for year ended 31 December 2014

6 Financial Instruments

Classes

The Trust has the following classes of financial instruments: cash and bank balances, accounts receivable, short term investments, non-current investments and accounts payable. The balances of these financial instruments are shown on the statement of financial position.

Credit risk

The Trust is party to financial instruments which potentially subject the organisation to credit risk. These instruments primarily consist of bank balances and accounts receivable. Credit evaluations are performed on all customers requiring credit and the Trust generally does not require collateral or other security to support financial instruments with credit risk. In some instances, personal guarantees are required from tenants and accordingly, such obligations are incorporated into the lease agreements with those tenants.

Interest rate risk

The Trust has interest rate risk in relation to its short term investments and non current investments. Interest rates at balance date range from 4.39% per annum to 5.55% per annum.

Currency risk

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

Fair values

The estimated fair values of the Trust's financial instruments as at 31 December 2014 are equivalent to the carrying values as detailed in the financial statements.

Insurance risk

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

7 Employee entitlements

	2014	2013
Opening balance	401,163	45,499
Employee entitlements accrued	373,506	441,800
Employee entitlements paid	(142,064)	(86,136)
	<u>\$632,605</u>	<u>\$401,163</u>

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

8 Christchurch City Council contributions

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

	2014	2013
Current year contributions	<u>800,000</u>	<u>1,780,774</u>

Notes to the financial statements

for year ended 31 December 2014

9 Capital commitments

	2014	2013
AA Boys High Building		
Less than one year	11,862,441	–
1-2 years	–	10,106,348
2-5 years	–	5,053,174
	<u>\$11,862,441</u>	<u>\$15,159,522</u>
Total operating lease commitments		
Gymnasium building		
Less than one year	–	176,786
	–	<u>\$176,786</u>
Boys High Canopy		
Less than one year	–	944,910
	–	<u>\$944,910</u>
BA Engineering		
Less than one year	7,220,665	–
1-2 years	3,610,332	–
	<u>\$10,830,997</u>	–
Clock Tower and College Hall buildings		
Less than one year	11,458,599	13,315,114
1-2 years	–	6,657,557
	<u>\$11,458,599</u>	<u>\$19,972,671</u>
EA Chemistry building		
Less than one year	5,465,092	5,434,741
1-2 years	–	1,811,580
	<u>\$5,465,092</u>	<u>\$7,246,321</u>
G Library and Arcade buildings		
Less than one year	5,110,312	–
1-2 years	–	–
2-5 years	–	–
	<u>\$5,110,312</u>	–
Groundwater Heating – Well drilling		
Less than one year	209,864	438,712
	<u>\$209,864</u>	<u>\$438,712</u>
New Workshop		
Less than one year	3,662,691	–
	<u>\$3,662,691</u>	–
Total capital commitments	\$48,599,996	\$47,372,765

Notes to the financial statements

for year ended 31 December 2014

10 Operating lease commitments

	2014	2013
Less than one year	1,495	4,190
1-2 years	3,588	2,760
2-5 years	10,764	-
Total operating lease commitments	\$15,847	\$6,950

11 Related parties

Martin Hadlee is a trustee of the Arts Centre of Christchurch Trust Board and provided consulting services to the Trust via M J Hadlee Consulting Services Limited. This arrangement ended in June 2014. For the year ended 31 December 2014, the consulting fees paid to M J Hadlee Consulting Services Limited were \$2,345 (2013: \$5,740). As at balance date \$Nil (2013: \$438) owing to M J Hadlee Consulting Services Limited was included in accounts payable.

Jennifer Crawford is a trustee and the Chairperson of the Arts Centre of Christchurch Trust Board. She is also a Partner at Anderson Lloyd. Anderson Lloyd provides legal advice and services to the Trust. For the year ended 31 December 2014, the fees paid to Anderson Lloyd were \$9,036 (2013: \$4,794).

12 Auditors remuneration

Total auditors remuneration for the year was \$12,840 relating to the audit of the financial statements (2013: \$12,000).

13 Trustees reimbursements

Trustees are partially reimbursed for their personal administration costs associated with their role. These are not attendance fees. Trustee reimbursements during the year total \$6,000 (2013: \$4,800). No amounts were outstanding at balance date.

14 Donations

Donations paid during the year were \$30,000 (2013: \$30,000).

15 Rutherfords Den Earthquake insurance settlement

The Arts Centre of Christchurch Trust Board insurance policy previously held, included cover for the Rutherfords Den exhibition chattels and equipment.

During the year, the Arts Centre of Christchurch Trust Board paid \$110,582 to Rutherfords Den in settlement of its claim for earthquake damaged equipment.

16 Events occurring after balance date

The drawdown of the Christchurch Earthquake Appeal Trust donation of \$14m continues in 2015. These funds are directed towards the Clock Tower/College Hall project.

There has also been confirmation of Funding approved for the 2015 year from the Lottery Grants Board of \$1.12m.

The Arts Centre is now operating the Rutherford's Den LEOTC education programme, as such the Ministry of Education contract has been novated to the Arts Centre of Christchurch Trust Board from the Rutherford's Den Trust Board.

All post balance date receipts stated in the 2013 financial statements have been received in the 2014 year.



-Supporters-

Anne Buckley
 Anne Maclean
 Audrey Morris
 Boffa Miskell
 Carol Caldwell and
 Charley Fleischmann
 Christchurch City Council
 Christchurch Earthquake Appeal Trust:
 – Aotearoa Foundation
 – Fletcher Building
 – Ministry of Culture and Heritage
 Christchurch Earthquake Appeal UK
 Christopher Marshall
 Christchurch Personal Guiding Service
 Colin McLachlan
 Collaborationz Trust
 Dr Sue Nightingale
 Estate of EA Flint
 Frank J Webster
 Gabrielle
 Hampton Jones Property Consultants
 Hilti NZ Limited

Holmes Consulting Group
 Ian Leggat
 J Rouse and S Berg
 Jane Doig
 Jocelyn Bowman
 John and Claire Vale
 Judith Ross
 Kahikatea Trust
 Kathy Brown and Mark Wilson
 Kay Rouse
 Layher Limited
 The Lion Foundation
 Mairehau Ladies Probus Club
 Master Cleaning Services
 MedXus
 Michael and June, Juannan Wang
 Mike Henry Insurance Brokers
 Morgan Simes
 New Brighton Ladies Probus
 NZ Lotteries Board
 Pat McKee

Peter A Clark
 Robin Royds
 Roger Kemp
 Rosemary and Ted Perry
 Russley Probus Club
 Ruth Hallam
 Simon Hillier
 Sir Miles Warren
 Sky Century
 Simpson Grierson
 SOAC (Save our Arts Centre)
 T Shailer Weston
 The Agency Communications
 The Southern Trust
 U3A Arts Centre
 U3A Avon
 U3A Godley
 U3A Port Hills
 U3A Rolleston
 Workers' Educational Association



The Arts Centre
of CHRISTCHURCH



Annual Report

2014



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

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