

the village square trust

# annual report 2021



a place for all to  
meet, learn, create  
& grow

# The Village Square Trust

## Chair's Report

for the year ended 30 June 2021

I'm delighted to bring you this first annual report for our community trust under its new name, the Village Square Trust.

### Performance and Results

This was a challenging year for the Trust. All our services were affected by the disruption and uncertainty caused by COVID-19. Our operations were restricted for a total of nearly 3 months over the year, in the third quarter of 2020 and the first quarter of 2021. Customer caution made for a slow recovery in some areas even after Auckland returned to the freedom of Covid Alert Level 1.

Our resolute CEO Lyn Fox and her management team showed remarkable resilience and perseverance in the face of those difficulties. They worked hard to continue to serve our communities, maintain staff morale, improve our systems and closely manage costs. The results confirm their careful management.

Our financial position has further strengthened this year, building on the improvements of last year. Our revenue remained steady at over \$3.8m. Earnings improved significantly, returning a net surplus of \$59,025 despite a loss on the sale of the St Johns early childhood centre. Cash flow continued to improve, debt was reduced and equity more than doubled to \$108,779. We continued to provide employment to between 60 and 80 staff, all of whom received at least 80% of their pay during lockdown periods.

### A New Name

Our Trust has grown over the nearly 40 years it has been in existence. It was started by a group who wanted a space for playgroups and community learning. From that small beginning we have grown to one of the largest providers of community services to Auckland Council. Around 300,000 people a year engage with our services, which include a wide range of community classes; farmer and craft markets; early childhood and out of school programmes; guided walks; and venue hire for community groups and commercial users.

We are proud of what we do. We know our work promotes personal and community well-being. We build strong, connected local communities by giving people places to meet, learn, create and grow – even if sometimes those places are online.

In 2020 we decided we needed a new name for our Trust, one that better reflected who we are now and who we wish to be.

We were delighted to share our new name, the Village Square Trust, with 55 of our friends and neighbours at a lovely celebration in the Jubilee Hall on 20 May 2021. We are grateful to the generous team at Richards Partners who worked tirelessly to help us develop our new name and beautiful branding, despite the slender investment we could afford to make.

## **Our Board**

Our Board of Trustees, all of whom are volunteers, worked hard to support Lyn and her team during a year of uncertainty and change.

Kirsty Cameron earned our eternal thanks for her skill in guiding our rebranding process. Kirsty retired from the Board at the end of May 2021 after 6 years of service to the Trust. We are grateful to her for the colour and creativity she contributed to our Board. We miss her.

Kay Madigan (LLB(Hons)) joined the Board in May 2021. Kay has significant experience as a business owner and exporter in New Zealand and international markets. She was responsible for establishing a gender equity programme to encourage more young women to work in the electro technology sector. Kay has a long history of management of community activities ranging from children's sports and schools to community theatre and Rotary. We are delighted to have her join us as a trustee.

Our continuing trustees Lynne Bjarnesen, Chris Cole and Len Ward have all given valuable expertise, input and time to the Trust this year. Bill Sinclair has continued to provide financial guidance as our honorary Treasurer. We are fortunate to have the stewardship of such a dedicated group of people.

## **Looking Forward**

Where to next? Over the coming year we plan to further consolidate our financial base while identifying opportunities to give more people places to meet, learn, create and grow. We know we have a model that works. We'd like to use our expertise and experience to improve well-being in a wider community.

Our Trust is self-sufficient. Although we are a registered charity, we currently earn all our revenue through fees or grants for our services. However, we can receive donations. Any donations are tax deductible. They can now be made on our website. We are considering whether to actively pursue donations and gifts. Doing so could help us reach more communities and give us greater security for future endeavours.

Next year, 2022, we will be 40. We look forward to celebrating with you all.



Kate Wiseman  
**Chair**

# The Village Square Trust

## **Chief Executive's Report**

for the year ended 30 June 2021

Reflecting on last year, I found it extremely satisfying to read the 2020 Annual Report and note we achieved our major projects. These were to upgrade and integrate our computer accounting system and change our name. Both projects have been successfully implemented and will continue to enable The Village Square Trust to grow.

Auckland yoyoing in and out of COVID-19 Level 1 made it difficult to provide a degree of continuity for staff and community. Moving through the levels put financial and emotional stress on both venue/community and early childhood users. Balancing guidelines for each level set by government and the additional work required to meet them, proved problematic. However, coming out of lockdown has demonstrated what a valuable service we provide to all areas of community. Parents, users of our community classes and activities, venue hirers and market goers were all elated to be able to avail themselves of our offerings.

Focus given to the continued development of managers' understanding of key drivers in their area and the overall Trust, has assisted in the achievement of a surplus of \$59,025. Building a culture of inclusiveness and a feeling of belonging has been instrumental in achieving this result especially with the uncertainty of COVID-19.

## **Highlights of the Year**

### **Parnell Community Centre, Venue, Classes and Parnell Farmers' Market**

It was great to see usage of the facility return to pre COVID-19 levels when in Level 1. Zoom Pilates classes continued for clients who could not make it to the centre and the introduction of our new information board provides opportunities to showcase not only what is happening in the community centre but also in and around Parnell.



The Village Square Trust Chair, Kate Wiseman, giving her speech at our launch party

The highlight this year for The Village Square Trust was the name reveal evening. Many amongst staff, trustees and community enjoyed wine and nibbles in the Jubilee Hall and listened to our Chair, Kate Wiseman, explain the history of the Trust and why it was imperative for the name change. It was a great evening and a big thank you to Kirsty Cameron (ex Trustee) for taking the lead in this project.

The Parnell Community Centre has again been challenged not only by COVID-19 but also the commencement of building works for

The Foundation Retirement Village. A reduction in area has resulted in loss of carparks and space for the farmers' market. Going forward this will also affect the room hire on the east side of the building during the construction period.



Party favours provided by Craft Harvest stallholder, Cushla & Co

## Epsom Community Centre

The Epsom Community Centre has four areas that are available for classes, activities, and venue hire. These rooms can accommodate groups from two to 80 attendees. They are utilised by community, businesses, not for profit and social enterprise groups throughout the year. A thriving community garden and a creche form part of the Epsom Community Centre campus.



Pilates class in the Epsom Hall

In our second year of managing the centre we increased our tutor led classes to activate the space. All classes went ahead for Term 3 and 4 so we extended our offerings to include ESOL, painting and drawing classes. Many of our clients that attend Pilates requested that we continue during school holidays as an online Zoom session, so we made that happen.

During the year we added workshops, engaging with the Chinese community to develop our first Dumpling workshop. People from many different cultures came along and learnt how to make and eat dumplings. As this workshop was so successful, we followed up with Eco-neighbourhoods Bees Wax and Bonsai tree workshops.

Activating Epsom so successfully means we have limited space available at the centre and are now looking to find another space to connect with community.



Chinese Dumpling Workshop with the Epsom Chinese Association

### Early Childhood Centres



Parnell Early Childhood Centre kids enjoying the new furniture in the Pohutukawa room

As a result of the sale of St Johns Early Childhood Centre we were able to refurbish Parnell Early Childhood Centre. In our over 2's area we installed new carpet and vinyl, painted the Kindy room and ordered new furniture for all areas. With this capital investment and Kerrin Page, Manager of Early Childhood, driving quality professional practice, we have seen an increase in enrolments.

This year we joined Foster Hope NZ in PJ Day. Our children came in their pyjamas and donated a pair of new summer or winter pyjamas (aged 0-18 years). Many of children taken into

foster care have never had a brand-new pair of pyjamas. A big thank you to those parents who supported this initiative, and I am happy to report we gave Foster Hope NZ 75 pairs of PJs.



Kids return to Gladstone Park after Covid-19 lockdown, with Kerrin Page – Manager of Early Childhood

## Programmes for Children



Holiday programme kids at our new Parnell Community Centre site

In October 2020 we were audited by Ministry of Social Development and received the best outcome, a two year contract. Programmes at Epsom Normal Primary School and Our Lady of the Scared Heart have continued albeit with lower levels of enrolments due to parents working from home and the uncertainty COVID-19 brings.

School Holiday Programmes have the facility for parents to drop children off at both Epsom Normal Primary and Parnell Community Centre. This has provided the Jubilee building with some life during school holidays which is normally a quiet period.

## Outlook

As we know, many of us have found the isolation challenging during lockdowns. Our focus this year is to enhance our engagement with existing communities and collaborate with new communities, secure long-term leases for the Jubilee Building and Glanville Terrace and refurbish Gladstone Park Early Childhood Centre to maintain high levels of parents' satisfaction and enrolments.

The development of a new sub-committee to investigate fundraising and the ability to donate via our website may result in opportunities that we have to date been unable to support.

Once again, a great team effort by trustees and staff has succeeded in providing outstanding outcomes for communities to which we provide services.

A handwritten signature in black ink that reads "Lyn Fox". The signature is stylized and cursive.

Lyn Fox

**Chief Executive**

# The Village Square Trust

## **Treasurer's Report**

for the year ended 30 June 2021

This report accompanies the Financial Statements of The Village Square Trust for the year ended 30 June 2021.

Revenue for the year is \$3,817,863 (2020: \$3,862,376). The net surplus for the year is \$59,025 (2020: loss \$4,851). The surplus has been added to accumulated surpluses of \$49,754 brought forward from last year giving accumulated surpluses of \$108,779 to be carried forward.

Trustees and management have maintained their focus throughout the year on three key areas: the health and safety of our people; enhancing the resilience of our business units by intensely managing our costs, cash flows and balance sheet; and retaining focus on customer performance and delivering our strategy.

Anticipating lower market activity through periods of lockdown occasioned by the outbreak of COVID-19 we have taken some difficult but decisive actions to reset the cost base of the business units and ensure continuing improvement in the quality of the balance sheet.

Pleasingly, our cash flows have remained positive in a disruptive year. Borrowings from the bank have been reduced to \$25,902.

The childcare business at St. Johns, which was not core to our main area of operation, was sold during the year. Despite a loss on sale of \$88,757, a positive surplus for the year was still achieved.

With our progressively stronger balance sheet and lower cost base we expect to achieve our aspirations and overall strategies more comfortably and with greater certainty. Trustees and management are pleased with the improved financial status achieved.

An unqualified Audit Report dated 29 September 2021 for the Financial Statements has been received.



Bill Sinclair  
Treasurer



# The Village Square Trust

## Financial Statements

for the year ended 30 June 2021

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The Trustees are pleased to present the approved financial report including the historical financial statements of The Village Square Trust for year ended 30 June 2021.

The financial statements that follow are signed for and on behalf of the Board of Trustees and were authorised for issue on the date below.



**Chair** Kate Wiseman

**Date** 29 September 2021



**Treasurer** Bill Sinclair

**Date** 29 September 2021

# The Village Square Trust

## Directory

Date of Registration 2 September 1982

Charity Registration Number CC25685

Registered Office 545 Parnell Road  
Parnell  
Auckland

Trustees Kate Wiseman (Chair)  
Lynne Bjarnesen (Deputy Chair)  
Kirsty Cameron (Secretary) – Retired 21<sup>st</sup> May 2021  
Chris Cole  
Len Ward  
Kay Madigan – Appointed 18<sup>th</sup> May 2021

Treasurer Bill Sinclair

Auditor William Buck Audit (NZ)  
Level 4, 21 Queen Street  
Auckland CBD 1010  
New Zealand

Bank BNZ  
80 Queen Street  
Auckland

## The Village Square Trust

Independent auditor's report to the Members

### Report on the Financial Report

#### Opinion

We have audited the financial statements of The Village Square Trust (the entity), which comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion accompanying financial statements give a true and fair view of the financial position of The Village Square Trust as at 30 June 2021, and of its financial performance, and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (IPSAS RDR).

#### Basis for Opinion

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

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

#### ACCOUNTANTS & ADVISORS

Level 4, 21 Queen Street  
Auckland 1010, New Zealand  
PO Box 106 090  
Auckland 1143, New Zealand  
Telephone: +64 9 366 5000  
[williambuck.com](http://williambuck.com)

William Buck Audit (NZ) Limited

## **Going Concern**

We draw attention to Note 15 in the financial statements, which indicates that the Trust's current liabilities exceeded its current assets by \$129,822. As stated in Note 15, this condition, along with other matters as set forth in Note 15, indicate that the going concern assumption requires the support of the bank. The Board of Trustees (Board) remains committed to the continued financial success of the Trust and its ability to operate as a going concern. Our opinion is not modified in respect of this matter.

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

The Board is responsible for the other information. The other information comprises the Chair's Report, Chief Executive's Report and the Treasurer's Report included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Board of Trustees**

The Board is responsible on behalf of the entity for the preparation of the financial statements that give a true and fair view in accordance with Public Benefit Entity International Public Sector Accounting Standards, and for such internal control as the Board determine is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the entity for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.

The engagement director on the audit resulting in this independent auditor's report is Alison Anderson.

## **Restriction on Distribution and Use**

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

A handwritten signature in blue ink that reads 'William Buck'.

**William Buck Audit (NZ) Limited**

Auckland

29 September 2021

# The Village Square Trust

## Statement of Comprehensive Revenue & Expenses

for the year ended 30 June 2021

Account	Notes	2021 \$	2020 \$
<b>Revenue</b>			
Revenue from non-exchange transactions	5	-	24,432
Revenue from exchange transactions	6	3,817,863	3,837,944
<b>Total Revenue</b>		<b>3,817,863</b>	<b>3,862,376</b>
<b>Expenses</b>			
Employee Related Costs		2,343,101	2,432,615
Marketing Expenses		30,710	23,763
Depreciation and Amortisation	7	64,056	80,949
Impairment	7	-	83,396
Loss on Disposal	7	88,757	0
Occupancy Expenses		461,283	475,814
Operational Expenses		770,931	770,690
<b>Total Expenses</b>		<b>3,758,838</b>	<b>3,867,227</b>
<b>Surplus/(Deficit) for the Year</b>		<b>59,025</b>	<b>(4,851)</b>

This statement should be read in conjunction with the Statement of Accounting Policies.

The Village Square Trust  
**Statement of Movements of Equity**  
for the year ended 30 June 2021

	2021 \$	2020 \$
Opening Balance	49,754	54,605
Comprehensive Revenue and Expenses	59,025	(4,851)
<b>Equity at the End of the Year</b>	<b>108,779</b>	<b>49,754</b>

This statement should be read in conjunction with the Statement of Accounting Policies.

The Village Square Trust  
**Statement of Financial Position**  
for the year ended 30 June 2021

Account	Notes	2021 \$	2020 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	9	28,693	19,331
Receivables from Exchange Transactions	9	282,159	329,674
Assets Held for Sale	7	-	187,851
<b>Total Current Assets</b>		<b>310,852</b>	<b>536,856</b>
<b>Current Liabilities</b>			
Payables under Exchange Transactions	9	91,079	170,863
Employee Costs Payable		180,167	171,336
Fees and Grants in Advance	9	21,864	51,545
Government Wage Subsidy		1,559	194,765
BNZ Loan - Current		25,902	28,508
GST Payable		21,845	4,823
Accruals	9	98,258	68,022
<b>Total Current Liabilities</b>		<b>440,674</b>	<b>689,862</b>
<b>Net Current Assets / (Liabilities)</b>		<b>(129,822)</b>	<b>(153,006)</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment Cost	7	226,947	231,736
Intangible Assets	8	11,654	5,072
<b>Total Non-Current Assets</b>		<b>238,601</b>	<b>236,808</b>
<b>Non-Current Liabilities</b>			
BNZ Loan - Non-Current		-	34,048
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>34,048</b>
<b>Net Total Assets / (Liabilities)</b>		<b>108,779</b>	<b>49,754</b>
<b>Equity</b>		<b>108,779</b>	<b>49,754</b>

This statement should be read in conjunction with the Statement of Accounting Policies.



The Village Square Trust  
**Cash Flow Statement**  
for the year ended 30 June 2021

Account	2021 \$	2020 \$
<b>Cash Flows from Operating Activities</b>		
<i>Receipts</i>		
Receipts from Government	1,249,682	1,370,945
Receipts from Council	103,891	103,192
Receipts from grants	-	1,710
Receipts from donations	-	90
Receipts from fees	2,382,465	2,249,253
Receipts from other income	28,584	51,878
Interest Received	156	44
	<b>3,764,778</b>	<b>3,777,112</b>
<i>Payments</i>		
Payments to employees	(2,343,101)	(2,432,615)
Payments to suppliers	(1,408,905)	(986,047)
	<b>(3,752,006)</b>	<b>(3,418,662)</b>
<b>Total Cash Flows from Operating Activities</b>	<b>12,772</b>	<b>358,450</b>
<b>Cash Flows from Investing Activities</b>		
Receipts from sale of Assets held for sale	100,000	-
Payments to acquire property, plant and equipment	(66,756)	(47,526)
<b>Total Cash Flows from Investing Activities</b>	<b>33,244</b>	<b>(47,526)</b>
<b>Cash Flows from Financing Activities</b>		
Repayment of bank loan	(36,654)	(33,853)
<b>Total Cash Flows from Financing Activities</b>	<b>(36,654)</b>	<b>(33,853)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>9,362</b>	<b>277,071</b>
<b>Cash and Cash Equivalents</b>		
Opening balance	19,331	(257,740)
Net Increase/(Decrease) in Cash	9,362	277,071
<b>Closing Cash and Cash Equivalents</b>	<b>28,693</b>	<b>19,331</b>

This statement should be read in conjunction with the Statement of Accounting Policies.

# The Village Square Trust

## **Statement of Accounting Policies**

for the year ended 30 June 2021

### **1. REPORTING ENTITY**

The reporting entity is The Village Square Trust. The Village Square Trust is domiciled in New Zealand and is a registered charity under the Charities Act 2005.

The financial statements for The Village Square Trust are for the year ended 30 June 2021.

These financial statements and the accompanying notes summarise the financial results of activities carried out by The Village Square Trust, The Village Square Trust is a provider of community and childcare services.

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

### **2. BASIS OF PREPARATION**

#### **a. Statement of Compliance**

The Trust financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Public Benefit Entity Standard Reduced Disclosure Regime (PBE Standards RDR) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. The Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE Standards RDR on the basis that it does not have public accountability and is not defined as large.

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

#### **b. Basis of Measurement**

These financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of non-derivative financial instruments. The financial statements are prepared on a going concern basis.

#### **c. Functional and Presentational Currency**

The financial statements are presented in New Zealand dollars (\$), which is the Trust's functional and presentation currency.

### **3. SUMMARY OF ACCOUNTING POLICIES**

The specific accounting policies adopted in the Financial Statements, which have a significant effect on the results and financial position, are disclosed in the notes to which they apply.

Other general accounting policies are:

#### **a. Income Tax and Goods and Services Tax**

These Financial Statements have been prepared exclusive of Goods and Services Tax except for Debtors and Creditors that are inclusive of GST. The Village Square Trust is a registered charity and is therefore exempt from income tax.

#### **b. Revenue**

Revenue is recognised to the extent that it is possible that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured as the fair value of the consideration received.

#### **c. Cash and Cash Equivalents**

Cash and cash equivalents are short term, highly liquid investments and bank overdrafts that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **d. Impairment of Non-Financial Assets**

The carrying amounts of the Trust's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and any impairment recognised.

### **4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

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

The Trust bases its assumptions and estimates on parameters available when the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Trust. Such changes are reflected in the assumptions when they occur. The key significant judgements and estimates used in the preparation of these financial statements are as follows:

*Useful lives and residual values*

The useful lives and residual values of assets are assessed annually. Any movement in the useful life and/or residual value would impact the depreciation expense and consequently increase/decrease the net carrying value of the asset.

## 5. REVENUE FROM NON-EXCHANGE TRANSACTIONS

### *Grant Revenue*

Grant revenue includes grants given by Auckland Council and charitable organisations. Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attached to a grant, the amount relating to the unfulfilled condition is recognised as a liability and released as revenue as the conditions are fulfilled.

### *Donations*

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific programmes and donations or services in-kind.

Donations in-kind include donations received for services, consumables and volunteer time and are recognised in revenue and expense when the goods or services are received. Donations in-kind are measured at their fair value as at date of acquisition, ascertained by reference to the expected cost that would be otherwise incurred by the Trust.

Services in-kind may be recognised as revenue but do not have to be, including volunteer time which has been recorded where possible but has not been given a financial value in these financial statements.

Included in operating income in the statement of comprehensive revenue and expenditure are the following grants:

	2021 \$	2020 \$
Auckland Council - Epsom Establishment	-	22,632
Waitemata Local Board - Sustainable Living	-	1,710
Donations	-	90
	-	<b>24,432</b>

## 6. REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions comprises income derived from normal trading activity where the amount of payment received for products or services is related to the quantum of product or service delivered.

### *Fees and Childcare Services*

Revenue of this type includes fees from parents and guardians, hire of facilities and funding from Government and Auckland Council wherein the amount paid is related to the quantum of service delivered.

Where services are provided at a future date, receipts are initially recorded as income in advance and recognised in revenue once the Trust becomes entitled to the revenue at the time the service is provided.

### *Interest and dividend income*

Interest revenue is recognised as it accrues, using the effective interest method. Dividend income is recognised when the dividend is declared.

	2021 \$	2020 \$
Auckland Council	103,849	80,560
Ministry of Education	1,268,401	1,294,970
Ministry of Social Development	62,415	75,975
Fees and Subscriptions	2,334,950	2,334,517
Interest Income	156	44
Other Operating Income	48,092	51,878
	<b>3,817,863</b>	<b>3,837,944</b>

## 7. FIXED ASSETS

Fixed assets are valued at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged in the accounts on a straight-line basis over the estimated useful life of the assets, as summarised below:

Equipment	3 years
Furniture and Fittings	5 years
Leasehold Improvements	3-12.6 years
Technology	3-5 years

The carrying value of fixed assets is reviewed annually for any impairment in value. Impairment losses are recognised in the statement of comprehensive revenue and expenses.

	Opening NBV \$	Additions \$	Depreciation \$	Disposals \$	Closing NBV \$
Equipment	23,604	14,252	12,498	-	25,359
Furniture and Fittings	1,461	3,397	1,469	-	3,389
Leasehold Improvements	187,767	18,585	32,760	907	172,685
Technology	18,904	18,051	11,441	-	25,514
	<b>231,736</b>	<b>54,285</b>	<b>58,168</b>	<b>907</b>	<b>226,947</b>
<b>At 30 June 2020</b>					
Equipment	7,743	25,839	9,978	-	23,604
Furniture and Fittings	3,456	-	1,995	-	1,461
Leasehold Improvements	221,600	1,059	34,892	-	187,767
Technology	17,135	20,628	18,859	-	18,904
	<b>249,934</b>	<b>47,526</b>	<b>65,724</b>	<b>-</b>	<b>231,736</b>

### Loss on disposal of assets held for resale

During the year ending 30 June 2020, the Trust performed its annual impairment testing of goodwill by reviewing the fair value of the cash generating unit (St Johns Early Childhood Centre) and the carrying value of the goodwill attached to the unit, resulting in the recognition of impairment losses.

During the year ending 30 June 2021 the business was sold and a further loss of \$87,851 was recorded in the current year.

## 8. INTANGIBLE ASSETS

	Opening NBV \$	Additions \$	Amortisation \$	Disposals \$	Closing NBV \$
<b>At 30 June 2021</b>					
Software	5,072	12,470	5,888	-	11,654
<b>A 30 June 2020</b>					
Software	12,174	-	7,102	-	5,072

## 9. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are recognised when the Trust becomes party to the contractual provisions of the financial instruments.

### Financial Assets

The Trust's financial assets comprise: cash, cash equivalents and receivables from exchange transactions.

#### *Receivables*

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment.

#### *Impairment of financial assets*

The Trust assesses for each category of financial asset at the end of reporting date whether a financial asset or a group of financial assets is impaired when there is objective evidence of a loss in value.

<i>Loans and Receivables</i>	2021 \$	2020 \$
Cash and cash equivalents	28,693	19,331
Receivables from exchange transactions	282,159	329,674
	<b>310,852</b>	<b>349,005</b>

## Financial Liabilities

The Trust's financial liabilities include trade and other creditors (excluding GST and PAYE), employee entitlements, bank loans and overdrafts and deferred income (in respect to grants whose conditions are yet to be complied with).

All financial liabilities are initially recognised at fair value (plus transaction costs for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method.

Employee entitlements for wages, salaries and annual leave are recognised during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

<i>Financial liabilities</i>	2021 \$	2020 \$
Trade and other creditors	91,079	170,863
Accrued expenditure	98,258	68,022
Employee entitlements	143,629	132,023
Fees and Grants received in advance	21,864	51,545
Government wage subsidy	1,559	194,765
BNZ overdraft and loan	25,902	62,556
	<b>382,291</b>	<b>679,774</b>

## 10. COMMITMENTS TO LEASE OR RENT ASSETS

Operating leases are over Gladstone Park, Parnell and St Johns Early Childhood Centres, the Jubilee Building, and printers with Ricoh Finance and are recognised over the term of the lease.

	2021 \$	2020 \$
Current Portion	241,680	333,120
2-5 Years	188,960	335,640
Over 5 years	196,292	231,292
	<b>626,932</b>	<b>900,052</b>



## 11. CAPITAL COMMITMENTS

The Trust has no capital commitments as at 30 June 2021 (2020 - nil).

## 12. CONTINGENT LIABILITIES AND GUARANTEES

There are no contingent liabilities or guarantees as at 30 June 2021 (2020 - nil).

## 13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

Key management personnel, as defined by PBE IPAS20 Related Party Disclosures are the Board of Trustees, Chief Executive Officer, Chief Financial Officer, Marketing Manager, Venue Manager and Programmes for Children Manager, which comprises the governing body of the Group. No remuneration is paid to the members of the Board of Trustees. The aggregate remuneration of key personnel and the number of individuals receiving remuneration is:

	2021 \$	2020 \$
Total Remuneration	\$404,570	\$426,619
Full time equivalents	5	5

### Related Parties

The Group used the services of one of its trustees in relation to the implementation and training in Xero Accounting software. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms. Transactions during the year amounted to \$10,900 and there were no outstanding amounts at 30 June 2021. (2020 - Nil)

## 12. EVENTS AFTER THE BALANCE DATE

The Board and management are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements, that have significantly affected or may significantly affect these financial statements.

### 13. GOING CONCERN

The Trustees have continued to adopt the going concern assumption when preparing these financial statements. At balance date, the Trust has a working capital deficit of (\$129,822) compared with (\$153,006) in the prior year. A net surplus of \$59,025 after depreciation has been generated which is an improvement on the deficit of (\$4,851) incurred in the previous year.

The Childcare Centres, Programmes for Children, Community Activities and Venue Hire business units continue to demonstrate growth and an ability to generate surpluses after a period of closedown due to COVID-19. The Trust continues to receive good support from its banking partner (BNZ) who provides an on-going overdraft facility without imposition of banking covenants.

Based on their financial forecasts, the Trustees remain committed to the continued financial success of the Trust and its ability to operate as a going concern.