

the village square trust

annual report 2023



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

The Village Square Trust
Annual Report 2023
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The Village Square Trust

Chair's Report

for the year ended 30 June 2023

The year to June 2023 was tough. Ongoing consequences of COVID-19 and severe weather events in the first half of 2023 took a toll on our staff, community and bottom line.

Happily, things have been looking brighter since year end. As our community emerges from the restrictions of COVID-19 our child-related, community activity and venue hire segments are showing good growth. We've enjoyed small surpluses each month since the beginning of the new financial year.

Performance and Results

Despite a more than \$400,000 increase in revenues over 2022, our 2023 financial bottom line saw a significant loss. Cancellations as a result of severe weather events, ongoing staff illness and a government-mandated doubling of paid sick leave all significantly increased our expenses.

Stoicism and tenacity got us through the year. Our Chief Executive, Lyn Fox, and her management team held the course despite buffeting, at times from all sides. The Board maintained confidence in our ability to continue to operate thanks to Lyn's steadfast and careful management of staff and cash flows, together with ongoing support from our banking partner the BNZ.

We are making contingency plans to manage similar difficult situations in the future. That includes slowly but steadily setting aside financial reserves to provide us with a buffer in times of need.

On a positive note, nearly 4 times as many people (8,881 in total) attended our community classes and activities in 2023 than in 2022; more than twice as many community venue bookings were made; and nearly twice as many people attended our markets. So, although the financial result was disappointing, our community reach was heartening.

The Board

In July 2022 we welcomed Robert Falvey to the Board. Robert enjoyed a long career in the legal services industry, mainly in corporate and commercial law. He was Managing Partner of a leading large commercial law firm in New Zealand, followed by leadership positions, including as Chair, at a global professional services network organisation based in Houston, Texas. Robert lives in Parnell and is a Justice of the Peace.

Robert became Deputy Chair of our Board in February 2023.

Our continuing trustees Lynne Bjarnesen (Treasurer, Chair of Finance and Audit subcommittee), Kay Madigan, Simone Horrobin, Connie Rowe and Kelvin Sim (Finance and Audit subcommittee member) all provided valuable guidance and input to the Trust over the past year. Each brings different and complementary skills to the table, with interests covering the gamut of services the Trust provides.

Board members to date have been unpaid. In March 2023 the Board unanimously approved the payment of a small honorarium to the Chair, to come into effect from our next AGM (October 2023). Such an honorarium has been sought for some years by the Chief Executive, to recognise the significant time commitment required by the role of Chair.

We have recently, after year end, welcomed two new members to the Board to bolster our numbers:

- Rod Lidgard joined us in August 2023. Rod has extensive experience in the NZ engineering sector, with a focus on environment, sustainability and positive social impact. He brings his business networks and proven leadership skills to the board, as well as existing experience in board form and function from a senior leadership role within his organisation. Rod is looking forward to supporting the continued efforts of the Trust for the local Parnell and Epsom communities in which he enjoys spending time with his wife and young family.
- Sam Dixon joined us in September 2023. Sam is an international banker and fund manager who worked for JPMorgan and HSBC in London, Hong Kong and Australia (with stints in emerging European and Asian countries). He completed his BComm at Otago and qualified as a Chartered Accountant. Sam is happy to have recently returned home to Auckland with his wife and two sons. He is committed to giving back to the Auckland community within which he was raised. Sam is especially passionate about early childhood development and combatting loneliness via social activities, having supported similar charities in less fortunate developing countries in Asia and Europe.

I was particularly pleased to see a significant increase in applications to join our Board this year. Many applicants would have made excellent trustees had we had the space. I am grateful to all applicants for their interest in and enthusiasm for our work.

Looking Ahead

It has been an honour and joy to work with the Trust over the past 9 years. I must now step down, as I have served the maximum term possible.

Robert Falvey will take on the role of Chair, with Simone Horrobin stepping into the Deputy Chair's role. Lynne Bjarnesen remains as Treasurer.

I know I leave the Trust in good heart. We have an excellent, committed senior management team in Bernie, Sanjay, Kerrin, and Danielle, led by Lyn. Our Board is strong and skilled, well placed to guide and support strategic growth and expansion.

I look forward to watching the Trust grow and successfully bring together more people over the years to come.

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Kate Wiseman

Chair

The Village Square Trust Chief Executive's Report

for the year ended 30 June 2023

The 2022/2023 year must be acknowledged as one of the most challenging. With the remnants of COVID effecting our enrolments, weather bombs in January/February and staff shortages, it has been difficult to gain momentum. However, we have seen over the past couple of months a “return to the office” policy by many businesses which has increased the demand for places at our childcare centres and afterschool programmes.

Part of our Annual Plan for 2022-2023 was to engage with our wider community. We achieved this firstly by collaborating with Auckland Council to run a city market at Ellen Melville Square. We started with a Christmas Market in December 2022 which was very successful, and then the weather hit. Unfortunately, with such a wet summer, the market was not financially viable.

Secondly, we celebrated our 40th Anniversary:

In August 2022 we had a disco for our Early Childhood children. This was well supported by the Centres with approximately 80 families attending. Many families brought older siblings who had previously been enrolled at our Centres. The children and parents sang and danced and made lasting memories in our photo booth.



High Tea at Jubilee guests

In October 2022 we celebrated with a High Tea in the Jubilee Hall. We were oversubscribed for our 120 seats. It was a fabulous afternoon of delicious food and bubbles which the community and staff enjoyed. A big thank you to Kay Madigan, her husband Chris, and my staff who worked tirelessly on the day to make it such a successful event.



Early Childhood disco



I would like to take this opportunity to thank Kate Wiseman who is coming to the end of her tenure as a Trustee. Kate joined the Board in 2015 and became Deputy Chair in 2017. Not knowing what was ahead of her, she agreed to the Chair's role in October 2019. Kate worked closely with me during COVID and was my sounding board for traversing unfamiliar territory. Kate is a great advocate for community and has worked hard to ensure that we deliver our mission. I wish Kate all the best in her future endeavours.

Kate Wiseman

And finally, we thanked and celebrated Liz Fitzgibbon and Sanjay Pereira's 20-year anniversary with the Trust.

To my staff, although it has been challenging for many personally and professionally, we have worked together to make things happen for our community. As always, thank you!



Liz (left) and Sanjay (right) at the 2009 Parnell Trust Christmas Party.

Highlights of the Year

Parnell and Epsom Community Centre, Venue, Classes and Parnell Farmers' Market



High Tea at Jubilee — 40th Anniversary event

Our highlight was our 40th Birthday which I commented on in my report. The weather was wet and wild, but that didn't stop our fabulous guests from dressing up and celebrating with us, enjoying a delicious afternoon tea and the wonderful music played by The Nairobi Trio.

We would like to thank our amazing community for supporting this event and celebrating with us, and to all the wonderful sponsors who made it possible. 40 years ago, the foundation was laid for what is now The Village Square Trust. It is our great privilege to continue serving this amazing community.

Parnell Community Centre combined with Parnell and Gladstone Park Early Childhood Centres to collect sleepwear for children and women at Women's Refuge, and warm winter clothing for Auckland City Mission. Community members were very generous with their donations, allowing us to donate a huge amount of warm clothing to those in need and over 50 pairs of new pyjamas.



Liz, Lucy and Danielle from Parnell Community Centre with donations for Women's Refuge and Auckland City Mission.

Early Childhood Centres



Parents and children dancing at our ECE Disco.

Our highlight for Early Childhood was our ECE disco which I commented on in my report. The event was held in Parnell Community Centre's Jubilee Hall, which was lit up with colourful spotlights. The professional DJ knew all the kid's favourite songs and they danced all night with their parents, siblings and friends. We received donations of gorgeous handmade gifts from our Craft Harvest Market stallholders to use as a raffle on the night.

Programmes for Children

July 2022 was our first month offering Before and After School services at Balmoral. Numbers steadily grew during Term 3, leading us to discuss with the school and parents if there was a need for a School Holiday Programme. After a positive response, we opened our Balmoral School Holiday Programme in October 2022.

Numbers continue to grow across our three programmes and our Balmoral Programme has joined our Epsom and Our Lady of the Sacred Heart programmes in being Te Kāhui Kāhu accredited, enabling us to access OSCAR funding for low-income families. I would like to express my appreciation to Mikayla Muller, Programmes for Children Team Leader, for building our programme at Balmoral and acknowledge the huge amount of work that goes into the audit and accreditation process.



Balmoral After School Programme

Outlook

Our Annual Plan for this year is simple:

- Provide an exceptional experience that is recommended to others
- Continue to build relationships and knowledge of what The Village Square does
- Look for opportunities to enhance and grow community engagement
- Build a reserve for future rainy days

I look forward to working with our new Chair, Robert Falvey, who brings a wealth of knowledge, and the Board in developing our new strategic plan for the following three years.

A handwritten signature in black ink, appearing to read "Lyn Fox". The signature is fluid and cursive, with the first letters of "Lyn" and "Fox" being capitalized and prominent.

Lyn Fox

Chief Executive

The Village Square Trust

Treasurer's Report

for the year ended 30 June 2023

This report accompanies the Financial Statements of The Village Square Trust for the year ended 30 June 2023.

Revenue for the year is \$3,666,744 (2022: \$3,236,332). The net deficit for the year is (\$80,059) (2022: Surplus \$52,705). The deficit has reduced the accumulated surpluses of \$161,484 brought forward from last year giving accumulated surpluses of \$81,425 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.

Unanticipated extreme weather events in the early part of 2023 impacted all areas of the Trusts activities. We were on target to meet our budget expectations prior to these events. While we were not directly impacted, many of the Trusts clientele have been. We continue to manage the cost base of the business units tightly to ensure continuing improvement in the quality of the balance sheet.

Pleasingly, our cash flows have remained positive in another disruptive year. Borrowings from the bank have not been required as we operate within the cashflows derived from operating.

Despite the temporary dip in the strength of our balance sheet, with a lower cost base we expect to achieve our aspirations and overall strategies more comfortably and with greater certainty. The first three months of the new financial year have produced positive results and there are strong enrolment numbers for early childcare from January 2024. Trustees and management are pleased with the overall direction of travel achieved.

An unqualified Audit Report dated 12 October 2023 for the Financial Statements has been received.



Lynne Bjarnesen

Chair of Finance & Treasurer

The Village Square Trust

Financial Statements

for the year ended 30 June 2023

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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 2023.

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 12/10/2023



Chair of Finance Lynne Bjarnesen

Date 12/10/2023

The Village Square Trust

Entity Information

for the year ended 30 June 2023

Date of Registration	2 September 1982
Legal Name of Entity	The Village Square Trust (formerly Parnell Community Trust)
Entity Type and Legal Basis	Incorporated Charitable Trust and Registered Charity
New Zealand Business Number	NZBN 9429042654797
Charity Registration Number	CC25685
Entity's Purpose	Our purpose is to build strong, connected local communities by giving people places to meet, learn, create and grow.
Trustees	Kate Wiseman <i>Chair</i> Lynne Bjarnesen <i>Deputy Chair to February 2023 / Chair of Finance Committee</i> Robert Falvey <i>Appointed July 2022 / Deputy Chair from February 2023</i> Kay Madigan Kelvin Sim Connie Rowe Simone Horrobin
Treasurer	Lynne Bjarnesen
Auditor	William Buck Audit (NZ) Level 4, 21 Queen Street, Auckland CBD 1010
Bank	BNZ 80 Queen Street, Auckland CBD 1010
Registered Office	Jubilee Building 545 Parnell Road, Parnell, Auckland 1052
Postal Address	PO Box 37682 Parnell, Auckland 1151

The Village Square Trust

Independent auditor's report to the Trustees

Report on the Financial Report

Opinion

We have audited the financial report of The Village Square Trust (the Trust), which comprises the statement of financial position as at 30 June 2023, Entity information, statement of service performance, statement of comprehensive revenue and expense, statement of changes in net equity and statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies.

In our opinion:

- a. the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable.
- b. the accompanying financial report gives a true and fair view of:
 - the Entity information for the year then ended
 - the service performance for the year then ended
 - the financial position of The Village Square Trust as at 30 June 2023 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 of the statement of comprehensive revenue and expenses, statement of financial position, cash flow statement, statement of accounting policies and notes to the financial report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial report section of our report. We are independent of the Trust 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 the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, 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 Trust.

Material Uncertainty Related to Going Concern

We draw attention to Note 15 in the financial statements, which indicates that the Trust incurred a net loss of \$(80,059) for the year ended 30 June 2023 and, as of that date, the Company's current liabilities exceeded its current assets by \$(130,606). These events or conditions, along with other matters as set forth in Note 15, indicate that a material uncertainty exists that may cast significant doubt on the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The statement of service performance for the period ended 30 June 2022 was not audited. Our opinion is not modified in respect of this matter.

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

The Trustees are responsible for the other information in the Annual Report, being the Chair's report, the Chief Executive's Report and the Treasurer's Report. 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 Trustees

The Trustees are responsible on behalf of the Trust for:

- a. Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance.
- b. the preparation of a financial report on behalf of the Trust that gives a true and fair view, which comprises:
 - the statement of service performance
 - the statement of comprehensive revenue and expenses, statement of financial position, cash flow statement, statement of accounting policies and notes to the financial reportin accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (IPSAS RDR) issued by the New Zealand Accounting Standards Board, and
- c. for such internal control as the Trustees determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustees are responsible on behalf of the Trust for assessing the Trust'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 Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report is 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) and ISAE (NZ) 3000 (Revised) 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 this financial report.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtain an understanding of the process applied by the Trust to select what and how to report its service performance
- Evaluate whether the service performance criteria are suitable so as to result in service performance information that is in accordance with the applicable financial reporting framework.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements and service performance information, including the disclosures, and whether the financial statements and service performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. This description forms part of our independent auditor's report.

Restriction on Distribution and Use

This report is made solely to the Trust's trustees, as a body. Our audit work has been undertaken so that we might state to the 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 Trust and the Trust's trustees, as a body, for our audit work, for this report or for the opinions we have formed.

William Buck

William Buck Audit (NZ) Limited
Auckland

12 October 2023

The Village Square Trust

Statement of Service Performance

for the year ended 30 June 2023

Description of Entity's Outcomes

The Village Square Trust is a non-profit community organisation dedicated to the provision of services, information, facilities and activities of a high standard that will enable people in our community to live richer and fuller lives.

The Village Square Trust provides affordable childcare for families in the community through our early childhood centres, before and after school care as well as school holiday programmes. The Trust provides spaces for community events and classes to be held as well as providing markets for the community to shop for fresh produce and New Zealand made arts and crafts.

	2023	2022
Description and Quantification of the Entity's Outputs		
Early Childhood Education		
Average Percentage Actual Enrolments Under 2's to available spaces	56%	55%
Average Percentage Actual Enrolments Over 2's to available spaces	64%	76%
Programmes for Children		
School Holiday Programme Average Actual Daily Enrolments	56	51
Before and After School Care Programme Average Actual Daily Enrolments	116	85
Community		
Activities/Classes Attendees	8,881	2,273
Markets		
Average number of Stallholders	29	28
Average number of customers	612	317
Venue		
Business – Number of Bookings	531	354
Business – Booking Hours	3,045	1,895
Non-business – Number of Bookings	2,507	962
Non-business – Booking Hours	7,720	4,253

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

The Village Square Trust
Statement of Comprehensive Revenue & Expenses
for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Revenue			
Revenue from non-exchange transactions	5	-	2,560
Revenue from exchange transactions	6	3,666,744	3,233,772
Total Revenue		3,666,744	3,236,332
Expenses			
Employee Related Costs		2,409,805	2,091,875
Marketing Expenses		20,392	11,177
Depreciation and Amortisation	7	67,464	72,035
Occupancy Expenses		508,901	469,518
Operational Expenses		740,241	539,022
Total Expenses		3,746,804	3,183,627
Surplus/(Deficit) for the Year		(80,059)	52,705

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 2023

	2023 \$	2022 \$
Opening Balance	161,484	108,779
Comprehensive Revenue and Expenses	(80,059)	52,705
Equity at the End of the Year	81,425	161,484

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 2023

	Notes	2023 \$	2022 \$
Current Assets			
Cash and Cash Equivalents	9	69,734	38,009
Receivables from Exchange Transactions	9	290,002	271,434
Total Current Assets		359,736	309,440
Current Liabilities			
Payables under Exchange Transactions	9	53,352	69,430
Employee Costs Payable		185,297	178,048
Fees and Grants in Advance	9	79,071	16,704
Government Wage Subsidy		-	450
GST Payable		58,180	32,760
Accruals	9	114,443	97,956
Total Current Liabilities		490,343	395,347
Net Current Assets / (Liabilities)		(130,606)	(85,908)
Non-Current Assets			
Property, Plant & Equipment Cost	7	210,878	242,123
Intangible Assets	8	1,153	5,269
Total Non-Current Assets		212,031	247,392
Net Total Assets / (Liabilities)		81,425	161,484
Equity		81,425	161,484

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 2023

	2023 \$	2022 \$
Cash Flows from Operating Activities		
<i>Receipts</i>		
Receipts from Government	1,153,409	1,696,062
Receipts from Council	111,019	106,672
Receipts from grants	-	2,560
Receipts from donations	4,812	-
Receipts from fees	2,065,902	1,417,541
Receipts from other income	21,055	17,805
Interest Received	1,251	151
	3,357,448	3,240,791
<i>Payments</i>		
Payments to employees	(2,272,284)	(2,093,994)
Payments to suppliers	(1,015,156)	(1,030,752)
	(3,287,440)	(3,124,746)
Total Cash Flows from Operating Activities	70,008	116,045
Cash Flows from Investing Activities		
Receipts from sale of Assets held for sale	-	-
Payments to acquire property, plant and equipment	(38,283)	(80,827)
Total Cash Flows from Investing Activities	(38,283)	(80,827)
Cash Flows from Financing Activities		
Repayment of bank loan	-	(25,902)
Total Cash Flows from Financing Activities	-	(25,902)
Net Increase/(Decrease) in Cash	31,725	9,316
Cash and Cash Equivalents		
Opening balance	38,009	28,693
Net Increase/(Decrease) in Cash	31,725	9,316
Closing Cash and Cash Equivalents	69,734	38,009

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 2023

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 2023.

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:

	2023	2022
	\$	\$
Mana Wahine Mau Rakau Workshop Grant	-	1,043
Waitemata Local Board - Sustainable Living	-	1,517
	-	2,560

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.

	2023 \$	2022 \$
MOE Funding	1,099,884	1,129,880
ECE	923,681	718,921
Venue	679,575	276,123
Programmes for Children	499,296	209,019
Community Activities	213,125	141,914
Auckland Council	111,019	105,221
MSD	50,915	56,115
Covid Wage Subsidy	-	396,802
Bad Debts Recovered	652	-
Donations	4,812	-
Interest Income	1,251	151
Other Operating Income	82,534	199,626
	3,666,744	3,233,772

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 \$
At 30 June 2023					
Equipment	25,937	7,726	13,872	3,996	15,795
Furniture and Fittings	9,159	500	2,566	-	7,093
Leasehold Improvements	184,242	11,478	32,759	-	162,960
Technology	20,602	18,579	14,152	-	25,030
	239,940	38,283	63,349	3,996	210,878
At 30 June 2022					
Equipment	25,359	15,919	15,341	-	25,937
Furniture and Fittings	3,389	8,206	2,435	-	9,159
Leasehold Improvements	172,685	45,446	33,891	-	184,242
Technology	25,514	9,073	13,984	-	20,602
	226,947	78,644	65,651	-	239,940

Fixed Asset Clearing Account 2023 nil (2022: \$2,183. Leasehold Improvement Asset yet to be installed and depreciated).

8. INTANGIBLE ASSETS

	Opening NBV \$	Additions \$	Amortisation \$	Disposals \$	Closing NBV \$
At 30 June 2023					
Software	5,269	-	4,115	-	1,153
A 30 June 2022					
Software	11,654	-	6,385	-	5,269

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>	2023 \$	2022 \$
Cash and cash equivalents	69,734	38,009
Receivables from exchange transactions	290,002	271,431
	359,736	309,440

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>	2023 \$	2022 \$
Trade and other creditors	53,352	69,430
Accrued expenditure	114,443	97,956
Employee entitlements	137,521	135,089
Fees and Grants received in advance	79,071	16,704
	384,387	319,629

10. COMMITMENTS TO LEASE OR RENT ASSETS

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

	2023 \$	2022 \$
Current Portion	353,812	348,093
2-5 Years	455,823	661,835
Over 5 years	126,292	161,292
	935,927	1,171,220

11. CAPITAL COMMITMENTS

The Trust has no capital commitments as at 30 June 2023 (2022 - nil).

12. CONTINGENT LIABILITIES AND GUARANTEES

There are no contingent liabilities or guarantees as at 30 June 2023 (2022 - 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, Business and Finance Manager, Marketing Manager, Venue Manager and Early Childhood 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:

	2023 \$	2022 \$
Total Remuneration	\$487,204	\$461,010
Full time equivalents	5	5

Related Parties

There were no transactions involving related parties during the financial year ending 30 June 2023 (2022 - nil).

14. 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.

15. GOING CONCERN

The Trust reported a net deficit of (\$80,059) during the year ended 30 June 2023 (2022: \$52,705 surplus). The Trust's current liabilities exceed its current assets at the year ended 30 June 2023 by (\$130,606) (2022: \$(85,908)). The deficit this year was negatively impacted by the large weather events in January and February 2023.

The ability of the Trust to continue as a going concern is dependent upon its capacity to generate surplus cash flow from operating activities. This primarily stems from effectively managing Child Care Centres and short-term renting out its facilities. The Trust also has an approved overdraft facility with its bank of \$200,000 which is unused and available if required.

These events or conditions, along with other matters in relation to events after the reporting period, indicate that a material uncertainty exists that may cast significant doubt on the Trust's ability to continue as a going concern.

If the Trust did not continue as a going concern, the Trust may be unable to realise its assets and discharge its liabilities in the normal course of business. Also, additional liabilities may need to be recorded, and the Entity may not recover the amount recorded for assets.

Based on their financial forecasts, and positive performance post-balance date, the Trustees remain committed to the continuing ability of the Trust to operate as a going concern.



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