

**THE WORLD BUSKERS
FESTIVAL TRUST**

ANNUAL ACCOUNTS

FOR

YEAR ENDED 30 JUNE 2011

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DIRECTORY

| | |
|----------|--|
| Address | 53 Hereford Street Christchurch |
| Trustees | L Penno (Chair) G Cranko H Eskett K Lowe S Astor |
| Bankers | Bank of New Zealand Christchurch |
| Auditors | Audit New Zealand on behalf of the Office of the Auditor General |

**Statement of Comprehensive Income
for the year ended 30 June 2011**

| | Note | 2011 \$ |
|--|------|------------------|
| Revenue from operations | 2(a) | 1,259,039 |
| Other income | | - |
| | | <u>1,259,039</u> |
| Other expenses | 2(b) | 1,257,860 |
| | | <u>1,257,860</u> |
| Profit (loss) before income tax expense | | <u>1,179</u> |
| Income tax expense | | - |
| Net Surplus/(Deficit) for period | | <u>1,179</u> |
| Total Comprehensive Income | | <u>1,179</u> |

The accompanying notes form part of these financial statements.


**Statement of Changes in Equity
for the year ended 30 June 2011**

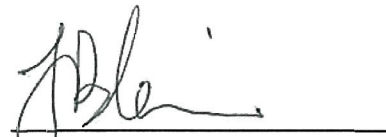
| | Retained earnings \$ |
|---|-------------------------------------|
| Balance as at 01 July 2010 | - |
| Total comprehensive income for the period | 1,179 |
| Balance as at 30 June 2011 | <u>1,179</u> |

The accompanying notes form part of these financial statements.

**Statement of Financial Position
as at 30 June 2011**

| | Note | 2011 \$ |
|--------------------------------------|------|----------------|
| Current assets | | |
| Cash and cash equivalents | | 203,966 |
| Trade and other receivables | 4 | <u>142,932</u> |
| Total current assets | | <u>346,899</u> |
| Non-current assets | | |
| Investment property | | <u>-</u> |
| Total non-current assets | | <u>-</u> |
| Total assets | | 346,899 |
| Current liabilities | | |
| Trade and other payables | 5 | <u>345,719</u> |
| Total current liabilities | | <u>345,719</u> |
| Non-current liabilities | | |
| Borrowings | | <u>-</u> |
| Total non-current liabilities | | <u>-</u> |
| Total liabilities | | 345,719 |
| Net assets | | <u>1,180</u> |
| Equity | | |
| Capital and other equity instruments | | <u>-</u> |
| Retained earnings | 6 | 1,179 |
| Total equity | | <u>1,179</u> |


 Linda Penno
 Chair
 The World Buskers Festival Trust


 Jo Blair
 Executive Director
 World Buskers Festival

20/12/11
 Date

20/12/11
 Date

The accompanying notes form part of these financial statements.

**Statement of Objectives and Performance
for the year ended 30 June 2011**

No financial or key performance targets were set as no Statement of Intent for the year ended 30 June 2011 was created.

A Statement of Intent for the 2011/2012 financial year has been prepared and adopted by the Trustees.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Statement of Significant Accounting Policies

a. Reporting Entity

These are the financial statements of the World Buskers Festival Trust, a Charitable Trust created by the Christchurch City Council on 1 July 2010. The primary purpose of the Trust is to hold an annual international buskers festival in Christchurch and apply surplus funds generated by the festival towards promoting street theatre as a performing art in New Zealand.

The financial statements of the Trust are for the year ended 30 June 2011. The financial statements were approved for issue by the Board of Trustees on 20 December 2011.

b. Basis of financial statement preparation

The financial statements of the World Buskers Festival Trust have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for public benefit entities.

Differential Reporting

The Trust is a qualifying entity within the Framework for Differential Reporting. The differential reporting option is available to the Trust as it is not large within the meaning of this term as set out in the Framework and is not publicly accountable. The Trust has taken advantage of all differential reporting concessions available to it.

The financial statements are prepared under the historical cost convention.

The functional and presentation currency is New Zealand dollars, and all values are rounded to the nearest dollar.

c. Revenue

Revenue is measured at the fair value of consideration received. Interest income is recognised using the effective interest method.

d. Income tax

The Inland Revenue Department (IRD) has confirmed that the Trust has charitable status for tax purposes and is therefore not liable for income tax.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less.

f. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less impairment provision.

g. Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

h. Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

i. Provisions

A provision is recognised in the balance sheet when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

j. Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

2. Profit from operations

a. Revenue

| | 2011 \$ |
|--|-------------------------|
| Revenue from operations | |
| Strategic Partners | 462,992 |
| Sponsorship | 71,000 |
| Grants & Donations | 96,862 |
| Contra & in-kind sponsors | 434,850 |
| Door donations / Food & Beverage sales | 193,335 |
| | <u>1,259,039</u> |
| Other Income | |
| Interest received | - |
| Total revenue | <u><u>1,259,039</u></u> |

b. Expenses

| | Note | 2011 \$ |
|-------------------------------|------|-------------------------|
| Other Expenses: | | |
| Office & Administrative Costs | | 45,045 |
| Artists Costs | | 197,896 |
| Marketing & Publicity | | 458,102 |
| Production / Technician costs | | 289,000 |
| Food & Beverage costs | | 72,417 |
| Management & Contractors | | 185,900 |
| Auditors remuneration | 3 | 9,500 |
| | | <u>1,257,860</u> |
| Total expenses | | <u><u>1,257,860</u></u> |

3. Remuneration of Auditors

| | 2011 \$ |
|-------------------------------|--------------|
| Audit New Zealand: | |
| Audit of financial statements | 9,500 |
| | <u>9,500</u> |

4. Current trade and other receivables

| | 2011 \$ |
|---------------------------|----------------|
| Debtors and Accruals | 70,141 |
| GST receivable | 34,799 |
| Related party receivables | 37,992 |
| | <u>142,932</u> |

The carrying value of trade and other receivables approximates their fair value.

5. Current trade and other payables

| | 2011 \$ |
|------------------------|----------------|
| Trade payables | 65,549 |
| GST payable | - |
| Related Party Payables | 280,170 |
| | <u>345,719</u> |

6. Retained Earnings

| | 2011 \$ |
|--|--------------|
| Balance at beginning of financial year | - |
| Surplus/(deficit) | <u>1,179</u> |
| Balance at end of financial year | <u>1,179</u> |

7. Financial Instruments

Financial instruments are cash and cash equivalents as below.

| | 2011 \$ |
|--------------------------|----------------|
| Cash at bank and in hand | 203,966 |
| | <u>203,966</u> |

Risk

The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its treasury activities.

Interest rate risk

The Trust is exposed to interest rate risk on funds invested at both fixed and floating interest rates. The risk is managed by restricting investment to quality investment grade issues, pursuant to Christchurch City Council's investment policy.

Credit Risk

Credit risk refers to the risk that a third party will default on its contractual obligations to the Trust, causing the Trust to incur a loss. Financial instruments which potentially subject the Trust to credit risk consist principally of cash and short term investments, and accounts receivable. The Trust banks solely with Bank of New Zealand (BNZ) and therefore credit risk is concentrated with BNZ. BNZ has a AA credit rating with Standard and Poor's (Australia) Pty limited.

8. Post balance date events

There were no events known to the Trustees occurring subsequent to balance date that would have a significant impact on the financial statements for the year ended 30 June 2011.

9. Contingencies

The Trust had no contingent assets or liabilities as at 30 June 2011.

10. Related Party Transactions

| | 2011 \$ |
|---------------------------------------|----------------|
| Receipts from related parties | |
| CCC - funding & sponsorship | 279,992 |
| Sundry sales to CCC | 5,480 |
| | <u>285,472</u> |
| Purchases from related parties | |
| Management / contractor costs | 185,900 |
| Other goods and services | 94,270 |
| | <u>280,170</u> |
| Year end balances | |
| CCC - funding receivable | 37,992 |
| CCC - trade & other payables | 280,170 |

11. Breach of statutory deadline

Under section 67 of the Local Government Act 2002, the Trust is required to adopt its annual report incorporating its audited financial statements by 30 September. The Trust did not meet this requirement for 2011.

Independent Auditor's Report**To the readers of
World Buskers Festival Trust's
financial statements for the year ended 30 June 2011**

The Auditor-General is the auditor of World Buskers Festival Trust (the Trust). The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Trust on her behalf.

We have audited the financial statements of the Trust on pages 4 to 12 that comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income and statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Qualified opinion as our work was limited because of limited control over revenue***Reason for our qualified opinion***

Prior to being recorded, control over the receipt of \$69,611 of door donations revenue, which is included within the total of door donations/food and beverage sales of \$193,335 in note 2a, is limited. There are no satisfactory audit procedures that we could adopt to confirm independently that all door donations revenue was properly recorded.

Qualified opinion on the financial statements

In our opinion, except for the effects of the matter described in the "Reason for our qualified opinion" paragraph above, the financial statements of the Trust on pages 4 to 12:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's:
 - financial position as at 30 June 2011; and
 - financial performance for the year ended on that date.

Adverse opinion for not preparing a statement of service performance***Reason for our adverse opinion***

As stated on page 7, the Trust did not have a statement of intent for the period commencing 1 July 2010. Normally the statement of intent would outline the performance targets and other measures by which the performance of the Trust could be measured. Because the Trust did not have a statement of intent for the period commencing 1 July 2010 the Trust has not prepared a statement of service performance that fairly reflects its service performance achievements.

Adverse opinion on the statement of service performance

In our opinion, because of the significance of the matter described in the "Reason for our adverse opinion" paragraph above, the Trust has not:

- complied with generally accepted accounting practice in New Zealand; and
- fairly reflected its service performance achievements for the year ended 30 June 2011.

Our audit was completed on 10 January 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. We were unable to determine whether there are material misstatements in the financial statements because the scope of our work was limited, as we referred to in our opinion, and we found a material misstatement in the service performance information because the Trust did not prepare a statement of service performance, as we referred to in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Trust's preparation of the financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our qualified opinion on the financial statements and our adverse opinion on the statement of service performance.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position and financial performance; and
- fairly reflect its service performance achievements.

The Trustees are also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Trustees' responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Trust.



S M Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

