

# FINANCIAL STATEMENTS

**Q Theatre Trust Group**

For the year ended 30 June 2023

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# Financial Statements

Q Theatre Trust Group  
For the year ended 30 June 2023

Q Theatre | 305 Queen St, Auckland City 1010 | Tel 09 309 8326



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**INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEES OF Q THEATRE TRUST**

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**Opinion**

We have audited the consolidated general purpose financial report of Q Theatre Trust (the "Trust") and its controlled entities (the "Group") which comprise the consolidated financial statements on pages 5 and 8 to 19 and the consolidated service performance information on pages 6 to 7. The complete set of consolidated financial statements comprise the statement of financial position as at 30 June 2023, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated general purpose financial report presents fairly, in all material respects:

- the consolidated financial position of the Group as at 30 June 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended; and
- the consolidated service performance of the Group for the year ended 30 June 2023 in accordance with the entity's service performance criteria

in accordance with Public Benefit Entity Accounting Standards (Reduced Disclosure Regime) issued by the New Zealand Accounting Standards Board.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated General Purpose Financial Report* section of our report. We are independent of the Group 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 Trust or its controlled entities.

**Information Other Than the Consolidated General Purpose Financial Report and Auditor's Report**

The Trustees are responsible for the other information. Our opinion on the consolidated general purpose financial report does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the consolidated general purpose financial report, if other information is included in the annual report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated general purpose financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of our auditors' report, we concluded that there is a material misstatement of this other information, we are required to report that fact.

**Trustees' Responsibilities for the Consolidated General Purpose Financial Report**

The Trustees are responsible on behalf of the Group for:

- (a) the preparation and fair presentation of the consolidated financial statements and consolidated service performance information in accordance with Public Benefit Entity Accounting Standards (Reduced Disclosure Regime) issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare consolidated service performance information in accordance with Public Benefit Entity Accounting Standards (Reduced Disclosure Regime); and
- (c) such internal control as the Trustees determine is necessary to enable the preparation of the consolidated financial statements and consolidated service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated general purpose financial report, the Trustees are responsible 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 Group or to cease operations, or have no realistic alternative but to do so.

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.*

### Auditor's Responsibilities for the Audit of the Consolidated General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole and the consolidated service performance information are 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 NZ AS 1 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 decisions of users taken on the basis of this financial report.

As part of an audit in accordance with ISAs (NZ) and NZ AS 1, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the consolidated service performance information, 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 of the consolidated financial statements and the consolidated service performance information 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 entity to select what and how to report its consolidated service performance.
- Evaluate whether the service performance criteria are suitable so as to result in consolidated service performance information that is in accordance with the Public Benefit Entity Accounting Standards (Reduced Disclosure Regime).
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated general purpose 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated general purpose financial report, including the disclosures, and whether the consolidated general purpose financial report represents the underlying transactions, events and service performance information in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and service performance information of the entities or business activities within the Group to express an opinion on the consolidated general purpose financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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.

### Restriction on Use

This report is made solely to the Trust's Trustees, as a body. Our audit has been undertaken so that we might state to the Trust's Trustees those matters 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.



**Crowe New Zealand Audit Partnership<sup>1</sup>**  
Auckland, New Zealand  
5 October 2023

<sup>1</sup> The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.



## Approval of Financial Report

Q Theatre Trust Group  
For the year ended 30 June 2023

In the opinion of the Trustees, the financial statements and notes of Q Theatre Trust and its subsidiary (the Group) on pages 6 to 14:

- comply with New Zealand generally accepted accounting practice and present fairly the financial position of the Group as of 30 June 2023 and the results of the Group for the year ended that date.
- have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Trustees believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the group and facilitated compliance of the financial statements with the Financial Reporting Act 2013.

The Trustees consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Trustees are pleased to present the Group financial statements, as at and for the year ended 30 June 2023.

DocuSigned by:  
CEO *Greg Innes*  
Date 04 October 2023 | 19:45:49 PDT

DocuSigned by:  
Trustee *Andrew Smith*  
Date 05 October 2023 | 17:25:46 NZDT





## Statement of Service Performance

Q Theatre Trust Group

For the year ended 30 June 2023

Description of Entity's Outcomes

- First uninterrupted year of programme since March 2020 following the start of the COVID-19 pandemic.
- Launch of Q's New Strategy as part of sharing Q's published Annual Report FYE22 in November, including Purpose, Mission, Values and Strategic Objectives for the next 5 years.
- Two successful Creative New Zealand Arts Grants towards Q's Programme initiatives.
- Further implementation of Q's Venue Management Software Priava to streamline workflow.
- Presented Q's second Artist Residency in April 2023.
- New Zealand International Comedy Festival returned in May 2023 after a two-year hiatus bring with it a wonderful programme of local and international artists and pre-pandemic audience numbers.
- Collaborated with AskRIGHT Fundraising Consultants to develop a Fundraising Strategy that incorporates Q's fundraising goals for the next 5 to 10 years alongside Q's needs as an organisation and facility.
- Recruitment of Q's first executive level Development Manager, funded for twelve months by a philanthropist.
- Development of a new Programme Strategy that articulates and focuses on how Q's spaces will be filled over the next 5 years. First draft Programme Strategy presented to Q's Board in November 2022, second draft presented in April 2023, final version for comment to be presented to Q Board in November 2023.
- Commissioned BoardWorks and others to assist with a review of Q's existing governance framework, and to assess what changes, if any, might be required to update the Q Theatre Trust Deed and the Q Theatre Limited company constitution.
- Completion of Internal Audit Review by Crowe Australasia.
- Health & Safety Review completed by Ray's Theatrical Services.
- As part of the implementation of Q's new strategy, an HR transformation project is underway to review and improve Q's HR systems and processes; as well as a programme to understand and improve staff engagement.
- Retirement of Ed McKnight (Q Theatre Ltd Director & Trustee of Q Theatre Trust), Hinurewa te Hau (Q Theatre Ltd Director) and Blair Jagusch (Q Theatre Ltd Director). Appointment of three new directors to Q Theatre Limited and one new Trustee Director to Q Theatre Trust following a formal recruitment process led by Simon Telfer and Better Boards.
- Successfully maintaining the building asset in a fit for purpose state with limited funding and other resources





Reporting number of	Annual total FY 2023	Annual total FY 2022
Performances	522	89
Programmes	180	30
Attendees at performances	64,505	13,549
Programmes that receive in-kind support	81	11
Website traffic	262,487	230,290
Database subscribers	48,894	48,501
Newsletters	96	25







# Statement of Comprehensive Revenue and Expense

Q Theatre Trust Group  
For the year ended 30 June 2023

	Notes	2023	2022
<b>Revenue</b>			
Sales of Goods & Services	3	2,182,588	643,025
Grants & Donations	3	1,205,131	959,850
Other Revenue		110,160	630,639
<b>Total Revenue</b>		<b>3,497,880</b>	<b>2,233,514</b>
<b>Expenses</b>			
Employee Benefits Expenses		1,833,788	1,317,786
Operating Expenses		971,884	418,000
Administration Expenses		647,581	364,357
<b>Total Operating Expenses</b>		<b>3,453,254</b>	<b>2,100,143</b>
<b>Operating (Deficit)/Surplus</b>		<b>44,626</b>	<b>133,371</b>
<b>Non- Operating Revenue</b>			
Interest free loan benefit recognition		353	98,339
Asset Management Grant (Capital Projects)		10,460	13,836
Auckland Council Recovery Grants (Capital Projects)		19,490	88,205
Trusts & Foundations Grant (Capital Projects)		15,000	14,860
<b>Total Non-Operating Revenue</b>		<b>45,303</b>	<b>215,239</b>
<b>Non- Operating Expenses</b>			
Interest free loan cost recognition		5,033	10,606
Depreciation	4	770,129	734,175
<b>Total Depreciation</b>		<b>775,161</b>	<b>744,781</b>
<b>Deficit for the year</b>		<b>(685,232)</b>	<b>(396,171)</b>





## Statement of Financial Position

Q Theatre Trust Group  
As of 30 June 2023

	Notes	2023	2022
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$	511,996	\$ 864,249
Trade Receivables	\$	41,095	\$ 68,636
Inventories	\$	27,632	\$ 16,870
Other Current Assets	\$	187,136	\$ 106,593
<b>Total Current Assets</b>	<b>\$</b>	<b>767,860</b>	<b>\$ 1,056,348</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4 \$	14,275,638	\$ 14,879,694
Intangible Assets	\$	51,271	\$ 34,739
<b>Total Non-Current Assets</b>	<b>\$</b>	<b>14,326,909</b>	<b>\$ 14,914,433</b>
<b>Total Assets</b>	<b>\$</b>	<b>15,094,769</b>	<b>\$ 15,970,781</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade Payables & Accruals	\$	375,345	\$ 277,440
Deferred Revenue	\$	496,654	\$ 782,045
Borrowings	5 \$	7,973	\$ 7,973
<b>Total Current Liabilities</b>	<b>\$</b>	<b>879,972</b>	<b>\$ 1,067,458</b>
<b>Non-Current Liabilities</b>			
Borrowings	\$	102,923	\$ 105,863
Related Party Loan	6 \$	137,447	\$ 137,800
<b>Total Non-Current Liabilities</b>	<b>\$</b>	<b>240,369</b>	<b>\$ 243,663</b>
<b>Total Liabilities</b>	<b>\$</b>	<b>1,120,341</b>	<b>\$ 1,311,121</b>
<b>Net Assets</b>	<b>\$</b>	<b>13,974,428</b>	<b>\$ 14,659,660</b>
<b>Equity</b>			
Retained Earnings	\$	13,974,428	\$ 14,659,660
<b>Total Equity</b>	<b>\$</b>	<b>13,974,428</b>	<b>\$ 14,659,660</b>





## Statement of Changes in Equity

Q Theatre Trust Group  
For the year ended 30 June 2023

	<b>2023</b>	<b>2022</b>
<b>Retained Earnings</b>		
Balance at 1 July 2022	14,659,660	15,055,830
Deficit for the year	(685,232)	(396,171)
<b>Balance at 30 June 2023</b>	<b>13,974,428</b>	<b>14,659,660</b>





## Statement of Cashflows

Q Theatre Trust Group  
For the year ended 30 June 2023

Account	2023	2022
<b>Operating Activities</b>		
Cash received from donations, grants & sponsorship	1,305,767	1,644,543
Cash received from customers and contracts	1,971,943	1,175,155
Cash paid to suppliers	(1,648,029)	(1,152,290)
Cash paid to employees	(1,834,121)	(1,317,786)
GST	39,749	(12,621)
Interest Paid	-	(548)
<b>Net Cash Flows from Operating Activities</b>	<b>(164,691)</b>	<b>336,454</b>
<b>Investing Activities</b>		
Interest received	3,016	164
Payments to acquire property, plant and equipment	(182,605)	(149,030)
<b>Net Cash Flows from Investing Activities</b>	<b>(179,589)</b>	<b>(148,866)</b>
<b>Financing Activities</b>		
Repayment of loans	(7,973)	(7,973)
<b>Net Cash Flows from Financing Activities</b>	<b>(7,973)</b>	<b>(7,973)</b>
<b>Net change in Cash and Cash Equivalents</b>	<b>(352,253)</b>	<b>179,615</b>
Cash and cash equivalents at beginning of period	<b>864,249</b>	<b>684,634</b>
Cash and cash equivalents at end of period	<b>511,996</b>	<b>864,249</b>





# Notes to the Financial Statements

## Q Theatre Trust Group For the year ended 30 June 2023

### 1. General Overview

#### (a) Reporting Entity

Q Theatre Trust (the 'Trust') is a trust incorporated in New Zealand, registered under the Charities Act 2005, and is domiciled in New Zealand. The Trust and its subsidiary Q Theatre Limited comprise the Q Theatre Trust Group ('Group'). The purpose of the Group and its principal activity is to build, own, preserve, protect, and manage as a public amenity, a 350-460 seat flexi-form theatre at 305 Queen Street, Auckland. The consolidated financial statements of the Trust are for the year ended 30 June 2023 were authorised for issue by the board on the date specified on page 5.

#### (b) Basis of Preparation

The financial statements have been prepared under the Financial Reporting Act 2013 in accordance with New Zealand Generally Accepted Accounting Practice (NZGAAP). For the purpose of financial reporting, they comply with Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit) (PBERDR). The company has elected to report in accordance with PBERDR accounting standards on the basis that it does not have public accountability and has total expenses of less than \$30 million. The financial statements are presented in New Zealand Dollars (\$), which is the Groups functional currency. All financial information presented in New Zealand Dollars has been rounded to the nearest dollar, except when otherwise indicated.

#### (c) Tax

The Group is exempt from income tax due to its charitable nature. The Trust registered with the charities commission on 30 June 2008 and its registered number is CC27656. All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

#### (d) Use of Estimates and Judgements

The preparation of financial statements requires the Trustees to make judgements, estimates and assumptions that affect the application of the accounting policies and amounts recognised in the financial statements. The significant accounting estimates and judgements in these financial statements is the useful life and residual value of Q Theatre building. These assumptions impact on the carrying value of property plant and equipment in the statement of financial position and depreciation expense recognised in the statement of comprehensive revenue and expense. Refer to note 4.





## 2. Accounting Policies

### (a) Changes in accounting policy

#### PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments replaces parts of IPSAS 29 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Trust has applied PBE IPSAS 41 prospectively, with an initial application date of 1 July 2022.

As a result of adopting PBE IPSAS 41 as of 1 July 2022 there were no changes to the value of assets or liabilities, rather a change in the measurement category of the assets.

The nature of these presentation changes is described below:

(i) Classification and Measurement of financial assets and liabilities

Under PBE IPSAS 41, financial assets are subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost or fair value through other comprehensive revenue and expense (FVOCRE). Financial liabilities are subsequently measured at fair value through surplus or deficit (FVTSD) or amortised cost. Financial instruments measured at amortised cost replaces the previous measurement category: loans and receivables, the change in category is outlined in the below table. The classification is based on two criteria: (1) the Trust's business model for managing the assets: and (2) whether the instruments 'contractual cash flows represent solely payment of principal and interest' on the principal amount outstanding.

The assessment of the Trust's business model was made as at date of initial application namely 1 July 2022. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Receivables from exchange and non-exchange transactions and term deposits were classified as Loans and Receivables as of 30 June 2022 and are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning on 1 July 2022.

	Measurement Category	
	PBE IPSAS 29	PBE IPSAS 41
Financial Assets		
Cash & Cash Equivalents	Loans & Receivables	Amortised Cost
Term Deposits	Loans & Receivables	Amortised Cost
Investments	FVTSD	FVTSD
Financial Liabilities		
Accounts Payable	Amortised Cost	Amortised Cost

#### Impairment

The adoption of PBE IPSAS 41 has changed the Trust's accounting for impairment losses for financial assets by replacing PBE IPSAS 29's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PBE IPSAS 41 requires the Trust to recognise an allowance for ECL's for all debt instruments not held at fair value through surplus and deficit.

Upon the adoption of IPSAS 41 on 1 July 2022, the Trust did not recognise any additional impairment.





## **(b) Financial Assets**

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, and FVTSD.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Trust's business model for managing them. With the exception of short-term receivables and payables that do not contain a significant financing component or for which the Trust has applied the practical expedient, the Trust initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs.

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through surplus or deficit, irrespective of the business model.

The Trust's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of financial performance.

This category includes derivative instruments and managed funds which the Trust had not irrevocably elected to classify at FVOCRE.

After initial recognition the financial assets in this category are measured at fair value with gains or loss on re-measurement recognised in surplus or deficit.

Financial Assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, are subsequently measured at amortised cost using the effective interest method (EIR) and are subject to impairment. Gains and losses are recognised in surplus or deficit when the asset is derecognised, modified, or impaired.

The Trust's cash and cash equivalents are categorised as financial assets at amortised cost.

## **(c) Derecognition of Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Trust's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.





#### **(d) Financial Liabilities**

Financial liabilities at amortised cost are classified, at initial recognition and include payables.

After initial recognition, payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of financial performance.

A financial liability is derecognised when the obligation under the liability is discharged, waived, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of financial performance.

#### **(e) Cash & cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### **(f) Receivables and prepayments**

Trade and other receivables are recognised initially at cost. Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

#### **(g) Expenses**

Expenses are recognised on an accrual basis.

#### **(h) Accounts payable and accruals**

Trade and other payables are recognised initially at cost. Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

#### **(i) Employee benefits**

Liabilities arising in respect of wages and salaries, annual leave, sick leave, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash out flow to be made in respect of services provided by employees up to the reporting date.

#### **(j) Consolidation**

The Trust consolidates the activities of its 100% owned subsidiaries Q Theatre Limited by using the acquisition method. This is because it has the power to govern the financial and operating policies of the company. Inter-company transactions, balances, and unrealised gains, and/or losses on transactions between Group entities are eliminated. Accounting policies of the subsidiary are aligned to ensure consistency with the policies adopted by the Group.







#### **(k) Borrowings and related party loans**

Borrowings and related party loans are recognised initially at fair value plus transaction costs. Borrowings and related party loans are measured subsequently at amortised cost using the effective interest method.

#### **3. Revenue**

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the future benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. Revenue from the sale of goods and services relates to tickets, restaurant, and bar sales.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue comprises the fair value of consideration received or receivable for the sale of goods or services in the ordinary course of the Group's activities. Revenue is shown net of GST, returns, rebates, and discounts and after eliminating sales within the Group.

Deferred revenue relates to funds for ticket sales that have been received for future shows. If the particular show has not happened in the current year, these funds have been classified as deferred revenue.

Grants and donations received are non-exchange transactions and are recognised in revenue unless specific conditions are attached to the grant or donation and repayment is required where these conditions are not met. In these cases, the grant is treated as a liability called deferred revenue until the conditions are met.

Interest received is credited to the Statement of Comprehensive Revenue and Expense on an accrual basis.

Auckland Council has granted \$981,702 (2022: \$943,944) to assist with the operation of the Q Theatre facility. The funding is conditional on the purposes for which the fund is granted including arts and creative entrepreneurship. The grant shall not be used for any other purposes except those listed in the agreement.

#### **4. Property, plant and equipment**

All items of property, plant and equipment are initially measured at cost. The cost of an item of property, plant and equipment includes its purchase price, costs directly attributable to bringing it to the location and condition necessary for it to operate as intended and the initial estimate of dismantling and removing the item and restoring the site on which it is located.

After initial recognition, all items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Subsequent costs are added to the carrying amount of an item of property, plant, and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are expensed as incurred.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant, and equipment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (i.e., the asset is impaired). An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in surplus or deficit. Depreciation is provided on a straight-line basis at rates calculated to allocate the cost less estimated residual value over the estimated economic lives of the assets. Depreciation is charged to the profit or loss. The following depreciation rates have been used for each class of asset:

The Q theatre is built on land leased from Auckland Council for a period of 35 years until 6 July 2046. The building is depreciated on a straight-line basis over the remaining life of the lease and assuming the building has no residual value.





Within Q's consolidated annual accounts, building depreciation is a very significant charge. The Trustees note that their focus is ensuring that the building and all associated fixtures, fittings and equipment remain fit for purpose, and accordingly that maintenance and replacement of capital items is sufficient to ensure this is achieved. Ongoing discussions with Auckland Council regarding maintenance planning and how that is funded remains a priority for the Trustees.

Buildings	4% SL
Plant and equipment	4% – 67% SL
Furniture, Fixtures & Fittings	7% - 67% SL
Signage	7% SL

	Buildings	Plant and equipment	Furniture, Fixtures & Fittings	Signage	Website & Software	Total
<b>Cost</b>						
Opening at 1/7/2022	19,060,716	580,709	2,146,286	87,923	150,444	22,026,078
Plus additions	-	106,535	21,232	10,223	42,480	180,469
Less Disposals	-		-	-		-
Closing at 30/06/2023	19,060,716	687,243	2,167,518	98,145	192,924	22,206,547

<b>Accumulated depreciation</b>						
Opening at 1/7/2022	4,835,899	387,170	1,711,304	61,568	115,704	7,111,645
Plus Depreciation	594,125	43,797	99,714	6,545	25,949	770,129
Less Disposals						-
Closing at 30/6/2023	5,430,024	428,830	1,811,018	68,113	141,653	7,879,638
Net book value 30/6/2023	13,630,692	258,413	356,500	30,032	51,271	14,326,909
Net book value 30/6/2022	14,224,817	193,539	434,982	26,355	34,739	14,914,433

## 5. Borrowings

The loan advanced from Auckland Council is to be used for working capital purposes. The loan is secured by way of a general security agreement against the Group assets. Auckland Council has reached agreement with the Group to extend the term of the loan of \$200,000 over the life of the Q Theatre lease which concludes in 2046. This agreement is in place and repayment of loan has started from March 2021. The loan is interest free.

## 6. Related Parties

	2023	2022
Senior Management (5)	466,125	417,370

The Chairman of the Q Theatre Group had provided a loan of \$300,000 which is interest free and repayable on 31<sup>st</sup> December 2024, of which \$150,000 has been repaid on 30th June 2021.

Indian Ink Theatre (IITC) is a related party due to Justin Lewis being a Director and Shareholder of IITC as well as being a Trustee of Q Theatre Trust. During the year Q Theatre hosted one production "Dirty Work" which was produced by IITC. Q Theatre recognised revenue from services, including theatre hire and labour amount of \$58,884 (2022: \$58,139) from this performance.

No Related Party debts have been written off or provided as doubtful debts in 2023 (2022: nil).





#### **7. Commitments and contingencies**

At balance date there are no known contingent liabilities (2022: \$0). The Trust has not granted any securities in respect of liabilities payable by any other party whatsoever.

#### **8. Going concern**

These financial statements are prepared on the assumption that the Group will continue its operations for the foreseeable future.

The Group has reported a deficit for the year of \$685,232 (2022: \$396,171), which includes the recognition of a non-cash accounting charge for discount on interest free loans and has a negative working capital position where current liabilities exceed current asset of \$112,112 (2022: \$11,110).

The Group is reliant on the continued support of its funders, including its major funder Auckland Council. Council has determined in its most recently approved Long Term Plan to revise its funding support for the Group and new funding agreements that reflect this increased support have been concluded.

The Trustees have reviewed the Group's budget for the twelve months to 30 June 2024 together with the current financial performance and position of the Group and consider that it is appropriate to continue to prepare these financial statements on a going concern basis for the year ended 30 June 2023.





## 9 Financial instruments

### (a) Carrying value of financial instruments

The carrying amount of all material financial position assets and liabilities are considered to be equivalent to fair value.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

### (b) Classification of financial instruments

All financial assets held by the Group are carried at amortised cost.

All financial liabilities held by the Group are carried at amortised cost using the effective interest rate method.

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

2023	Financial Assets at amortised cost	Financial Liabilities at amortised cost	Total
<b>Financial assets</b>			
Cash and cash equivalents	511,996	-	511,996
Trade debtors and other receivables	41,095		41,095
<b>Total</b>	<b>553,091</b>	<b>-</b>	<b>553,091</b>
<b>Financial liabilities</b>			
Trade creditors and other payables	-	375,345	375,345
Loans and borrowings	-	248,342	248,342
<b>Total</b>	<b>-</b>	<b>623,687</b>	<b>623,687</b>

2022	Financial Assets at amortised cost	Financial Liabilities at amortised cost	Total
<b>Financial assets</b>			
Cash and cash equivalents	864,249	-	864,249
Trade debtors and other receivables	68,636	-	68,636
<b>Total</b>	<b>932,885</b>	<b>-</b>	<b>932,885</b>
<b>Financial liabilities</b>			
Trade creditors and other payables	-	277,440	277,440
Loans and borrowings	-	251,636	251,636
<b>Total</b>	<b>-</b>	<b>529,076</b>	<b>529,076</b>





# Q THEATRE

## ANNUAL REPORT

July 2022 - June 2023

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