

FINANCIAL STATEMENTS for the year ended 30th June 2018**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE for the year ended 30th JUNE 2018**

	Note	2018	2017
Levies from Territorial Authorities	2	15,222,110	13,100,000
Grants and Donations	2	373,130	468,609
Rent – Donation	2	560,625	528,750
Interest Received		263,801	235,102
Other Operating Income	3	2,315,441	1,990,045
Operating Revenue		18,735,107	16,322,505
Employee Benefits Expense		7,549,770	6,581,215
Depreciation Expenses	4	1,725,828	1,639,072
Finance Expenses		42,296	57,492
Rent – Expense		560,625	528,750
Other Expenses	5	8,609,352	7,357,798
Impairment of Redevelopment Expenses	8a	485,749	-
		18,973,620	16,164,327
Net (Deficit)/Surplus		(238,513)	158,178
Other comprehensive income			
Movement in revaluation reserve		164,000	344,205
Total Comprehensive Income		(74,513)	502,383

STATEMENT OF CHANGES IN EQUITY for the year ended 30th JUNE 2018

	Projects Reserves	Asset Revaluation Reserves	Retaining Earnings	Total Equity
Balance as at 1 July 2017	191,819	5,644,210	54,883,119	60,719,148
Net Deficit			(238,513)	(238,513)
Transfer to/(from) Project Reserve	(1,557)		1,557	
<i>Other Comprehensive Income</i>				
Asset revaluation reserve		164,000		164,000
Total Comprehensive Income	(1,557)	164,000	(236,956)	(74,513)
Balance as at 30 June 2018	190,262	5,808,210	54,646,162	60,644,634

	Projects Reserves	Asset Revaluation Reserves	Retaining Earnings	Total Equity
Balance as at 1 July 2016	214,424	5,300,005	54,702,336	60,216,765
Net Surplus			158,178	158,178
Transfer to/(from) Project Reserve	(22,605)		22,605	
<i>Other Comprehensive Income</i>				
Asset revaluation reserve		344,205		344,205
Total Comprehensive Income	(22,605)	344,205	180,783	502,383
Balance as at 30 June 2017	191,819	5,644,210	54,883,119	60,719,148

The accounting policies and notes to these financial statements form part of, and should be read in conjunction with these financial statements.

STATEMENT OF FINANCIAL POSITION as at 30th JUNE 2018

	Note	2018	2017
CURRENT ASSETS			
Cash and Cash Equivalents	7	2,534,480	1,485,685
Accounts Receivable		192,827	289,328
Term Deposits and Investments		-	1,000,000
Shop Inventory		89,505	95,689
GST Receivable		172,378	232,073
		2,989,189	3,102,775
NON CURRENT ASSETS			
Intangible Assets		-	23,236
Property, Plant and Equipment	8a	30,657,392	31,182,731
Collections	8b	29,416,446	29,231,736
		60,073,838	60,437,793
TOTAL ASSETS		63,063,027	63,540,568
CURRENT LIABILITIES			
Creditors and Accruals	9	1,518,918	1,638,192
Regional Facilities Auckland	10	78,481	67,626
Hire Purchase	10	-	7,946
Income in advance	6	150,044	351,108
		1,747,443	2,064,872
NON CURRENT LIABILITIES			
Regional Facilities Auckland	10	670,950	756,550
		670,950	756,550
TOTAL NET ASSETS		60,644,634	60,719,148
EQUITY			
General Equity		54,646,162	54,883,119
Asset Revaluation Reserve		5,808,210	5,644,210
Projects Reserve	11	190,262	191,819
TOTAL EQUITY		60,644,634	60,719,148

Board member:



Date:

18/10/18

Board member:



Date:

18/10/18

The accounting policies and notes to these financial statements form part of, and should be read in conjunction with these financial statements.

STATEMENT OF CASH FLOWS
for the year ended 30th JUNE 2018

	Note	2018	2017
Cash from Operating Activities			
Cash was provided from:			
Levies from Territorial Authorities		15,222,110	13,100,000
Grants and Donations		167,974	404,729
Receipts from operations		2,315,441	2,022,170
Interest income		263,801	235,102
Cash was disbursed to:			
Payments to Suppliers, Employees and others		16,280,497	13,884,343
Borrowing costs paid		42,296	57,493
Net Cashflow from/(applied to) Operations		1,646,533	1,820,165
Cashflow from Investing Activities			
Cash was applied to:			
Payments for property, plant & equipment		1,515,047	2,105,751
Payments for heritage assets		-	-
Net Cash (applied to)/from Investing Activities		(1,515,047)	(2,105,751)
Cash flow from Financing Activities			
Cash was provided from:			
Proceeds from borrowings		-	-
Cash was applied to:			
Repayment of borrowings		82,691	137,144
Net Cash (applied to)/from Financing Activities		(82,691)	(137,144)
Net Increase/ (Decrease) in cash held		48,795	(422,729)
Opening Cash Balance		2,485,685	2,908,414
Closing Cash Balance		2,534,480	2,485,685
Represented by:			
Cash and Cash Equivalents	7	2,534,480	1,485,685
Short Term Investments		-	1,000,000

The accounting policies and notes to these financial statements form part of, and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 30 June 2018

1. Statement of Accounting Policies

Reporting Entity

The Museum of Transport and Technology Board (MOTAT) is an entity established under the Museum of Transport and Technology Act 2000 which came in force on 1 April 2000. The Board has been established exclusively for charitable purposes. The museum registered as a charitable entity under the Charities Act 2005 on 30 June 2008, registration number CC30945. It is also a public entity as defined by the Public Audit Act 2001.

The Museum is spread over the three geographical sites at M1 (805 Great North Road), M2 (Motions Road), Western Springs, Auckland, and off-site storage.

MOTAT's goal is to move away from being a museum that predominantly focuses on its objects to an institution that uses its collection and its focus on Kiwi ingenuity, transport, technology and the associated stories in a creative and interactive way that motivates and inspires the innovators of tomorrow. By doing this MOTAT will provide a multi-dimensional experience that its visitors will find rewarding and will make them want to return for more on a regular basis.

The financial statements were authorised for issue by MOTAT on the date as evidenced as signed on the Statement of Financial Position. Once issued, members of the Board do not have the power to amend these financial statements.

Statement of compliance and basis of preparation

For financial reporting purposes, MOTAT is considered a public sector Public Benefit Entity. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with Tier 2 Public Benefit Entity Standards (PBE Standards) that have been authorised for use by the External Reporting Board. The entity is able to and has elected to apply Tier 2 PBE Standards on the basis that it does not have public accountability and it is not considered large. In preparing these financial statements, the Board has taken advantage of all applicable Reduced Disclosure Regime (RDR) disclosure concessions.

The Financial Statements are prepared in accordance with the Museum of Transport and Technology Act 2000 and include results of the Board for the year ended 30 June 2018.

The financial statements are presented in New Zealand dollars rounded to the nearest dollar.

The Measurement Base adopted is that of historical cost, except for specific policies outlined below that adopt fair value accounting.

Summary of Accounting Policies

The following accounting policies, which materially affect the measurement of comprehensive revenues and expenses, cash flows, and items in the Statement of Financial Position of the Board, have been applied. The policies have been consistently applied to all the years presented.

(a) REVENUE RECOGNITION

Revenue from non-exchange transactions

Levies

All levy revenue received by MOTAT is in accordance with the MOTAT Act 2000. Levy revenue is recognised as the revenue is received. This is from Auckland Council. The Auckland Council has an Advisory and Management agreement with Regional Facilities Auckland. The levy revenue is now received from the Regional Facilities Auckland.

Grants and Donations

Grants and donations are recognised as income when they become receivable unless MOTAT has a liability to repay the grant if the conditions of the grant or donation are not fulfilled. A liability is recognised to the extent that such conditions are unfulfilled at the end of the reporting period.

Rent Donation

The land on which MOTAT operates is leased at subsidised rates from the Auckland Council. The rent donation is not directly received in cash by MOTAT and equates to the deemed expense for using the land. This notional income is recognised as income in the period in which MOTAT uses the land.

Revenue from exchange transactions

Gate Revenue

Gate admissions are recognised at the time cash is received or an invoice is issued.

Sale of Goods

Revenue from the sale of goods is recognised when MOTAT has transferred to the buyer the significant risks and rewards of ownership of the goods.

MOTAT Mates Passes

Revenue from the annual pass is recognised monthly, over the period of the membership.

Interest Income

Interest is recognised in the Statement of Comprehensive Revenue and Expenditure as it accrues, using the effective interest method.

(b) EMPLOYEE ENTITLEMENTS

Annual leave is measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned to, but not yet taken, at balance date.

After the completion of five years continuous service an employee, who is under collective agreement with The Northern Amalgamated Workers Union, shall receive a special one off additional holiday of 5 days.

(c) RENT EXPENSE

The property from which MOTAT operates is owned by the Auckland Council. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes. This is a non-cash expense recognised in the period that MOTAT uses the land.

(d) PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment are initially stated at cost less accumulated depreciation and accumulated impairment losses as outlined below. Maintenance costs are recognised as an expense as incurred in the Statement of Comprehensive Revenue and Expenditure.

Depreciation

Depreciation is provided on a straight line basis on all Property, Plant and Equipment at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Depreciation is recognised and charged to the Statement of Comprehensive Revenue and Expenditure.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Furniture and Fittings	20%
Leasehold Improvements	3%
Motor Vehicles	10%
Computers and Software	40%
Plant and Equipment	17.5%

Redevelopment costs relate to costs incurred in the planning stage of the redevelopment of MOTAT 2 and other ongoing projects. Costs incurred to date represent work in progress and therefore have not been depreciated. Once the asset becomes available for use, the costs associated to that asset will be transferred to the appropriate asset category and depreciated accordingly. Any redevelopments in progress that are abandoned are written off.

Additions

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to MOTAT and the cost of the item can be measured reliably.

In most instances, an item of Property, Plant and Equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Donated assets are recorded at fair value less any impairment costs.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the Statement of Comprehensive Revenue and Expenditure.

Impairment

All items of Property, Plant and Equipment owned by MOTAT have been deemed by the Board to be non-cash generating as the primary objective for holding those assets is not to generate a commercial return.

All items of Property, Plant and Equipment including collection assets are reviewed to identify any indicators of impairment at each balance date. Where there is an indicator of impairment the asset's recoverable service amount is measured, being the higher of the asset's fair value less costs to sell and value in use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount.

Value in use is the present value of the asset's remaining service potential. Fair value is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties.

Impairment (continued)

If an asset's carrying amount exceeds its recoverable service amount, the asset is impaired and the carrying amount of the asset is reduced to its recoverable service amount.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Comprehensive Revenue and Expenditure.

Where the asset does not generate cash flows that are independent from other assets, MOTAT estimates the recoverable amount of the cash generating unit to which the asset belongs.

(e) COLLECTIONS

MOTAT has an extensive collection acquired over a long period of time. The Board has developed a full register and catalogue of the collection. From this register, all assets with a value in excess of \$5,000 were identified and valued as at 30 June 2010 by appropriate independent experts. This valuation has been accepted by the Board as deemed cost. Categories of significant collection assets are revalued by appropriate independent experts on a five year rolling basis, with the first cycle having commenced in 2012, and will be subject to an annual assessment for any potential impairment. For a period of three years starting from 01 July 2014 independent valuations of items not previously identified within the collection were made. To ensure that within the three year period all significant heritage asset collections belonging to MOTAT were valued. The collections are subject to a rolling five year valuation cycle.

The other low value assets in the collection have not been included in the financial statements as the Board believes the cost of valuing and reporting these assets outweighs the benefit to the readers of the financial statements.

The cost of acquisition of collection items, or in the case of donated assets the deemed cost of those assets, will be recognised in the Statement of Financial Position.

For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a decrease greater than previous revaluation gains recognised, the impairment is recognised in the Statement of Comprehensive Revenue and Expenditure.

In the Board's opinion, as the collections tend to have an indefinite useful life and are generally not of a depreciable nature, depreciation is not considered applicable. Collection assets are reviewed annually at balance date by the Board and management for indicators of impairment.

(f) INTANGIBLE ASSETS

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use by MOTAT are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Computer software is a finite life intangible asset and is recorded at cost less accumulated amortisation and impairment losses. It is amortised over 2.5 years on a straight line basis.

(g) INVENTORIES

Inventories are stated at the lower of cost, using the first in, first out basis and net realisable value. Allowance will be made for deterioration and obsolescence based on age, condition and sale value of the various items.

(h) GST

All balances are presented net of goods and service tax (GST), except for receivables and payables, which are presented inclusive of GST.

(i) ACCOUNTS RECEIVABLE

Debtors and other receivables for both exchange and non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method less any provision for impairment. A provision for impairment is established when objective evidence of collection is doubtful. When a debtor is considered uncollectible, it is written-off against the provision.

(j) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits held at call with domestic banks. Cash and cash equivalents also include highly liquid investments with original maturities of three months or less and which are subject to an insignificant risk of changes in value.

(k) TAXATION

The Board has been granted charitable status and as such receives an exemption from Income Tax. MOTAT registered as a charitable entity under the Charities Act 2005 on 30 June 2008. MOTAT's registered charity number is CC30945.

(l) CREDITORS AND ACCRUALS

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Accruals are made for benefits accruing to employees in respect of wages and salaries, annual leave, and alternative leave when it is probable that settlement will be required and they are capable of being measured reliably. Accruals made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Accruals made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by MOTAT in respect of services provided by employees up to reporting date.

(m) INCOME IN ADVANCE

MOTAT receives grants from organisations for specific capital projects. Funds are recognised as revenue when the conditions of the contracts have been met. An income in advance liability reflects funds that are subject to conditions that, if unfulfilled, are repayable until the condition is fulfilled. MOTAT Mates annual pass income in advance represents unearned receipts as noted in note 1(a).

(n) LEASES

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Operating lease payments are recognised as an expense in the Statement of Comprehensive Revenue and Expenditure.

(o) STATEMENT OF CASH FLOWS

The following are the definitions of the terms used in the Statement of Cash Flows:

1. Cash is considered to be cash and cash equivalents.
2. Operating activities include cash received from all income sources and cash payments made for the supply of goods and services that are not investing or financing activities.
3. Investing activities are those activities relating to acquisition and disposal of non-current assets and term deposits.
4. Financing activities include activities that change the equity and debt capital structure.

(p) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements MOTAT 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.

The areas where the most critical estimates and assumptions apply are in relation to:

Valuation of Collection assets – whereby independent valuers are used to estimate fair values (refer note 8 b).

Depreciation – whereby management makes an estimate of the useful lives of depreciable assets (refer policy d).

(q) FINANCIAL INSTRUMENTS

Financial instruments are recognised in the Statement of Financial Position when the entity becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables, investments in and loans to others, and term borrowings.

Receivables and Payables

Receivables and payables are initially recorded at fair value and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (doubtful debts). The resulting carrying amount for receivables is not materially different from estimated realisable value.

Borrowings

Borrowings (comprising the RFA loan) are initially recorded at fair value net of transaction costs incurred, and subsequently at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the borrowings or, where appropriate, a shorter period, to the net carrying amount of the borrowings.

Borrowings are classified as current liabilities unless MOTAT has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction of the asset is complete. Further borrowing costs are charged to the Statement of Comprehensive Revenue and Expenditure.

Museum of Transport and Technology Board

2. GRANTS & DONATIONS

Grants	2018	2017
Donated Collection Assets	20,710	63,880
Ministry of Education Grant	121,589	135,099
The Lion Foundation	-	30,000
New Zealand Lottery Board	207,418	223,000
Four Winds Foundation	-	10,000
Other Donations & Grants	23,413	6,630
	<u>373,130</u>	<u>468,609</u>
Other Non Exchange Revenue		
Levies from Territorial Authorities	15,222,110	13,100,000
Rent Donation	560,625	528,750
Total Non Exchange Revenues	<u>16,155,865</u>	<u>14,097,359</u>

3. OTHER OPERATING INCOME

	2018	2017
Gate and Tram Admission	1,565,382	1,345,782
Hirage, Events and Functions	371,488	342,017
Other income	94,579	21,833
Shop Sales	283,992	280,414
	<u>2,315,441</u>	<u>1,990,045</u>

4. DEPRECIATION EXPENSES

	2018	2017
Leasehold Improvements	1,112,083	1,119,377
Furniture and Fittings	53,266	27,604
Vehicles	14,745	10,862
Computers and Software	244,118	224,169
Display Equipment	29,849	20,303
Plant & Equipment	248,441	195,924
Intangible Assets	23,326	40,834
	<u>1,725,828</u>	<u>1,639,072</u>

Museum of Transport and Technology Board

5. OTHER EXPENSES

	2018	2017
Acquisitions - library	1,240	767
Amenities	150,300	5,439
Audit	50,000	53,150
Bank /Merchant + EFTPOS Fees	29,901	25,383
Board - associated/remuneration	151,357	152,634
Catering & Functions	140,820	133,674
Conservation	269,575	55,548
Consultancy/ Legal Fees	37,085	228,332
Cost of Shop Sales	159,615	152,846
Courier/Postage	75,989	8,906
Research Database	12,882	10,286
Energy / Fuel	138,082	140,221
Events/ Exhibitions/Signage	1,291,089	1,592,660
Expendable Programme Resources	2,000	3,059
Fees, subscriptions, permits & licences	82,234	60,274
Fixed Assets Expenses (<\$500)	3,794	3,720
Insurance - premiums	190,171	145,464
Internet Connection/ IT Support	326,264	274,111
Maintenance expenses	1,336,047	971,110
Travel/ Accommodation/Vehicle Hire	34,708	17,257
Lease of Tram 1808/1032	-	20,454
Equipment Hireage	5,927	-
Miscellaneous expenses	155,727	150,914
Marketing	509,089	491,623
Off-site Storage	1,290,781	457,392
Payroll/Staff, Stakeholder Care/Development	330,481	458,953
Care/Development	5,597	3,852
Photocopying & Printing/Stationery	48,140	48,539
Promotions	76,519	38,243
Rates - land/water	47,178	43,387
Redevelopment expenses	521,033	699,007
Restoration Expenses	437,189	264,737
Safety/Security	580,561	534,393
Subscriptions/Memberships	32,874	35,457
Sustainability	10,341	-
Telephones	74,762	76,007
	8,609,352	7,357,798

6. INCOME IN ADVANCE

	2018	2017
New Zealand Lottery Board	554	185,000
MOTAT Mates Annual Pass Liabilities	126,052	136,097
Other	23,438	30,011
	150,044	351,108

7. CASH AND CASH EQUIVALENTS

	2018	2017
Cheque Account	647,565	392,355
Business Saver Account	1,878,642	1,085,125
Imprest Account	8,273	8,204
Total	<u>2,534,480</u>	<u>1,485,685</u>

Cash and Cash Equivalents include items that have a maturity date of less than three months and other liquid items such as cash floats. The utilisation of these funds is for the day to day operations of the museum.

Museum of Transport and Technology Board

8 a) PROPERTY PLANT AND EQUIPMENT

MUSEUM OF TRANSPORT & TECHNOLOGY
Property Plant and Equipment for the Year Ended June 2018
Current year 2017/18

	Buildings & Leasehold Improvements 2018 (\$)	Redevelopment Costs 2018 (\$)	Furniture & Fittings 2018 (\$)	Motor Vehicles 2018 (\$)	Computer & Hardware 2018 (\$)	Display Equipment 2018 (\$)	Plant & Equipment 2018 (\$)	Total 2018 (\$)
Opening Balance 1 July	28,856,916	603,048	155,381	79,324	342,835	94,786	1,050,439	31,182,730
Add: Additions during the year	630,217	668,343	121,738	-	120,496	125,000	92,272	1,758,068
Less: WIP Transfer from	-	-	-	-	-	-	-	-
Add: WIP Transfer to	-	-	-	-	-	-	-	-
Less: Disposals during the year	56,958	36,640	-	1,552	-	-	-	95,152
Less: Depreciation	1,112,083	-	53,266	14,745	244,118	29,849	248,441	1,702,504
Less: Impairment	-	485,749	-	-	-	-	-	485,751
Closing balance 30 June	28,318,092	749,002	223,853	63,026	219,213	189,936	894,271	30,657,392
Reconciled to:								
Cost	37,080,046	749,002	727,213	203,069	1,677,910	350,652	2,503,521	43,291,413
Less: Accumulated depreciation	8,761,954	-	503,360	140,042	1,458,697	160,715	1,609,251	12,634,020
Net Book Value	28,318,092	749,002	223,853	63,027	219,212	189,937	894,269	30,657,392

	Building & Leasehold Improvements 2017 (\$)	Redevelopment Costs 2017 (\$)	Furniture & Fittings 2017 (\$)	Motor Vehicles 2017 (\$)	Computer & Software 2017 (\$)	Display Equipment 2017 (\$)	Plant & Equipment 2017 (\$)	Total 2017 (\$)
Opening Balance 1 July	29,399,453	191,182	84,868	47,670	444,077	85,689	422,278	30,675,218
Add: Additions during the year	576,840	411,866	98,117	42,515	122,927	29,400	824,085	2,105,752
Less: WIP Transfer from	-	-	-	-	-	-	-	-
Add: WIP Transfer to	-	-	-	-	-	-	-	-
Less: Disposal during the year	-	-	-	-	-	-	-	-
Less: Depreciation	1,119,377	-	27,604	10,852	224,169	20,303	195,924	1,598,237
Closing balance 30 June	28,856,916	-	155,382	79,324	342,834	94,786	1,050,439	31,182,731
Reconciled to:								
Cost	36,675,345	603,048	597,820	203,982	1,521,460	210,889	2,387,059	42,199,603
Less: Accumulated depreciation	7,818,429	-	442,439	124,659	1,178,624	116,102	1,336,620	11,016,872
Net Book Value	28,856,916	603,048	155,381	79,324	342,835	94,786	1,050,439	31,182,730

The amount of Borrowing costs capitalised during the period is \$Nil (2017-\$Nil).

Impairment

Development costs, primarily consisting of the cost of preparing a treasury standard better business case, were reviewed during the year for indicators of impairment. These costs were incurred over a number of years on the basis that a business case would be presented to Auckland Council, to secure a level of funding to progress the associated Masterplan. In the absence of approved Council funding, it has been deemed that these costs no longer represent a future economic benefit, and thus have been impaired. This impairment loss is recognised in the statement of comprehensive revenue and expenditure.

8 b) COLLECTION ASSETS

Historically, collection assets have represented all assets under MOTAT ownership that have been assessed as having a significant value. Previously, a large number of collection assets had been excluded from the financial statements as their collective value was not thought to be large. In 2015, a new strategy was put in place to incorporate and value the remaining significant, non-valued collection holdings, many of which had been identified during the digitalisation project. This project was essentially completed in 2017.

Current Year (2017/2018)

	Rail	Aviation	Industrial Heritage	Road	Social History	Trams	Comms	Health Science	Military & Medals	Library and 2D Works	Total
	2018 (\$)	2018 (\$)	2018 (\$)	2018 (\$)	2018 (\$)	2018 (\$)	2018 (\$)	2018 (\$)	2018 (\$)	2018 (\$)	2018 (\$)
Opening Balance 1 July 2017	3,228,000	5,818,610	6,483,000	3,346,420	3,932,485	3,450,000	490,550	44,015	623,901	1,814,755	29,231,736
Add : Revaluation Gains	- 10,000	-	-	79,500	-	-	52,000	-	42,500	-	164,000
Add : Additions during the year	-	15,280	2,730	2,700	-	-	-	-	-	-	20,710
Less : Disposals	-	-	-	-	-	-	-	-	-	-	-
Closing balance 30 June 2018	3,218,000	5,833,890	6,485,730	3,428,620	3,932,485	3,450,000	542,550	44,015	666,401	1,814,755	29,416,446
Reconciled to : Opening Balance 1 July 2017	3,228,000	5,818,610	6,483,000	3,346,420	3,932,485	3,450,000	490,550	44,015	623,901	1,814,755	29,231,736
Net Changes during the year	- 10,000	15,280	2,730	82,200	-	-	52,000	-	42,500	-	184,710
Net Book Value	3,218,000	5,833,890	6,485,730	3,428,620	3,932,485	3,450,000	542,550	44,015	666,401	1,814,755	29,416,446

Previous Year (2016/2017)

	Rail	Aviation	Industrial Heritage	Road	Social History	Trams	Comms	Health Science	Military & Medals	Library and 2D Works	Total
	2017 (\$)	2017 (\$)	2017 (\$)	2017 (\$)	2017 (\$)	2017 (\$)	2017 (\$)	2017 (\$)	2017 (\$)	2017 (\$)	2017 (\$)
Opening Balance 1 July 2016	3,208,000	5,813,610	6,455,000	3,270,700	3,854,850	3,450,000	490,550	44,015	623,901	1,613,025	28,823,651
Add : Revaluation Gains	-	-	28,000	50,000	64,475	-	-	-	-	201,730	344,205
Add : Additions during the year	20,000	5,000	-	25,720	13,160	-	-	-	-	-	63,880
Less : Disposals	-	-	-	-	-	-	-	-	-	-	-
Closing balance 30 June 2017	3,228,000	5,818,610	6,483,000	3,346,420	3,932,485	3,450,000	490,550	44,015	623,901	1,814,755	29,231,736
Reconciled to : Opening Balance 1 July 2017	3,208,000	5,813,610	6,455,000	3,270,700	3,854,850	3,450,000	490,550	44,015	623,901	1,613,025	28,823,651
Net Changes during the year	20,000	5,000	28,000	75,720	77,635	-	-	-	-	201,730	408,085
Net Book Value	3,228,000	5,818,610	6,483,000	3,346,420	3,932,485	3,450,000	490,550	44,015	623,901	1,814,755	29,231,736

The collection areas additional objects recognised and net revaluation gains in the 2018 financial year have added \$164,000 in additional value to the collection.

During the year valuations of assets recognised include donated assets, non-significant pre-existing collection assets valued for the first time in 2018 and updated valuations on previously valued items. External valuations were performed by Ashley and Associates using current market value.

Collection assets are valued based on an estimated market value being the amount for which an asset is likely to be exchanged between a willing buyer and willing seller in an arm's length transaction. The very limited and specialised market for these assets means that, in most instances, there are few

Museum of Transport and Technology Board

transactions on which a value can be reliably based. The recorded values are therefore the best estimates of the valuers based on their knowledge of transactions of similar assets.

Collection assets not recognised in these financial statements have been considered by the Board to have values that are not significant in comparison to the total value of the collection that has been recorded. Assets not currently recorded in the financial statements have no reliable information on which a valuation can be based.

The previous and following year of valuation is as follows:

Area of Collection	Previous Year of Valuation	Next Year of Valuation
Agriculture (included in Industrial Heritage)	2017	2022
Audio Visual (included in Library and 2D Works)	2016	2021
Aviation-planes	2014	2019
Aviation-engines	2015	2020
Aviation-furniture	2016	2021
Aviation-civil aviation	2016	2021
Aviation-propellers	2016	2021
Computers (included in Comms)	2015	2020
Health Science	2016	2021
Library	2014	2019
Medals	2015	2020
Military	2018	2023
Printing (included in Comms)	2018	2023
Rail	2014	2019
Road Transport-cars/tractors	2018	2023
Road Transport-motorcycles/bus/fire and emergency	2015	2020
Road Transport-non motorised/cycles	2016	2021
Steam (included in Industrial Heritage)	2015	2020
Telecommunications (included in Comms)	2018	2023
Textiles (included in Industrial Heritage)	2014	2019
Trams (included in Rail)	2015	2020
Village (included in Social History)	2014	2019
Village Buildings (included in Social History)	2015	2020

9. PAYABLES UNDER EXCHANGE TRANSACTIONS

	2018	2017
Trade Creditors	532,821	689,114
Sundry Creditors	666,961	685,645
Employee Entitlements – Holiday Pay	319,136	263,433
	<u>1,518,918</u>	<u>1,638,192</u>

10. LOANS

Current	2018	2017
Regional Facilities Auckland	78,481	67,626
Hire Purchase	-	7,946
Non current	2018	2017
Regional Facilities Auckland	670,950	756,550

MOTAT has a loan from Regional Facilities Auckland which is secured by first mortgage over the lease of MOTAT's land. This loan was renegotiated with effect from 1 July 2003 at an interest rate of 5% p.a. MOTAT will repay the loan in monthly instalments of \$9,663 (\$115,956 per year consisting of principal and interest) for a period of 22 years.

The hire purchase relates to the lease of a forklift. Security is held by the lessor over the leased assets.

11. Projects reserve	2018	2017
DC3 NAC Repaint Reserve	1,350	1,350
Lancaster Restoration	176,515	170,571
Mosquito Restoration	2,000	2,000
Stewart Family Memorial Trust	-	7,500
Tram #17 Fund	10,397	10,397
	<u>190,262</u>	<u>191,818</u>

Funds are collected for various restorations and other projects that the Museum undertakes from time to time. These funds have been previously collected and recognised by the Museum in the project reserve account until they are utilised on the intended project. Further funds received and expenditure incurred are recognised through the Statement of Comprehensive Revenue and Expenditure as revenue and expenditure and the related net surplus is transferred between the project reserve and retained earnings.

12. LEASE COMMITMENTS

All significant operating lease commitments relate to:

- Rental of off-site storage facilities expires 31 July 2018
- Rental at additional off-site storage (Unit 6) from 1 April 2017 to 31 March 2019, with two separate rights to renew being periods of 2 years each
- Rental at additional off-site storage (Unit 10) from 1 April 2017 to 31 August 2026 with a right of renewal from 1 September 2026 to 31 August 2033
- Rental of two portacombs from 1 July 2016 to 30 September 2018
- Rental of Photocopier expires 30 April 2023

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
Not later than one year	875,887	1,288,332
Later than one year and not later than five years	2,694,704	3,222,777
Later than five years	2,069,144	1,325,676
Total	5,639,735	5,836,784

13. AUDIT FEES

RSM Hayes Audit agreed the following fee with the Office of the Auditor General to provide the services below for the period:

- Audit of financial statements and statement of service performance

	2018	2017
	48,620	47,795

14. CONTINGENCIES AND CAPITAL COMMITMENTS

As at 30 June 2018 MOTAT had a capital commitment relating to the remaining costs to implement the CRM system totalling \$61,328 (2017: Nil).

At balance date there was a known contingent liability in respect of a Plexiplass claim \$60,000 (2017: Nil) and a potential claim from the Avondale landlord for remedial work.

15. RELATED PARTIES

MOTAT has a loan from the Regional Facilities Auckland of \$749,432 (Current portion: \$78,482, Non current portion: \$670,950). This is being repaid as per the agreement terms. The total interest paid on the loan during the year was \$41,209 (2017 - \$48,158). MOTAT also received levies from the Regional Facilities Auckland of \$15,222,110 (2017 - \$13,100,000). The Regional Facilities Auckland are considered related due to their ability to appoint board members.

During the year, MOTAT paid \$20,000 (2017 - \$20,039) to the MOTAT Society pursuant to its obligation under the MOTAT Act 2000 to support the Society. The MOTAT Society are considered related due to their ability to appoint board members.

During the year, work was undertaken by Freds Panel Shop, the proprietor of which is a relative of a MOTAT employee. The value of work during the year was \$50,817.68 (2017 - \$27,080.20). Balance outstanding at year end \$Nil.

During the year, payments amounting to \$Nil (2017 - \$55,280.50) were made to a company called Phineas Phrog Productions Ltd, who has a shareholder who is a MOTAT employee. Balance outstanding at year end \$Nil.

Key Management Personnel Compensation	2018	2017
Executive Management Team		
Salaries and other short-term employee benefits	871,290	819,161
Redundancy payments		
	<u>871,290</u>	<u>819,161</u>
 Number of persons classified as executive management	4	5
Full time equivalent members	4	4.3
 Board Remuneration		
Board fees	136,250	136,250
 Number of board members	10	10
 Total key management personnel compensation	<u>1,007,540</u>	<u>955,411</u>

Key management personnel include both Board and senior management.

The above transactions were on an arms-length basis and the related interests were declared and approved by the Board. Other than the related party transactions identified above, there were no other transactions with related parties including those with key management personnel in the year ended 30 June 2018.

16. GOING CONCERN

As at 30 June 2018 the Board operates with significant general equity. The Board has prepared these financial statements on a going concern basis taking into account the ability of the Board in terms of the Museum of Transport and Technology Act 2000 to make a levy against Regional Facilities Auckland for the purposes of funding the Board's activities under the Act. For the year commencing 1 July 2018, the Board has received levies from Regional Facilities Auckland totalling \$13,973,339 (1 July 2017 - \$15,222,110).

Accordingly these financial statements have been prepared with the continued use of the going concern assumption.

17. OWNERSHIP OF BUILDINGS

MOTAT has leases for the land it occupies from Regional Facilities Auckland. MOTAT 1 (Great North Road site) has a 21 year lease expiring on 31 August 2027 for an amount of 10 cents per year. MOTAT 2 (Meola Road site, also called Motions Road) has a lease to 28 February 2044, with a right of a renewal for a further 33 years, for an amount of \$1 per year.

The buildings are considered under the control of the MOTAT Board who are responsible for their ongoing maintenance and upkeep.

Under the terms of the property lease if MOTAT ceases to exist then the buildings on the site are required to be passed to Regional Facilities Auckland.

18. POST-BALANCE DATE EVENTS

On 12th July 2018, MOTAT entered into an agreement with C3 Construction Limited for the refurbishment and upgrade of Building 6 at an estimated cost of \$1,263,411 (2017:Nil)

Independent Auditor's Report

To the readers of Museum of Transport and Technology Board's Financial Statements and Statement of Service Performance For the year ended 30 June 2018

The Auditor-General is the auditor of Museum of Transport and Technology Board (the Museum). The Auditor-General has appointed me, Colin Henderson, using the staff and resources of RSM Hayes Audit, to carry out the audit of the financial statements and statement of service performance of the Museum, on his behalf.

We have audited:

- the financial statements of the Museum on pages 55 to 72, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive revenue and expenditure, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Museum on pages 73 to 79.

Opinion

In our opinion:

- the financial statements of the Museum:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; and
 - its financial performance and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- the statement of service performance of the Museum presents fairly, in all material respects, the performance achievements measured against the performance targets adopted for the year ended 30 June 2018.

Our audit was completed on 24 October 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information and we explain our independence.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the Museum for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board's responsibilities arise from Section 25 of the Museum of Transport and Technology Act 2000.

Responsibilities of the Auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the financial statements, 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.
- We 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 Museum's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Museum'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 statements, 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 Museum to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

Our responsibility arises from section 15 of the Public Audit Act 2001, sections 24 and 25(3) of the Museum of Transport and Technology Act 2000.

Other information

The Board of Directors is responsible for the other information included in the Annual Report. The other information comprises the information included on pages 3 to 54 and 83, but does not include the financial statements, and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we 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 our work, 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.

Independence

We are independent of the Museum in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Our firm and members of our team may from time to time use the services of the Museum on normal terms. Other than in our capacity as auditor, we have no relationship with, or interests in, the Museum.

A handwritten signature in cursive script that reads "Colin Henderson".

Colin Henderson
RSM Hayes Audit
On behalf of the Auditor-General
Auckland, New Zealand

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