



**AUCKLAND PHILHARMONIA TRUST
GENERAL PURPOSE FINANCIAL REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2024

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DIRECTORY

Registered office	301-303 Queen Street Level 1 Auckland 1010
Nature of business	New Zealand's full-time professional metropolitan orchestra
Patrons	Dame Jenny Gibbs DNZM Dame Rosanne Meo, DNZM, OBE Dame Kiri Te Kanawa, DBE, ONZ Barbara Glaser
Trust Board Members	Geraint A. Martin (Chair) Gordon Hill Pare Keiha Oliver Sealy Sylvia Ding Kate Vennell Lucy Whineray Lizzie Marvally
Charity number	CC23611
Independent auditor	BDO Auckland 4 Graham Street Auckland Central
Banker	ASB Bank Limited

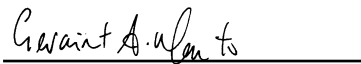
**AUCKLAND PHILHARMONIA TRUST
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

Statement of Responsibility for General Purpose Financial Statements

The Auckland Philharmonia Trust Board members are pleased to present the approved general purpose financial report which includes the financial statements for the financial year end 31 December 2024 and the statement of service performance and the independent auditor's report thereon.

The Board and management accept responsibility for the preparation of the general purpose financial report and judgments used in them and hereby adopt the general purpose financial statements as presented. In the opinion of the Board and management, the general purpose financial report for the year ended 31 December 2024, fairly reflect the financial position, financial performance, and cash flows, and service performance of Auckland Philharmonia Trust.

APPROVED



Geraint A. Martin
Board Chair

Date: 28th March 2025



Pare Keiha
Trustee

Date: 28th March 2025

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF AUCKLAND PHILHARMONIA TRUST**

Opinions

We have audited the general purpose financial report of Auckland Philharmonia Trust (“the abbreviation”), which comprises the financial statements on pages 10 to 29 and the statement of service performance on pages 8 to 9. The complete set of financial statements comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion on the Statement of Service Performance

In our opinion, the accompanying general purpose financial report presents fairly, in all material respects, the statement of service performance for the year ended 31 December 2024, in accordance with the entity’s service performance criteria, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Qualified Opinion on the Financial Statements

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on the Financial Statements* section of our report, the accompanying general purpose financial report presents fairly, in all material respects, the financial position of the Trust as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion on the Financial Statements

The Trust has a policy effective 22 February 2024 which deals with musicians retiring or ending their service to the Orchestra. The objective of this policy is to consider implementing an exit strategy for players who are intending to retire within the coming year and/or making a discretionary service payment to players who retire or end a long period of service to the Orchestra. This policy and history of payments under this policy has created a constructive obligation for the Trust to account for the service payment to players as an employee benefit liability under the accounting standards. The Trust has not accounted for this obligation within its financial statements. We were unable to obtain sufficient appropriate audit evidence about the employee benefit liability and the employee costs because the assessment was not completed by management. Accordingly, we were unable to determine the adjustments that are required to be made to the employee benefit liability and the employee costs.

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (“ISAs (NZ)”) and the audit of the statement of service performance in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the General Purpose Financial Report* section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and 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 and qualified opinion.



BDO Auckland

In addition to audit services, our firm has a sponsorship arrangement with the Trust and carries out other assignments for the Trust in the area of business advice. The firm has no other relationship with, or interests in, the Trust or its controlled entity.

Other Information

The Trustees are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the general purpose financial report, but does not include the statement of service performance and the financial statements and our auditor's report thereon.

Our opinion on the statement of service performance and 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 statement of service performance and financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the statement of service performance and the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Trustees' Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Trust for:

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the statement of service performance 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 general purpose financial report.



BDO Auckland

A further description of our responsibilities for the audit of the general purpose financial report is located at the External Reporting Board's website at:
<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14/>

This description forms part of our auditor's report.

Who we Report to

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

BDO Auckland

BDO Auckland
Auckland
New Zealand
28 March 2025

STATEMENT OF SERVICE PERFORMANCE

Vision and Mission

The Auckland Philharmonia is the musical heart of Auckland and its communities and inspires a life-long love of orchestral music.

Ko Te Rāngai Puoro o Tāmaki te hā o te oro ki Tāmaki whānui, ā, ka whakaoho i te manawaroa ki te ao rāngai puoro.

About Us

The Auckland Philharmonia is New Zealand's designated metropolitan orchestra, serving Tāmaki Makaurau Auckland, the country's largest and most vibrant city, with concerts and events throughout the year.

Each year the Auckland Philharmonia presents a comprehensive season of symphonic work, showcasing many of the world's finest classical musicians, as well as

exciting collaborations with some of New Zealand's most inventive contemporary artists. The Auckland Philharmonia is renowned for its innovation, passion and versatility.

Through Auckland Philharmonia Learn & Participate, an extensive programme of education and outreach initiatives, the Auckland Philharmonia engages with young people and adults throughout the community each year.

SERVICE PERFORMANCE MEASURES

	2024	2023
Measure 1: Excelling as a Metropolitan Orchestra		
Number of self-presented concerts See Notes: 184	58	64
Measure 2: Inspiring and educating through music		
Tickets administered for students and teachers at Auckland Philharmonia specialist schools' concerts (eg Discovery, Kiwi Kapers) See Notes: 184	3916	4443
Auckland Philharmonia Learn & Participate event delivery hours See Notes: 182	1015	971
Measure 3: Celebrating New Zealand		
Number of Auckland Philharmonia strategic partnerships with New Zealand organisations See Notes: 3	13	13
Number of New Zealand works performed (includes Auckland Philharmonia commissions, arrangements and other existing works by NZ composers) See Notes: 485	20	34
Number of New Zealand Artist engagements See Notes: 485	98	103

STATEMENT OF SERVICE PERFORMANCE

(CONTINUED)

Notes

1. Auckland Philharmonia collects and records data in the following ways:
 - a. Performance and attendance data for ticketed events is gathered via our Ticketing/CRM system Tessitura.
 - b. Performance and attendance data for free community events is gathered via headcount and/or manual clicker by venue front of house staff.
 - c. Attendance and participation data for educational programmes is gathered via online registration/booking forms.
 - d. If concerts are presented more than once per day, each performance is counted separately.
2. Education event delivery hours are gathered via staff timesheets/diary appointments, email bookings from schools, and performance/orchestra/staff scheduling tool ArtsVision.
3. Data is aligned with Auckland Philharmonia submission to the ARAFA funding board 2023/2024.
*2024 will be the last year this figure is reported on due to strategic partnership definition changes with the ARAFA application.
4. All performance, repertoire and artist engagements are documented in ArtsVision, the performance/orchestra/staff scheduling tool. This is populated via artist contracts, and/or email confirmation with artists. Artists and/or composers may be engaged for multiple activities and are counted for each performance/activity.
5. A New Zealand composer and/or artist is an NZ citizen or resident, or a person entitled to live and work in NZ at the time of the engagement. Does not include orchestra members when performing as the orchestra but does include individual orchestra members when performing in a different capacity e.g. guest/soloist/conductor/presenter.

**AUCKLAND PHILHARMONIA TRUST
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

Statement of Comprehensive Revenue and Expense

	Notes	2024	2023
		\$	\$
Revenue from exchange transactions	5	4,377,407	4,208,508
Revenue from non-exchange transactions	6	10,916,498	10,939,718
Total revenue		15,293,905	15,148,226
Employee costs	12	9,138,540	8,820,741
Other expenses	13	6,594,448	6,452,388
Depreciation and amortisation	14 & 15	142,368	139,557
Total expenses		15,875,356	15,412,686
Finance income	7	186,331	194,388
Finance costs	7	(26)	(3,691)
Net finance revenue		186,305	190,697
Operating surplus/(deficit)		(395,146)	(73,763)
Other gains/(losses)	8	74,551	44,365
Net surplus/(deficit) for the year		(320,595)	(29,398)
Other comprehensive revenue and expenses		-	-
Total comprehensive revenue and expenses for the year		(320,595)	(29,398)

The above statement should be read in conjunction with the notes to and forming part of financial statements.

Statement of Changes in Net Assets / Equity

	Notes	Accumulated surplus		Total equity
		<i>Sustainable capital reserve</i>	<i>Operating reserves</i>	
		\$	\$	\$
As at 1 January 2023		2,125,174	2,002,933	4,128,107
Total comprehensive revenue and expense for the period		-	(29,398)	(29,398)
Balance as at 31 December 2023		2,125,174	1,973,535	4,098,709
Total comprehensive revenue and expense for the period		-	(320,595)	(320,595)
Balance as at 31 December 2024	19	2,125,174	1,652,940	3,778,114


The above statement should be read in conjunction with the notes to and forming part of the financial statements.

AUCKLAND PHILHARMONIA TRUST
GENERAL PURPOSE FINANCIAL REPORT
AS AT 31 DECEMBER 2024

Statement of Financial Position

	Notes	2024	2023
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	10	890,077	863,278
Receivables from exchange transactions	9	281,021	321,525
Prepayments		192,589	192,541
Short-term investments	10	3,067,513	3,052,872
		<u>4,431,200</u>	<u>4,430,216</u>
Non-current assets			
Property, plant and equipment	14	654,973	710,150
Investments	11	573,841	1,061,087
Intangible assets	15	84,489	111,056
		<u>1,313,303</u>	<u>1,882,293</u>
TOTAL ASSETS		<u>5,744,503</u>	<u>6,312,509</u>
LIABILITIES			
Current liabilities			
Payables from exchange transactions	16	346,203	508,582
GST payable		94,752	53,396
Employee benefits		571,937	555,744
Income received in advance		953,497	1,096,078
TOTAL LIABILITIES		<u>1,966,389</u>	<u>2,213,800</u>
Net assets		<u>3,778,114</u>	<u>4,098,709</u>
NET ASSETS/EQUITY			
Operating reserves	19	1,652,940	1,973,535
Sustainable Capital Reserve	19	2,125,174	2,125,174
NET ASSETS/ EQUITY		<u>3,778,114</u>	<u>4,098,709</u>

For and on behalf of the Trust, which authorised the issue of the general purpose financial statements on date 28th March 2025



Trustee



Trustee

The above statement should be read in conjunction with the notes to and forming part of the financial statements.

**AUCKLAND PHILHARMONIA TRUST
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

Statement of Cash Flows

	Notes	2024	2023
		\$	\$
Cash flows from operating activities			
Cash received from funders		12,668,561	13,140,559
Cash received from related parties		1,065,639	299,143
Interest income		186,331	194,540
Cash payments to suppliers		(5,111,215)	(4,975,960)
Cash payments to Employees		(9,122,347)	(8,826,949)
Cash payments to related parties		(187,935)	(57,779)
Net GST received		41,358	30,129
Interest paid		(26)	(3,691)
Net cash (outflows)/inflows from operating activities		(459,634)	(200,008)
Cash flows from Investing activities			
Purchase of PP&E		(38,981)	(160,739)
Purchase of Intangibles		(21,832)	(61,032)
Cash outflow for short term deposits greater than 3 months		(14,641)	(1,021,948)
Cash inflow/(outflow) of investments		561,887	(30,352)
Net cash inflows/(outflows) from investing activities		486,433	(1,274,071)
Net increase/(decrease) in cash and cash equivalents		26,799	(1,474,079)
Cash and cash equivalents at beginning of year		863,278	2,337,357
Cash and cash equivalents at end of year	10	890,077	863,278

The above statement should be read in conjunction with the notes to and forming part of the financial statements.

**AUCKLAND PHILHARMONIA TRUST
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

Notes to Financial Statements

1. REPORTING ENTITY

The Auckland Philharmonia Trust ("the Trust") is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013.

These financial statements are presented in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime ("PBE Standards RDR").

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with the Charities Act 2005 which requires compliance with generally accepted accounting practice in New Zealand ("NZ GAAP").

The financial statements comply with the Public Benefit Entity Accounting Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities. The Trust qualifies as a Tier 2 reporting entity as it does not have public accountability, and it is not defined as large. All reduced disclosure regime exemptions have been adopted.

These financial statements were authorised for issue by the Trustees on 28th of March 2025.

b) Measurement basis

The financial statements have been prepared on a historical cost basis, except for investments which have been measured at fair value.

The financial statements are presented in New Zealand dollars (\$) which is the entity's functional and presentational currency, rounded to the nearest dollar.

c) Changes in Accounting Policies

The accounting policies detailed in the following notes have been applied consistently to all periods presented in these financial statements. There were no new or amended policies that are material to the Trust except for the below.

Changes due to the initial application of a new, revised, and amended PBE Standards

The following amendment is effective for the period beginning 1 January 2024:

- Disclosure of Fees for Audit Firms' Services (PBE IPSAS 1 Amendment)

Tier 2 entities have reduced requirements and are required to disclose: the total fee for the audit or review of the financial statements; and the total fees for any other services together with a general description of those services.

Prior Period Error

During the current period it was noted by the Trustees that in prior periods they erroneously concluded that they had control of the Auckland Philharmonia Foundation ("Foundation") and hence presented Group financial statements in addition to the separate Parent financial statements. However, on reassessment it was concluded that the Trust does not have control of the Foundation and thus are no longer presenting Group financial statements from the current year. (Refer to significant judgment in note 3.a) i.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual events or changes to assumptions or estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Notes to Financial Statements

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONT'D)

a) Judgements

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

i. Consolidation and relationship with other entity

The Trust does not have the decision-making power that would confer control over the Auckland Philharmonia Foundation. While there is cross-representation of each entity's (Trust and Foundation) governing body by the other entity (Foundation and Trust), it does not appear to be the case that there is a single party with unilateral decision-making rights (i.e., majority body representation) for any of the entities.

The decisions are made by their own respective Board requiring simple majority. As a result, the Trust does not exercise control over Auckland Philharmonia Foundation.

ii. Statement of service performance (PBE IPSAS- 48)

In compiling the Trust's Statement of Service Performance report, Management has made judgements in relation to which outcomes and outputs best reflect the achievement of the Trust's mission and vision.

iii. Whether non-exchange revenue is subject to conditions.

For the purpose of assessing the timing of revenue recognition, the Trust has assessed whether stipulations in funding contracts represent conditions or restrictions to the use of non-exchange revenue, in particular whether conditions applied to funding would require the funds to be returned where the conditions have not been met.

b) Assumptions and estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the carrying value of investments recognised at fair value - see note 11.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies detailed in the following notes have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Trust.

a) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits or service potential will flow to the Trust and the revenue can be reliably measured, regardless of when the date of receipt is being made. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of receipt.

The specific recognition criteria described below must also be met before revenue is recognised:

i. Revenue from non-exchange transactions

Government grants, other grants, and funding

Revenue from non-exchange transactions such as government grants, donations, legacies and bequests are recognised when the Trust obtains control of the transferred asset, and:

- it is probable that the economic benefits or service potential related to the asset will flow to the Trust and can be measured reliably; and
- the transfer is free from conditions that require the asset to be refunded or returned to the funder if the conditions are not fulfilled.

**AUCKLAND PHILHARMONIA TRUST
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

Notes to the Financial Statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. Revenue from non-exchange transactions (cont'd)

To the extent that there is a condition attached that would give rise to a liability to repay any amount or to return the transferred asset, a deferred revenue liability is recognised. Revenue is only then recognised when the Trust has satisfied the related conditions.

Fundraising

Fundraising non-exchange revenue is recognised at the point at which cash is received.

ii. Revenue from exchange transactions

Subscriptions

Revenue is recognised over the period of the subscription. Amounts received in advance for subscriptions relating to future periods are recognised as a liability until such time that period covering the subscription occurs.

Sale of goods

Revenue from merchandise sold is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Rendering of services

Revenue from services rendered includes audience revenue and the hire of orchestra. Revenue from the rendering of services is recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date. Due to the services provided, the stage of completion is assessed by reference to the related performances. Amounts received in advance for performances to be provided in future periods are recognised as a liability until such time as the service is provided.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the accrual basis method. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive revenue and expense.

Contra Revenue

During the year the Trust was supported by sponsors who donated goods and services in kind and is included in revenue and expense in the statement of comprehensive revenue and expense.

Other gains and losses

Other gains and losses include realised and unrealised fair value gains and losses on financial instruments at fair value through surplus or deficit.

b) Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- In the case of receivables and payables, which are stated with the amount of GST included.

Notes to the financial statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments accounting policy

(c) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Trust becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through surplus or deficit, transaction costs that are directly attributable to its acquisition or issue. At initial recognition, an entity may measure short-term receivables and payables at the original invoice amount if the effect of discounting is immaterial.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Trust neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(d) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive revenue and expense (FVOCI) – debt investment and equity investment; or fair value through surplus or deficit (FVTSD).

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Trust may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTSD. On initial recognition, the Trust may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**AUCKLAND PHILHARMONIA TRUST
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

Notes to the financial statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets – Management model assessment

The Trust makes an assessment of the objective of the management model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Trust's management;
- the risks that affect the performance of the management model (and the financial assets held within that management model) and how those risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTSD.

The Trust's cash and cash equivalents, short term deposits, and receivables are classified as financial assets at amortised cost. The Trust's investments are classified as financial assets at FVTSD on the basis they are managed, and their performance is evaluated on a fair value basis.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with original maturities of 3 months or less. Short term deposits are those with an original maturity of more than 3 months.

Financial assets – Subsequent measurement and gains and losses

- Financial assets at FVSD - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in surplus or deficit.
- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.
- Debt investments at FVOCRE - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Other net gains and losses are recognised in OCRE. On derecognition, gains and losses accumulated in OCRE are reclassified to surplus or deficit.
- Equity investments at FVOCRE - These assets are subsequently measured at fair value. Dividends are recognised as income in surplus or deficit unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCRE and are never reclassified to surplus or deficit.

Financial liabilities – Classification, subsequent measurement and gains and losses

All of the Trust's financial liabilities meet the criteria to be classified as measured at amortised cost. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

Notes to the financial statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Derecognition

Financial assets

The Trust derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Trust neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Trust derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Trust also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

(f) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Trust currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(g) Impairment of non-derivative financial assets

The Trust recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCRE.

The Trust measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust's historical experience and informed credit assessment and including forward-looking information.

The Trust assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Trust considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Trust in full, without recourse by the Trust to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Trust expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Financial liabilities – Classification, subsequent measurement and gains and losses

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Notes to the financial statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Property, plant and equipment

i. Initial recognition and subsequent expenditure

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the Trust, and if the item's cost or fair value can be measured reliably.

Subsequent costs that meet the recognition criteria above are recognised in the carrying value of the item of property, plant, and equipment. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Trust recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

ii. Subsequent measurement

Subsequent to initial recognition, property, plant and equipment are measured at cost, net of accumulated depreciation and impairment losses, if any.

iii. Depreciation

Depreciation is charged on a straight-line basis unless specified otherwise below.

Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Office equipment	2-20 years
Computer equipment	3-5 years
Musical instruments	3-25 years
Music stands	5-10 years
Music	25 years
Motor vehicles	3-8 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

Please refer to policy (j) on impairment of non-financial assets.

iv. Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in surplus or deficit.

i) Intangible assets

Intangible assets are initially measured at cost and consist of software for internal use.

All of the Trust's intangible assets are subsequently measured in accordance with the cost model, being cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment.

Notes to the financial statements

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Intangible assets (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in surplus or deficit, as incurred.

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each amortisable intangible asset.

The estimated useful lives are:

Software 2-3 years

Website 2-3 years

j) Impairment of non-financial assets

The carrying amounts of the Trust's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is revised accordingly. Impairment losses are recognised in surplus or deficit.

k) Foreign currencies

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date.

Exchange differences are recognised as income or expenses in the period in which they arise.

l) Equity and reserves

Accumulated surpluses

This represents the Trust's accumulated surplus or deficit since the formation of the Trust. Separate reserves representing an allocation on the Trust's funds are disclosed in note 19.

m) Employee benefits

Liabilities for wages and salaries (including non-monetary benefits), annual leave and other benefits are recognised in surplus or deficit during the period in which the employee rendered the related services and are generally expected to be settled wholly within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled.

i. Depreciation

Depreciation is charged at rates calculated to allocate the cost or valuation of property, plant and equipment less any estimated residual value over its remaining useful life, on a diminishing value basis. Refer policy (h) on depreciation of property, plant and equipment for depreciation charged.

ii. Derecognition

Property, plant and equipment are derecognised either when they have been disposed of or when the property, plant and equipment is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal.

Any gains and losses on the retirement or disposal of a property, plant and equipment are recognised in surplus or deficit in the year of retirement or disposal.

n) Operating Leases

Leases that are not finance leases are classified as *operating leases*.

Operating leases are not recognised in the Trust's statement of financial position. Payments made under operating leases are recognised as an integral part of the total lease expense, over the term of the lease.

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Notes to the financial statements

5. REVENUE FROM EXCHANGE TRANSACTIONS

	2024	2023
Revenue from services rendered	2,383,895	2,430,969
Event sponsorship and corporate support	259,504	253,495
Contra revenue	1,457,626	1,362,460
Revenue from other exchange transactions	276,382	161,584
	4,377,407	4,208,508

6. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2024	2023
Grants from Trusts and Foundations	557,979	399,250
Fundraising and donations	959,161	1,279,592
Government grants received	8,109,634	8,025,694
Other grants received	829,585	914,300
Bequests	460,139	320,882
	10,916,498	10,939,718

Other grants received

Included in the above other grants figure is a grant from Foundation North towards the Auckland Philharmonia Learn & Participate programme for the amount of \$150,000 (2023: \$220,000).

7. FINANCE INCOME AND EXPENSE

	2024	2023
<i>Interest income</i>		
Financial assets at amortised costs	186,331	194,388
Total finance income	186,331	194,388
<i>Interest expense</i>		
ASB Bank overdraft	26	3,691
	26	3,691

Notes to the financial statements

	<u>2024</u>	<u>2023</u>
8. OTHER GAINS AND LOSSES		
<i>i. Other gains</i>		
Gain on revaluation of investments	98,914	46,605
<i>ii. Other losses</i>		
Foreign currency losses	2,789	157
Loss on revaluation of investments	-	2,083
Loss on disposal of investments	21,574	-
	<u>24,363</u>	<u>2,240</u>
Total gains	<u>74,551</u>	<u>44,365</u>

9. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	<u>2024</u>	<u>2023</u>
Trade debtors	88,725	54,757
Related party receivables (Note 17)	11,500	52,500
Accrued subscription instalment income	133,060	147,030
Interest receivable	43,231	49,062
Other receivables	4,505	18,176
	<u>281,021</u>	<u>321,525</u>

Trade receivables are non-interest bearing and are normally settled within 60-day terms.
No allowance for impairment has been accounted for at the end of reporting period (2023: Nil) due to the current nature of the receivables.

10. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash in bank accounts	890,077	863,278
Total cash and cash equivalents	<u>890,077</u>	<u>863,278</u>
Short-term investments	3,067,513	3,052,872
Total short-term investments	<u>3,067,513</u>	<u>3,052,872</u>

The term investments are held with ASB mature within 12 months of acquisition are earning 5.3% to 5.8%.
(2023: 5.9% - 6.2%)

**AUCKLAND PHILHARMONIA TRUST
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Notes to financial statements

11. FINANCIAL INSTRUMENTS

i. Classification and fair values of financial instruments

The tables below show the Trust's financial assets and financial liabilities:

	Financial assets		Financial liabilities
	FVTSD*	Amortised cost	Amortised cost
Auckland Philharmonia Trust - 2024			
Investments	573,841	-	-
<i>Subsequently measured at amortised cost</i>			
Cash and cash equivalent	-	890,077	-
Short term investments	-	3,067,513	-
Receivables from exchange transactions	-	281,021	-
Payables	-	-	346,203
Auckland Philharmonia Trust - 2023			
Investments	1,061,087	-	-
<i>Subsequently measured at amortised cost</i>			
Cash and cash equivalent	-	863,278	-
Short term investments	-	3,052,872	-
Receivables from exchange transactions	-	321,525	-
Payables	-	-	508,582

* Fair value through surplus or deficit

Financial assets designated at initial recognition at fair value through surplus or deficit
Perpetual Guardian Investment -
Philanthropy fund

	2024	2023
	573,841	1,061,087

The above investments are treated as one portfolio which is managed and evaluated together on a fair value basis. The Trust has thus designated this portfolio as at fair value through surplus or deficit. This disclosure is consistent with the entity's documented risk management strategy.

Notes to the financial statements

12. EMPLOYEE COSTS

	<u>2024</u>	<u>2023</u>
Orchestra salaries	6,038,208	5,799,597
Salaries - admin	2,882,548	2,800,894
KiwiSaver employer contributions	217,784	220,250
	9,138,540	8,820,741

13. OTHER EXPENSES

	<u>2024</u>	<u>2023</u>
Other expenses include the following amounts:		
Occupancy	481,833	329,758
Marketing and promotion	271,802	498,038
Contra expense	1,457,627	1,362,460
Venue rentals and production costs	1,138,209	1,032,318
Fundraising and donations expenses	119,636	182,181
Travel	399,716	304,157
Audit Fees*	40,000	29,500
Audit fees	30,000	29,500
Other advisory work	10,000	-

*During the period, the Trust had marketing sponsorship agreement with BDO 2024: \$13,000 (2023: \$6,500)

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Notes to the financial statements

14. PROPERTY, PLANT AND EQUIPMENT

	Musical Instruments	Music stands	Music	Office equipment	Computer equipment	Motor vehicles	Total
Cost							
Balance as at 31 December 2023	1,120,291	115,368	403,843	161,851	341,894	103,632	2,246,879
Additions	16,232	-	-	13,520	20,160	-	49,912
Disposals	(61,828)	-	-	(112,939)	(180,291)	-	(355,058)
Balance as at 31 December 2024	1,074,695	115,368	403,843	62,432	181,763	103,632	1,941,733
Accumulated depreciation and impairment							
Balance as at 31 December 2023	715,662	108,024	186,015	154,072	310,997	61,959	1,536,729
Depreciation	50,231	3,166	16,154	7,358	18,384	7,827	103,120
Disposals	(60,317)	-	-	(112,937)	(179,834)	-	(353,089)
Balance as at 31 December 2024	705,576	111,190	202,169	48,493	149,547	69,786	1,286,760
Net book value							
As at 1 January 2023	314,046	11,364	233,981	11,746	21,309	49,501	641,947
As at 31 December 2023	404,629	7,344	217,828	7,779	30,897	41,673	710,150
As at 31 December 2024	369,119	4,178	201,674	13,939	32,217	33,846	654,973

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Notes to the financial statements

15. INTANGIBLE ASSETS

	Software
<i>Cost</i>	
Balance as at 31 December 2023	297,122
Additions	12,681
Balance as at 31 December 2024	309,803
<i>Accumulated amortisation and impairment</i>	
Balance as at 31 December 2023	186,066
Amortisation	39,248
Balance as at 31 December 2024	225,314
<i>Net book value</i>	
As at 1 January 2023	98,421
As at 31 December 2023	111,056
As at 31 December 2024	84,489

	2024	2023
16. PAYABLES FROM EXCHANGE TRANSACTIONS		
Payables from exchange transactions	142,537	273,049
Payables from accruals and other payables	203,666	207,597
Related party payable	-	27,936
	346,203	508,582

Trade payables are non-interest bearing and are normally settled within 60-day terms.

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Notes to the consolidated and separate financial statements

17. RELATED PARTY TRANSACTIONS

i. Transactions and balances

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Auckland Philharmonia Trust		Rent, Levies & donations paid to related parties	Grants & revenue received from related parties	Amounts owed by related parties*	Amounts owed to related parties*
Auckland Philharmonia Foundation	2024	160,000	1,024,639	11,500	-
Auckland Philharmonia Foundation	2023	59,167	350,000	52,500	27,936

Auckland Philharmonia Foundation is considered a related party as there are common Trustees on both the Trust and Foundation. The Foundation supports the Trust by providing grants and one of the premises for which the orchestra practices.

* The amounts are classified as trade receivables and trade payables, respectively.

ii. Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on normal trading terms. Outstanding balances at the year-end are unsecured and interest free.

iii. Compensation of key management personnel

Key management personnel, as defined by Board, are the Chief Executive Officer and other employees who have the authority and responsibilities for planning and controlling the activity of Auckland Philharmonia Trust.

No remuneration is paid to the members of the Board of the Trust. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2024	2023
Total remuneration - key employees	969,548	936,503
Number of FTE employees	6.8	6.2

Notes to the financial statements

18. COMMITMENTS AND CONTINGENCIES

<i>Operating lease - Property</i>	2024	2023
Less than 1 year	119,651	119,651
Between 1 and 5 years	119,651	239,302
	239,302	358,953

In 2023, the Trust renewed the existing lease for a further three years to December 2026. There is no right of renewal.

There were no capital commitments at year end (2023: Nil).

19. RESERVES

	2024	2023
Operating reserve	1,652,940	1,973,535
Sustainable capital reserve	2,125,174	2,125,174
	3,778,114	4,098,709

Operating Reserves

These represent the residual amount of the accumulated surplus available. The Auckland Regional Amenities Funding Board grant of \$2,450,000 received in 2024 for the period 1 January 2025 to 30 June 2025 is recorded under operating reserves for 2024.

Sustainable Capital Reserve

This reserve represents funds that have been set aside by the board and are not available for general operations. This balance has been determined relative to the annual operating expenditure level, based on Creative New Zealand guidelines set out in their 2008 Reserve Incentive Scheme.

20. EVENTS AFTER THE REPORTING PERIOD

The were no events after balance date (2023: Nil).



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