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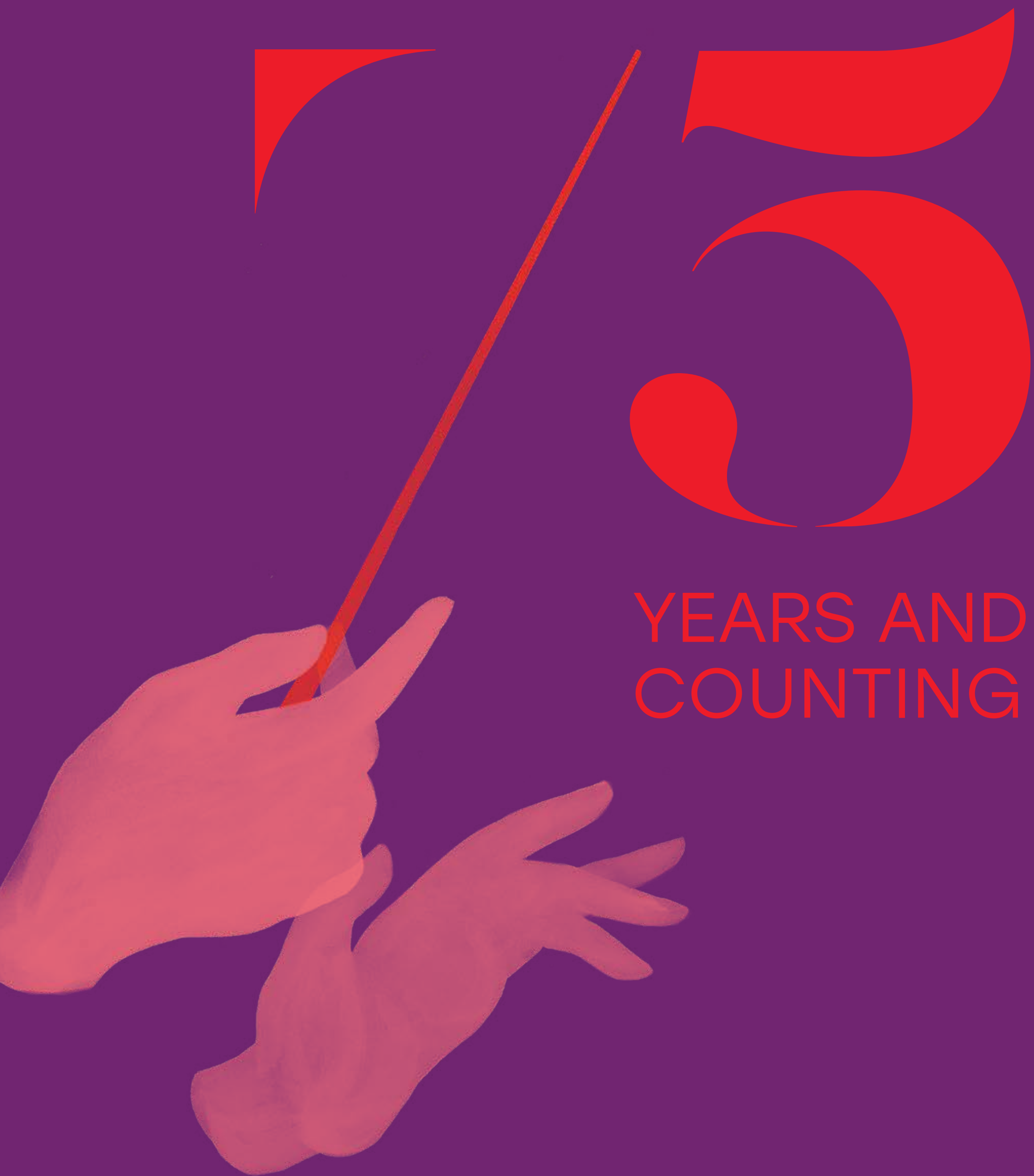


75 YEARS AND COUNTING

2022

New Zealand Symphony Orchestra
Te Tira Pūoro o Aotearoa

Statement of Performance Expectations

Tauākī Whāinga Mahi

Presented to the Honourable Carmel Sepuloni
The Minister for Arts, Culture and Heritage

Principal Partners

Circle Partners

Concerto Partners

Overture Partners

Antonio Strings Limited
Barfoot & Thompson
Black Barn Vineyards
Buoy Salon & Spa
ComplyWith
Court Florist, Christchurch
Fuji Xerox New Zealand
Habit Health
JBWere
Juliette Florist, Wellington
Multi-Media Systems Ltd
Pacific Resorts Hotel Group
Phantom Billstickers Ltd
Trinity College London

Behind the Music

The Shoe Clinic
Hurricane Denim
Float Well
Pedal Project
Scapegrace

Special Funding Agencies

NZSO works in collaboration with SOUNZ Centre for New Zealand Music

RNZ Concert is the NZSO's official broadcaster

Contents
Ngā Ihirangi

This Statement of Performance Expectations reflects the NZSO's planned performance targets and forecast financial information for the year ending 31 December 2022.

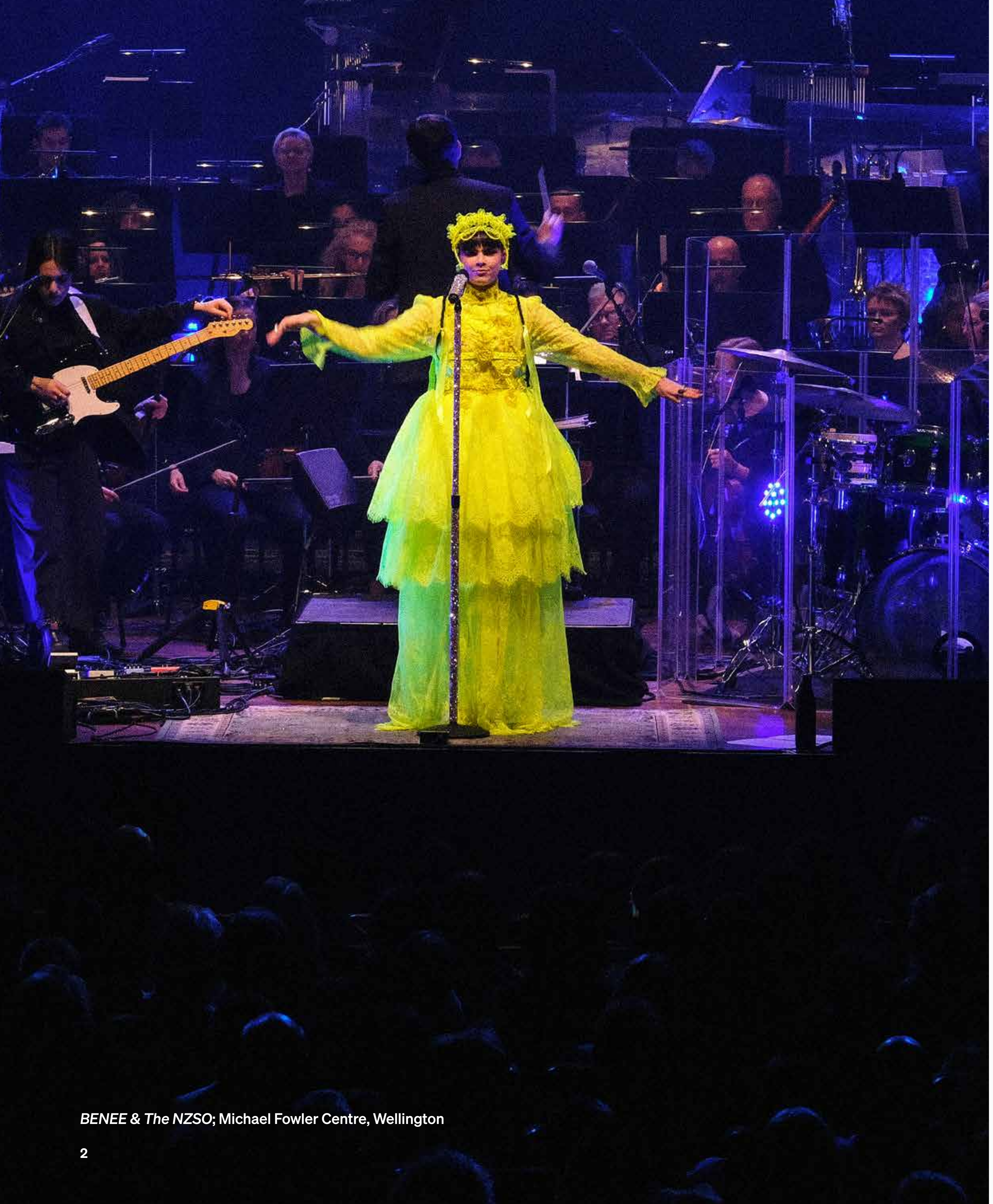
The forecast financial statements and underlying assumptions in this document have been authorised as appropriate for issue by the Board of the New Zealand Symphony Orchestra in accordance with its role under the Crown Entities Act 2004.

It is not intended to update the forecast financial statements subsequent to presentation.

Laurence Kubiak MAICD GAICD
Chair/Tuhinga o Mua
07 December 2021

Edwin Read
Chair: Audit Committee/Heamana Komiti Arotake
07 December 2021

Introduction
He Kupu Arataki



BENEE & The NZSO; Michael Fowler Centre, Wellington

E tīorooro ana te manu kōrihi i te ata hei tohu i te rā hou.
Ka rere atu ia me te reo o mihi ki te iwi kia ara, kia tangi, kia mihi ki te ao hou
E rere nei te reo mihi hoki ki a koutou ngā kaitautoko i Te Tira Puoro o Aotearoa.

Kia ora koutou
The NZSO continued to face a range of testing challenges in 2021, including a severely disrupted performance season due to the COVID-19 pandemic and related lockdowns. Regrettably, a number of concerts and performances had to be cancelled or postponed.

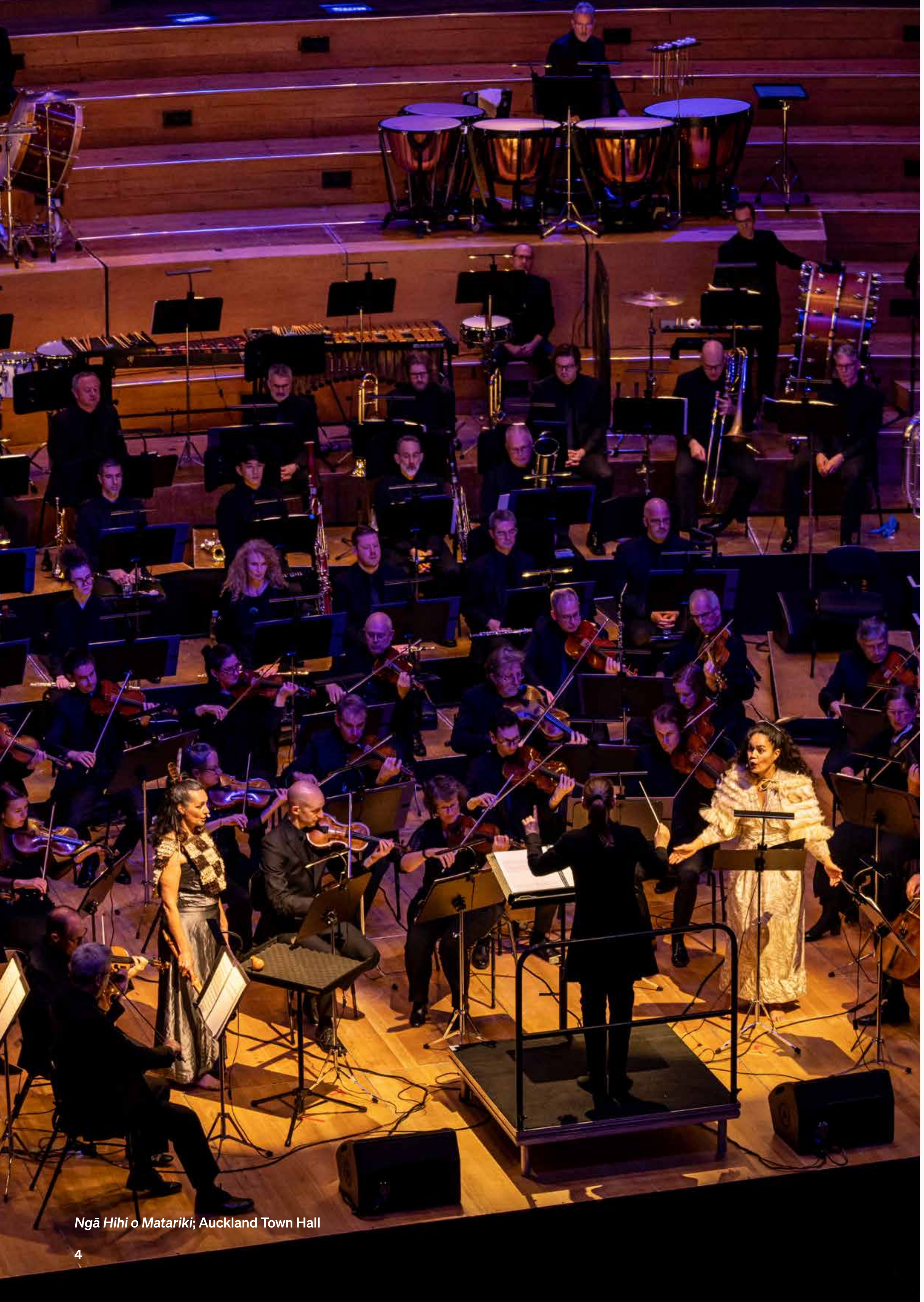
Nevertheless, the NZSO continued to bring international standard live and recorded performances of symphonic music and compelling musical experiences to as many communities in Aotearoa New Zealand as possible. We also progressed strongly down a path of innovation and transformation.

2021: The Challenges
Changes to alert levels in 2021 forced the NZSO to postpone *The Soldier's Tale* collaboration with the Royal New Zealand Ballet in Wānaka, Dunedin, Oamaru and Ashburton in early March; postpone the Mozart *Serenity* concert in Wellington in August; and cancel the *Kia Kotahi* performance in Wellington, along with the previously postponed *Town and Country* concerts in Dunedin and Invercargill in September. As well, the Baroque tour of the South Island in November had to be cancelled, along with the closing concert for the 2021 season, *Solemnis*. Unfortunately, due to alert level 2 restrictions, the NZSO was unable to accompany the Royal New Zealand Ballet's production of *A Midsummer Night's Dream*.

Border restrictions meant international conductors Asher Fisch, Marin Alsop and Vasily Petrenko were unable to come to Aotearoa New Zealand to lead the Orchestra.

Meanwhile, funding constraints meant that fewer large-scale concerts were scheduled in the second half of 2021 compared to previous years, especially in regional centres and the South Island.

Principal Conductor-in-Residence Hamish McKeich fell suddenly ill during our Winter tour of *The Soldier's Tale* in June, leading to the cancellation of *The Soldier's Tale* in Kerikeri and Whangārei, as well as formerly scheduled performances in Dunedin, Oamaru and Ashburton.



Ngā Hihi o Matariki; Auckland Town Hall

While he recovered, other conductors replaced Maestro McKeich for the remainder of his scheduled 2021 activity.

After a sold-out concert in Hamilton of the NZSO's collaboration with te reo Māori heavy metal band, Alien Weaponry, *Tū Tapatahi - Stronger Together*, an injury to one of the band members forced cancellation of the scheduled second near sell-out performance in Christchurch a week later.

2021: The Highlights

The Orchestra's lead access and outreach platform, *Setting Up Camp*, continued to meet with resounding success despite disruption from COVID-19 restrictions. In 2021, the Orchestra "set up camp" for three days at a time to engage with, and perform for, families, schools and communities in Christchurch, Blenheim, North Shore and Manukau through community workshops, masterclasses, relaxed concerts, school concerts, intimate concerts of traditional repertoire and informal musical exchanges.

The NZSO's *Storytime* initiative continues to attract a growing audience of delighted listeners. The online series has high profile New Zealanders reading popular children's stories to original music performed by the NZSO. This year it included *Snake and Lizard* read by comedian Raybon Kan, *A Lion in the Meadow* by singer-songwriter Anna Coddington, and singer-songwriter Ria Hall reading *I Roto I te Ngahere* during Te Wiki o te Reo Māori.

Open Doors, a daytime community engagement programme designed to appeal to all ages, expanded in 2021 and has been even more popular. Hundreds of people attended *Open Doors* sessions prior to evening concerts in several centres. We expect attendance to grow even further in 2022.

The debut of our Immerse festival in autumn and winter 2021 exceeded expectations in audience numbers and engagement. Acclaimed New Zealand conductor Holly Mathieson made her NZSO debut for the autumn festival, as well, conducting some of our *Setting Up Camp* concerts. For the winter festival, we were joined by internationally renowned New Zealand conductor Gemma New, who in 2021 was praised by the *New York Times* as a rising star.

The festival featured three back-to-back concerts in Tauranga, Napier, Hamilton, Christchurch, Auckland and Wellington, also with single concerts in Wellington, Auckland and Palmerston North. Along with concerts of Berlioz's Symphonie *Fantastique*, Stravinsky's *The Firebird* and *The Rite of Spring*, our collaborations with Napier-based young choir Project Prima Volta and te reo metal band Alien Weaponry were outstandingly popular with audiences. Real-time digital visuals by creative production company Nocturnal for performances of *The Rite of Spring* and Shostakovich's Symphony No.7 *Leningrad* also delighted audiences. The family-friendly and interactive *Pick-a-Path* concerts gave audience members the opportunity to choose pieces of music for the Orchestra to play.

A highlight of *Immerse* 2021 was the world premiere of composer Gareth Farr's *Ngā Hihi o Matariki* in July. A collaborative piece with Ariana Tikao and Mere Boynton and hosted by Te Atiawa Taranaki Whānui ki Te Upoko o Te Ika, it celebrated the rising of Matariki through Farr's music, Tikao and Boynton's vocals and Tikao's taonga pūoro playing. Audiences loved it and Wellington's *The Dominion Post* hailed it as "a collaboration unlike anything seen before on the NZSO stage."

The NZSO performed two concerts in Wellington with chart-topping New Zealand pop star BENEE, with many in the young audience experiencing the Orchestra for the first time live. The performances garnered positive reviews from critics and extensive media coverage, including television.

A new partnership with Wellington College saw the Orchestra run workshops and mentoring sessions with Wellington College students and those from other Wellington schools. The NZSO also performed evening concerts at the College's Alan Gibbs Centre. A concert in May featuring Vivaldi's *The Four Seasons*, and tango legend Astor Piazzolla's *The Four Seasons of Buenos Aires* sold out. It was also praised highly by critics.

As well as continuation of our Storytime series, we engaged international viewers via the global classical music platform Idagio Digital Concert Hall, presenting six concerts across the year. We have filmed every work performed live to an audience at Wellington's Michael Fowler Centre, alongside several recordings without audience during periods of lockdown. Most works not included on Idagio have been posted on Facebook and YouTube for free viewing worldwide. Our social media continues to grow as a crucial component for NZSO marketing, community building and engagement, and as a hub for our digital content. Our largest audience currently is on Facebook, followed by our Instagram and Twitter presence.

Audiences across the world heard the NZSO perform on the soundtrack to the animated Netflix film *Wish Dragon*, which on release was the No.1 movie in many countries, including the United States.

The NZSO also played on three songs, including the title track, for singer-songwriter Hollie Smith's album *Coming in from the Dark*. The album went straight in at No. 1 on the Aotearoa New Zealand Top 40 Albums chart in October.

2022: The NZSO's 75th Year

The NZSO celebrates its 75th Anniversary in 2022. We will take every opportunity to highlight landmark moments over history, present world-class symphonic works, collaborate with stellar international conductors and artists, and celebrate the music and music-makers of Aotearoa New Zealand.

We are determined to make 2022 a memorable year. To that end, we have built a programme designed for a milestone year which is rich with long-remembered highlights for audiences across the country. Alongside honouring our history, we see it as chance to celebrate the vibrancy, diversity and uniqueness of this country in the 21st century.

We will bring this to life in the following ways:

- Performing 75 concerts across 18 geographic centres
- Bringing stellar international conductors and artists to Aotearoa New Zealand, including Hilary Hahn, Alexander Shelley, Asher Fisch, Miguel Harth-Bedoya, James Judd, Gabriela Montero and Joseph Nolan
- Showcasing our outstanding New Zealand talent – Hamish McKeich, Gemma New, Amalia Hall, Madeleine Pierard, Anna Leese, Shayne Carter, Ria Hall, Whirimako Black, Voices New Zealand, The New Zealand Brass Band and NZSO soloists
- Placing special emphasis on performing works by New Zealand composers, including Claire Cowan, Salina Fisher, John Psathas, Dame Gillian Whitehead, Douglas Lilburn, John Ritchie, David Farquhar, Jenny McCloud and Anthony Watson
- Collaborating with a range of leading arts and culture entities and festivals – such as the Royal New Zealand Ballet, Aotearoa New Zealand Festival of the Arts, CubaDupa, Lexus Song Quest, Te Tairāwhiti Arts Festival, Te Ata Festival, Te Papa, Classical on Cuba, Voices New Zealand, the National Band of New Zealand, and funding pending, Tame Iti Ltd and Te Whare Wānanga o Awanuiārangi
- Replacing our Subscriber programme with an NZSO Membership Programme that provides more flexibility and choice for diverse audiences, allowing them to build season packages tailored to their preferences, passions and budget.

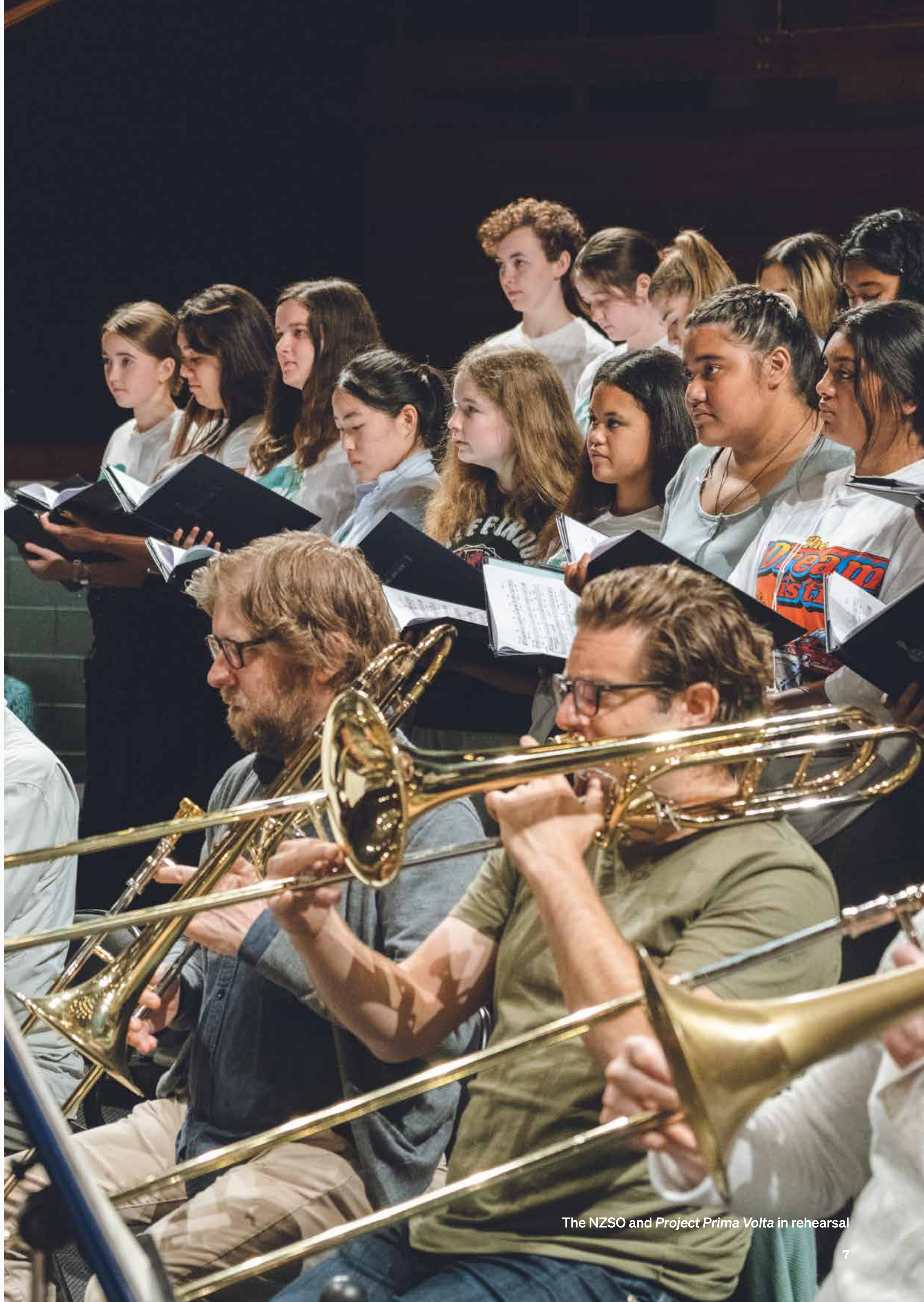
In 2021, the NZSO's new organisational structure ensured that education and outreach were given more focus and resources. This will allow us to engage more innovatively and relevantly with not only youth but people from all walks of life, including those who have typically had little exposure to orchestral music.

In 2022, this additional resource will continue to expand outreach activities, increasing access and participation through initiatives such as *Open Doors* and *Setting Up Camp*. Our Education team and NZSO Musicians will continue to deliver and expand educational opportunities that nurture the development of young composers and performers. Over time, many young artists who have come through our various programmes have been – and continue to be – recognised for their outstanding talent within Aotearoa New Zealand and beyond.

Initiatives like these give us the opportunity to lead and support organisations who contribute to Aotearoa New Zealand's interwoven creative sector. This is especially the case with youth programmes. The NZSO continues to support numerous tertiary education programmes, regional youth orchestras, Sistema programmes and primary and secondary schools across the country, along with a number of community organisations. In 2022, we will continue to explore new partnerships, including working more closely with iwi, as well as other national and regional arts organisations and education-focused entities.

The diversity, accessibility and relevance of our projects are about promoting the wellbeing of all people living in Aotearoa New Zealand, especially youth. In this way, we seek to deepen the vital role the NZSO Education and Outreach programmes have now and in the future.

The NZSO is committed to reducing our environmental footprint, and to offset our residual emissions to achieve carbon neutrality.



The NZSO and *Project Prima Volta* in rehearsal

We aim to become carbon neutral by the end of 2022 – three years ahead of the target for Government agencies.

We have embarked on several bold and important steps to achieve this:

- We have confirmed our Sustainability Vision and updated our Environmental Principles;
- We have created an Environmental Action Group with representatives from across our organisation. The EAG meets regularly to review our progress, discuss new environmental initiatives, and to provide sustainability recommendations to our decision makers; and
- We have partnered with Toitū Envirocare to help us accurately measure our greenhouse gas emissions, create strategies to help reduce our impact on the environment, and to certify our practices and data, in order to achieve Toitū CarbonZero status.

Building on the design phases throughout 2021 the NZSO's plans for the National Music Centre will continue to advance in 2022. We will finalise fitout plans for NZSO spaces in the Wellington Town Hall, and work with Victoria University of Wellington for shared accommodation and facilities in the proposed new building in the Michael Fowler Centre carpark.

The National Music Centre will provide the NZSO with a permanent, future-proofed home for its musicians and resources, integrated in fit-for-purpose facilities. This will allow the NZSO to maximise its productivity through increased venue availability and modern technical facilities. It will also contribute to the Orchestra's commercial revenues through recordings, film scoring, games recordings and hiring of technical facilities.

Work is ongoing between the NZSO, VUW and Wellington City Council to create a centre which delivers on the vision of this unique project. An important next milestone for the National Music Centre in 2022 is the formation of the Operational Management Group to steer these efforts.

2022 will see the NZSO expanding and enhancing the accessibility, visibility and relevance of the Orchestra to a more diverse range of New Zealanders than ever before, specifically Māori, Pasifika, and Asian communities, as well as tamariki and rangatahi throughout Aotearoa New Zealand.

Over the next 12 months, a key focus for the NZSO will be Te Tiriti o Waitangi and significant work will be undertaken to ensure that the Orchestra is responding to the dual heritage of the partners of Te Tiriti. This will include a completely new model for cross-cultural collaborations based on the principle that the collaborating partner should lead and the NZSO should facilitate.

In 2022, the NZSO will develop its first ever Pasifika strategy, focused on supporting and nurturing Pasifika music-making organisations in Aotearoa New Zealand and across the Pacific – as well as providing digital musical content for communities in the Pacific Islands. We shall also seek to nurture Pasifika artists – both within Aotearoa New Zealand and the Pasifika region.

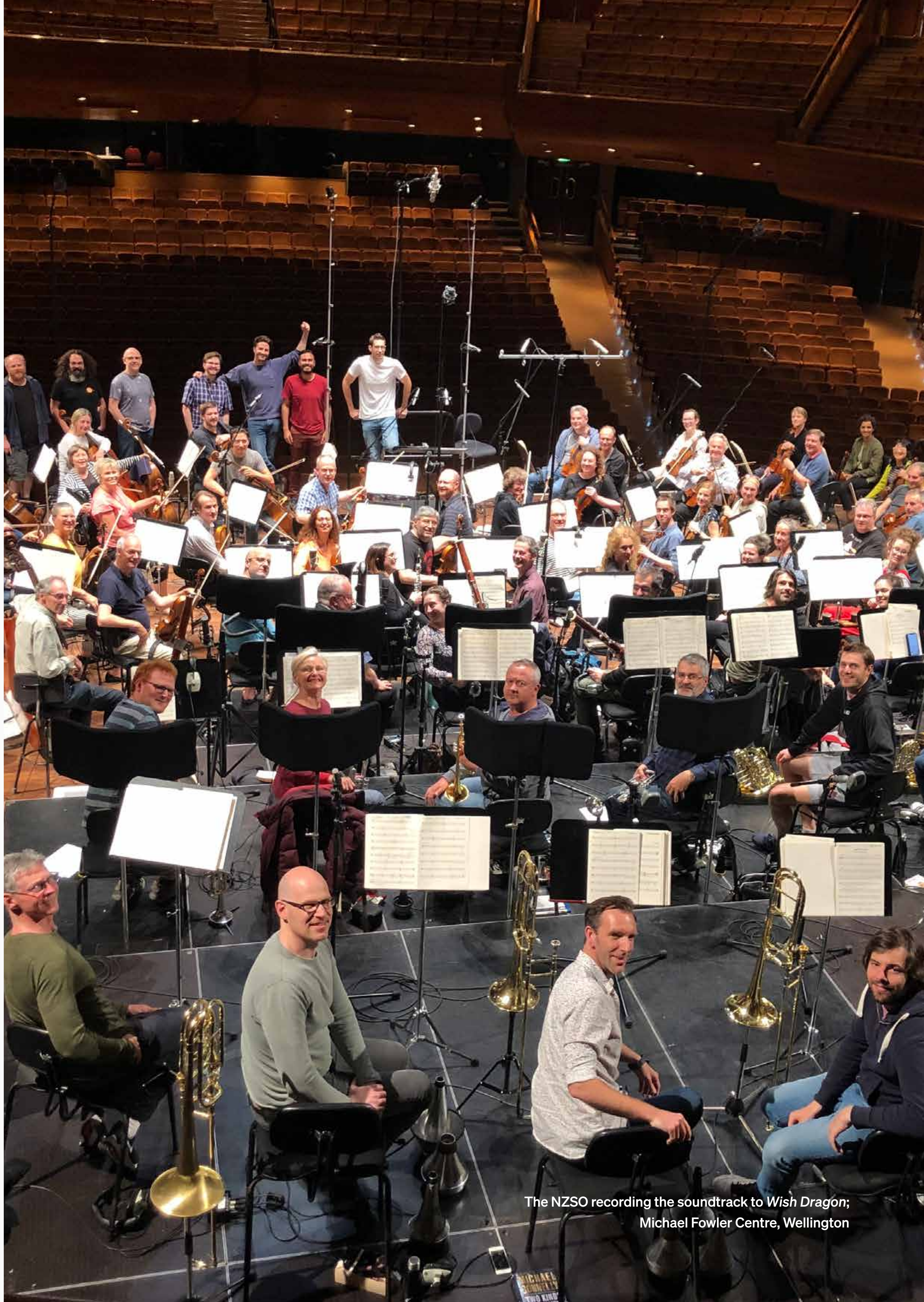
Her Excellency The Right Honourable Dame Patsy Reddy completed her term as Governor-General in September 2021. We acknowledge Dame Patsy and Sir David Gascoigne for their generous patronage and unstinting support of the NZSO. We look forward to seeing Dame Patsy and Sir David at many NZSO concerts in 2022 and beyond.

After the NZSO's first-ever concert in the Wellington Town Hall on 6 March 1947, Dr J. C. Beaglehole wrote in the *NZ Listener* of 21 March 1947: *"The very fact that the Orchestra is at least in existence and giving concerts is important...Whether its existence is going to be of profound importance is a question to which an answer is not possible just now."*

The Orchestra's 75 years of achievements, along with a 75th Season packed with the greatest music ever made and unforgettable musical experiences, is a resounding affirmative answer to Dr Beaglehole's question.

Laurence Kubiak MAICD GAICD
Chair/Tuhinga o Mua

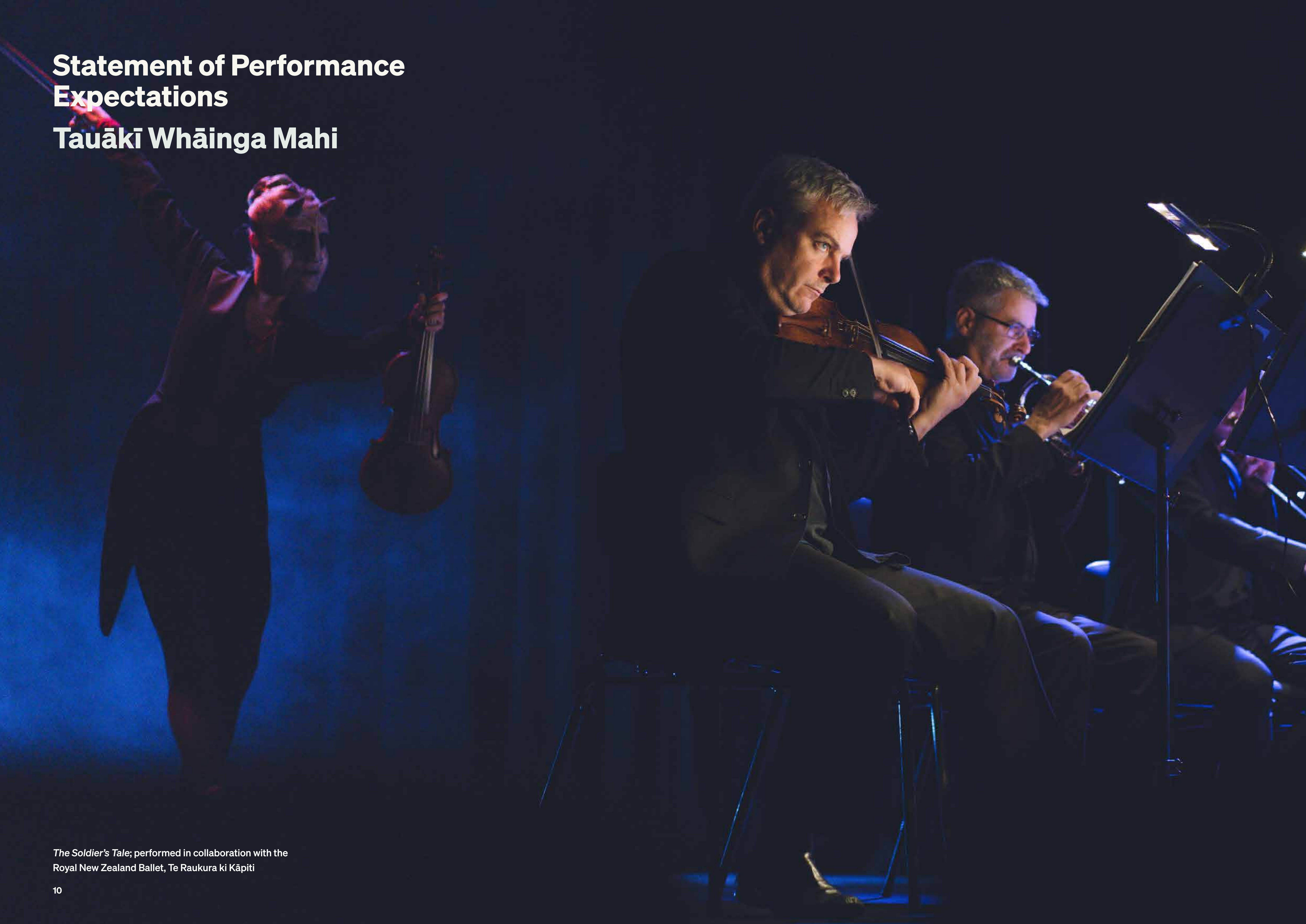
New Zealand Symphony Orchestra
Te Tira Pūoro o Aotearoa



The NZSO recording the soundtrack to *Wish Dragon*;
Michael Fowler Centre, Wellington

Statement of Performance Expectations

Tauākī Whāinga Mahi



The Soldier's Tale; performed in collaboration with the Royal New Zealand Ballet, Te Raukura ki Kāpiti

Our Vision, Mission and Values
Matawhānui/Whakatakanga/Matawhānui/Whai Painga

Vision

To be Aotearoa New Zealand's most loved entertainment brand.

Mission

"To delight, surprise and excite all New Zealanders through memorable musical experiences."

Our Values

Fresh: We play old music like it was written yesterday and inhabit new music in a way that is familiar.

Fearless: We are not constrained by convention or location.

In Front: We are world-class in everything we do.

He Herenga Whenua: Inspired by, and connected to, this awe-inspiring country, we take excellence and turn it into a shared experience for all New Zealanders.

This vision, developed in 2021, takes into account the following context for the NZSO:

- Changing audience demographics and entertainment choices
- Competing priorities for audiences' entertaining spending
- Desire for change within the NZSO
- Changes in the sponsor/donor environment
- Expectations of our Government stakeholder.

Objectives and Functions of the New Zealand Symphony Orchestra

Objectives of the Orchestra

The objectives of the Orchestra are outlined in Section 8 of the *New Zealand Symphony Orchestra Act 2004*, as follows:

- To provide the public of New Zealand with live and recorded performances of symphonic music performed to an international standard.
- To provide an orchestra that—

  (i) is highly skilled and artistically imaginative; and

  (ii) has strong community support.
- To be a leading New Zealand performing arts organisation with a role in the development of a distinctively New Zealand cultural environment.
- To promote and encourage New Zealand musical composition and composers.
- To provide performance opportunities for New Zealand musicians, whether as members of the Orchestra or as soloists.

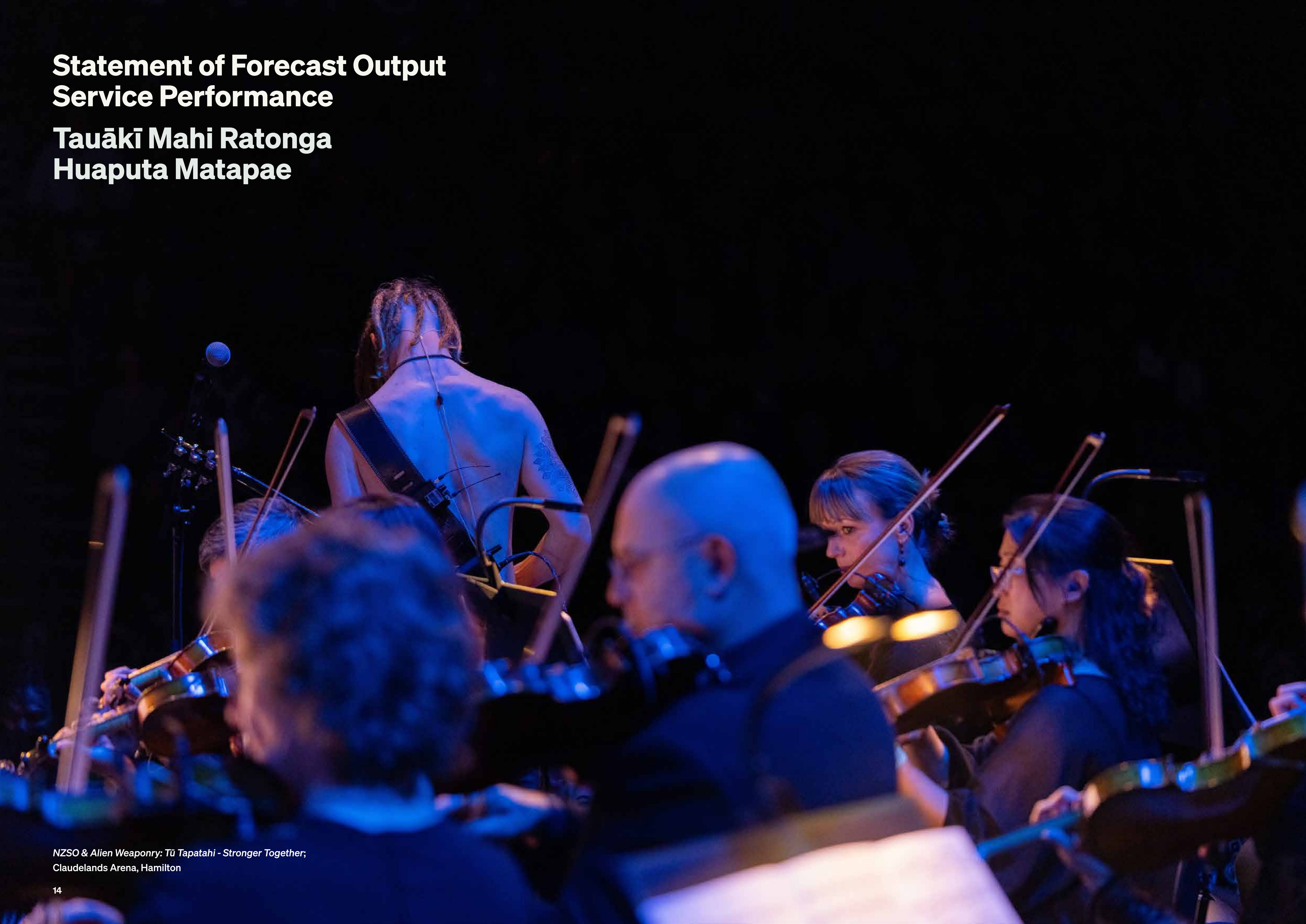
Functions of the Orchestra

The functions of the Orchestra are outlined in Section 9 of the *New Zealand Symphony Orchestra Act 2004*, as follows:

- To ensure that the Orchestra presents a broad repertoire of orchestral performance including New Zealand works and recent works.
- To encourage the development of New Zealand musicians.
- To encourage the development of New Zealanders' knowledge and appreciation of orchestral music.
- To develop and expand the audience of the orchestra on a national basis.
- To provide a touring orchestra (which may also include international performances).
- To carry out any other functions consistent with its principal objectives, as agreed to by the Minister after consultation with the Orchestra.
- To cooperate with other similar institutions and organisations having objectives similar to those of the Orchestra.

Statement of Forecast Output Service Performance

Tauākī Mahi Ratonga Huaputa Matapae



NZSO & Alien Weaponry: Tū Tapatahi - Stronger Together;
Claudelands Arena, Hamilton

Non-Financial Measures
He Hua Kē

The performance of the NZSO is measured across four key areas as follows – as set out in the NZSO's Statement of Intent: 2021-2024:

- **The NZSO: Playing a leading role in rebuilding New Zealand's social infrastructure, including social and economic well-being, during the COVID-19 recovery period.**
- **The NZSO: Future-proofed, resilient and relevant.**
- **The NZSO: Delivering international quality and leadership.**
- **The NZSO: A high performing and inclusive workplace.**

The non-financial measures have been completely reviewed to ensure they are significant and relevant for the NZSO. This has resulted in a reduction in the total number of measures, but with the focus on significance and relevance. The measures will be reviewed regularly through the year to ensure they are appropriate, with the options to add or delete measures after the reviews.

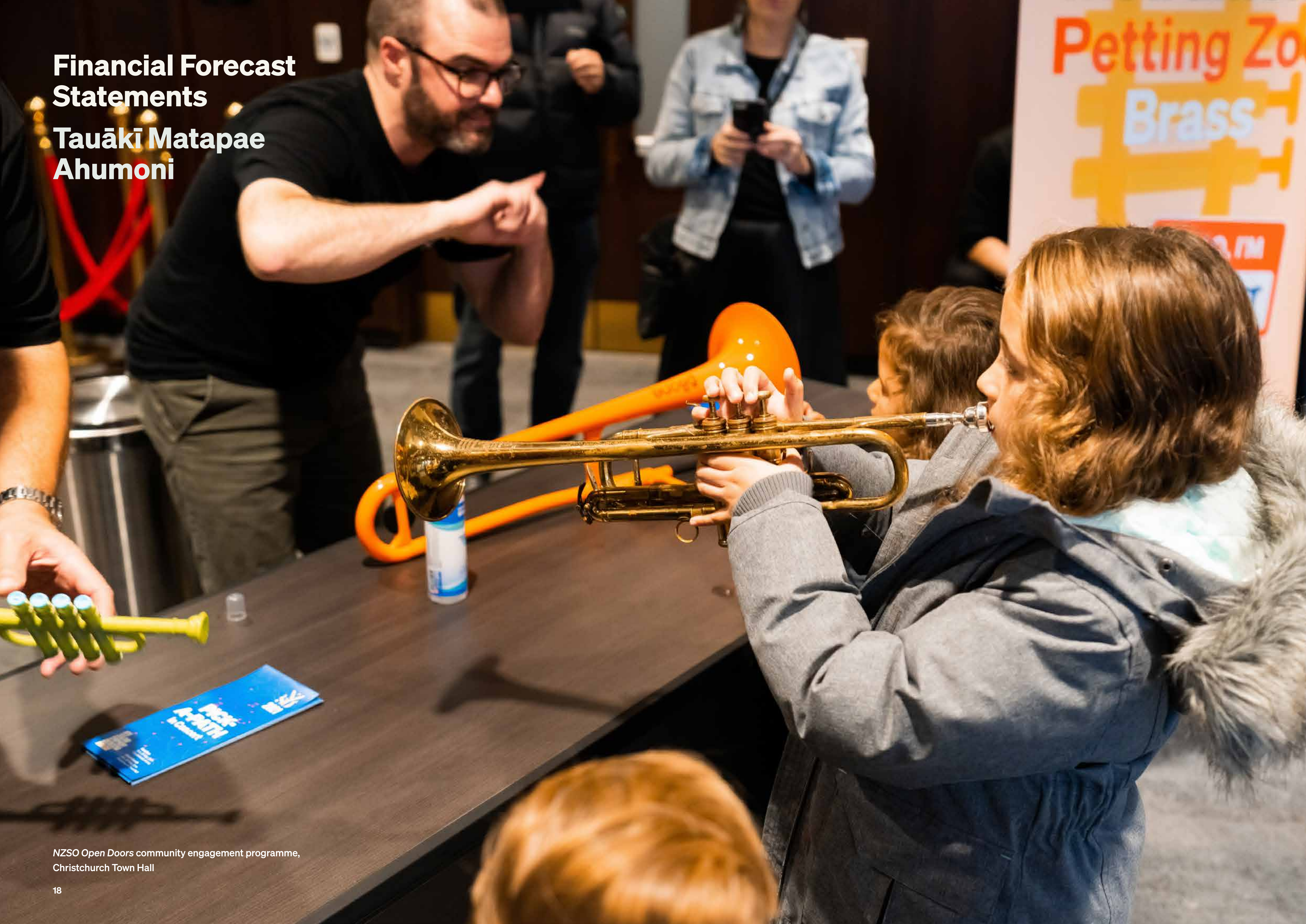
The measures have been mapped to the four key areas noted above.

There are three new measures for the 2022 year, covering collaborations, audience satisfaction and the NZSO's carbon neutral ambition.

	2022 Budgeted Measure
Strategic Priority #1 **The NZSO: Playing a leading role in rebuilding New Zealand's social infrastructure, including social and economic well-being, during the COVID-19 recovery period.** These measures focus on the NZSO's reach, contribution to communities and audience engagement.	
Reputation audit indicating positive contribution of the NZSO	80% favourable rating
Number of geographic centres reached	18
Number of NZSO presented concerts (live/streamed)	75/10
Total audience numbers (at live concerts/performances)	>50,000
Total number of education/community performances/events	>200
Number of collaborations implemented	6
Strategic Priority #2 **The NZSO: Future-proofed, resilient and relevant.** These measures focus on how the NZSO is working to ensure its sustainability, engagement and relevance to diverse audiences across a variety of experiences and channels.	
Audience satisfaction survey ratings	>80%
Non-Crown revenue: as a percentage of total revenue	17.8%
Total views of digital content streaming (all channels)	800,000
Total social media engagements	290,000
Strategic Priority #3 **The NZSO: Delivering international quality and leadership.** These measures focus on how the NZSO is leading in terms of excellence, commitment to New Zealand work and leadership of the orchestral sector.	
Progress towards carbon neutral by 2025	Carbon neutral status achieved by end 2022
Number of New Zealand artists performing with the NZSO	23
Number of New Zealand works performed/recorded	83
Number of new New Zealand works performed/recorded	43
Number of new New Zealand student compositions workshopped by the NZSO or NZSO-NYO	9
Total New Zealand works performed as a percentage of 2021 programme	>32%
Artistic excellence surveys by international artists and conductors rating NZSO as high quality	9/10
Number of APOA meetings organised and led by the NZSO	10
Strategic Priority #4 **The NZSO: A high performing and inclusive workplace.** These measures focus on the NZSO's commitment to being an employer of quality and to keeping every employee healthy and safe.	
Annual employee engagement: positive scores	>60%
Health and Safety measures	
Lost-time injury frequency rate	0

Financial Forecast Statements

Tauākī Matapae Ahumoni



NZSO Open Doors community engagement programme, Christchurch Town Hall

Basis of the preparation of the Forecast Financial Statements

The financial forecast is prepared on the basis of achieving the range and number of concerts and other activities, within the forecast revenues and expenditure.

The financial forecast for 2022 is based on the following key factors:

- External ticket sales revenue based on the size of the audience, and ticket prices;
- Sponsorship revenue received;
- Crown funding;
- Commercial/contract revenue activity that is known;
- Employment expenditure, including conductors and soloists;
- The expenditure required to operate the Orchestra based on the programme of activity – for example, venue hire, and touring expenditure across New Zealand.
- New activities are forecast based on the revenue received including ticket pricing and expenditure incurred from operating previous pilots to test new innovative presentations, and known expenditure from other activities – for example, touring expenditure.

Note: Effective 1 July 2023, the NZSO financial year will move from a calendar year to a 1 July – 30 June financial year, thereby aligning to the standard Government financial year.

Statement of Forecast Comprehensive Revenue and Expense

for the year ending 31 December 2022

Revenue	2022 Budget $000	2021 Forecast $000
Government Funding	17,411	14,859
Concert Revenue	1,659	962
Interest Revenue	15	8
Other Revenue	2,191	1,510
Total Revenue	**21,276**	**17,339**
Expenditure		
Personnel	13,439	12,165
Other	7,634	6,790
Depreciation and amortisation	180	99
Total Expenditure	**21,253**	**19,054**
NET SURPLUS / (DEFICIT)	**23**	**(1,715)**
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	**23**	**(1,715)**

Statement of Forecast Changes in Equity

for the year ending 31 December 2022

	2022 Budget $000	2021 Forecast $000
Balance 1 January	2,850	4,315
Total Comprehensive Revenue and Expense	23	(1,715)
Equity injection - General Funds	2,250	250
Balance at 31 December	**5,123**	**2,850**

Statement of Forecast Financial Position

for the year ending 31 December 2022

Current Assets	2022 Budget $000	2021 Forecast $000
Cash and cash equivalents	4,063	2,768
Trade receivables and Other receivables	129	104
Prepayments	105	95
Total Current Assets	**4,297**	**2,967**
Non-Current Assets		
Property, plant and equipment	3,370	2,237
Intangibles	0	0
Total Non-Current Assets	**3,370**	**2,237**
Total Assets	**7,667**	**5,204**
Current Liabilities		
Trade payables and Other payables	579	499
Revenue in advance	453	403
Employee entitlements	1,262	1,222
Total Current Liabilities	**2,294**	**2,124**
Non-Current Liabilities		
Employee entitlements	250	230
Total Non Current Liabilities	**250**	**230**
TOTAL LIABILITIES	**2,544**	**2,354**
NET ASSETS	**5,123**	**2,850**
Equity		
General Funds	5,123	2,850
TOTAL EQUITY	**5,123**	**2,850**

Statement of Forecast Cash Flows

for the year ending 31 December 2022

Cash flows from operating activities	2022 Budget $000	2021 Forecast $000
Government funding	17,411	14,859
Receipts from customers	3,996	3,032
Interest received	15	8
Payment to and on behalf of employees	(13,379)	(12,097)
Payments to suppliers	(7,685)	(6,889)
Net Goods and services Tax	0	0
Net cash flows from operating activities	**358**	**(1,087)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,313)	(1,011)
Purchases of intangible assets	0	0
Net cash flows from investing activities	**(1,313)**	**(1,011)**
Cash flow from financing activities		
Equity injection -General Funds	2,250	250
Net Cash flow from financing activities	**2,250**	**250**
Net increase / (decrease) in cash and cash equivalents	**1,295**	**(1,848)**
Cash and cash equivalents at beginning of the year	**2,768**	**4,616**
Cash and cash equivalents at end of the year	**4,063**	**2,768**

Notes to the Forecast Financial Statements

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The NZSO has designated itself as a public benefit entity (PBE) for financial reporting purposes.

Basis of Preparation

The financial statements of the NZSO have been prepared on a going concern basis.

This is based on the expectation the Crown will continue funding the NZSO at agreed levels over the next 12 months, and the resulting financial performance and cash flows will be maintained at appropriate operating levels.

The expected impact of COVID-19 on the NZSO for the 12 months from the date the financial statements are adopted and signed is not anticipated to negatively impact the financial performance and cash flows of the NZSO. The accounting policies have been applied consistently throughout the period.

Under the Crown Entities Act 2004 Part 4, section 136 (1), the financial year for a Crown Entity (other than a school board of trustees or a tertiary education institution) is defined as "the 12 months ending on the close of 30 June or any other date determined for that entity by the Minister of Finance." As of 9 September 2011, the NZSO's financial year has closed on 31 December, as approved by the Minister of Finance.

On the request of the Social Services and Community Committee, the NZSO will change the close of its financial year to 30 June, commencing in 2023.

Statement of Compliance

The financial statements of the NZSO have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards. These financial statements comply with PBE accounting standards.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

The specific accounting policies for significant revenue items are explained below:

Funding from the Crown (Government funding)

The NZSO is significantly funded from the Crown. This funding is restricted in its use for the purpose of the NZSO meeting the objectives specified in its founding legislation (the New Zealand Symphony Orchestra Act 2004) and the scope of the relevant appropriations of the funder.

The NZSO recognises such funding as revenue at the point when control of the resource passes to the NZSO. The NZSO considers the Crown payments made by the Ministry for Culture & Heritage to the NZSO meet the applicable control test for recognition when two events have occurred: (1) the responsible Minister has formally approved a Crown Payment from the Ministry to the NZSO of all (or a specific portion) of an existing appropriation that relates to an agreed Statement of Performance Expectations, and (2) the agreed Statement of Performance Expectations is effective. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements. In NZSO's view, the recognition of Government funding in this way meets the requirements of the applicable accounting standard (PBE IPSAS 23, Revenue from Non-Exchange Transactions).

Grants Received

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grants are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied. Grant revenue is aggregated with other sponsorship revenue.

Contra Sponsorship Received

Sponsorship revenue can be received by the NZSO in cash and/or non-cash (contra) exchange transactions. Revenue is recognised when it becomes receivable except when in the case of contra sponsorship there is a realistic expectation that those sponsored services will not be realised.

Where the contra sponsorship generates a physical asset (rather than services) as consideration the asset is recognised at fair value and the difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of such assets is determined as follows:

- For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received.
- For used assets, fair value is usually determined by reference to market information for assets of a similar type, condition and age.

Interest Revenue

Interest revenue is recognised using the effective interest method.

Provision of Services/ Concert Revenue

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised in proportion to the stage of completion at balance date. Concert revenue received for the NZSO's 2021 performances is revenue in advance at balance date and will be fully recognised as revenue in the 31 December 2022 financial statements.

Foreign Currency Transactions

All foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into New Zealand dollars (the functional currency) using the spot exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Operating leases

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are recognised as expenses on a straight-line basis over the lease term.

Receivables

Short-term receivables are recorded at their face value, less any provision for impairment. A receivable is considered impaired when there is evidence that the NZSO will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

Investments

Term deposits

Investments in bank term deposits are initially measured at the amount invested. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

Property, plant, and equipment

Property, plant and equipment consist of the following asset classes: computer hardware, leasehold improvements, musical instruments, studio equipment, furniture and office equipment and music library. All assets classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the NZSO and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Notes to the Forecast Financial Statements

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 surplus or deficit.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the NZSO and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all items of property, plant and equipment at rates calculated to write-off the cost (or valuation), to their estimated residual value over their estimated useful lives. Leasehold alterations are depreciated over the remaining period of the lease agreement. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Leasehold Alterations	3–15 years	6.67%–33.33%
Computer Hardware	3 years	33.33%
Studio Equipment	10 years	10%
Furniture and Office Equipment	15 years	6.67%
Musical Instruments percussion only	10 years	10%
Musical Instruments all other	25 years	4%
Library Music Manuscripts	Not depreciated	

Intangibles Assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the NZSO are recognised as an intangible asset. Direct costs include the software development and directly attributable employee costs. Staff training costs are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired Computer Software	3 years	3.33%
Developed Computer Software	3 years	33.33%

Impairment of Property, Plant and Equipment and Intangible assets

The NZSO does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

Property, plant and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value will exceed the recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and the depreciated replacement costs for the assets.

Impairment losses are recognised in the surplus or deficit.

Payables

Short-term payables are recorded at their face value.

Employee Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at, balance date, deferred and retiring leave (vested and available to be cashed-in) and sick leave. A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences. A liability and an expense are recognised for bonuses where there is a contractual obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information;
- the present value of the estimated future cash flows.

Sick leave, annual leave, and vested long-service, retiring and deferred leave are classified as a current liability. Non-vested long-service leave expected to be settled within 12 months of balance date is classified as a current liability. All other employee entitlements are classified as non-current liabilities.

Superannuation Schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver, the Government Superannuation Fund, the State Sector Retirement Savings Scheme and the NZSO's Tower Superannuation Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes

The NZSO makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Equity

Equity is measured as the difference between total assets and total liabilities. There is no basis on which to disaggregate equity, and it is recognised in total as general funds.

Goods and Services Tax ("GST")

These financial statements are prepared on a GST exclusive basis with the exception of trade receivables and trade creditors which are stated inclusive of GST. The net amount receivable (or payable) in respect of GST is included as part of other receivables (or other payables). The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Forecast Cash Flows.

Income Tax

The NZSO is a public authority for the purposes of the Inland Revenue Act. A public authority is exempt from income tax under the Income Tax Act 2007 and, accordingly, no provision has been made for income tax.

Notes to the Forecast Financial Statements

Critical Accounting Estimates and Assumptions

In preparing these financial statements, the NZSO 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 of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating useful lives and residual values of property, plant and equipment

At each balance date, the useful lives and residual values of property, plant and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by the NZSO and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit and carrying amount of the asset in the Statement of Forecast Financial Position. The NZSO minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second-hand market prices for similar assets; and
- analysis of prior asset sales.

NZSO has not made significant changes to past assumptions concerning useful lives and residual values.

Critical Judgements in Applying Accounting Policies

NZSO has exercised the following critical judgements in applying accounting policies:

Leases classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the NZSO. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the Statement of Forecast Financial Position as property, plant and equipment, whereas, for an operating lease, no such asset is recognised. The NZSO has exercised its judgement on the appropriate classification of equipment leases and has determined no lease arrangements are finance leases.

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