

Statement of Performance Expectations 2024/25

Tauākī Whāinga Mahi 2024/25

**New Zealand Symphony Orchestra
Te Tira Pūoro o Aotearoa**

Presented to the Hon. Paul Goldsmith
Minister for Arts, Culture and Heritage

For the year ending June 30 2025

Whāngaia ka tupu, ka puawai That which is nurtured, blossoms and grows



Arohanui Strings side-by-side session, 2024

Board Statement Tā Te Poari Tauāki

This Statement of Performance Expectations reflects Te Tira Pūoro o Aotearoa | New Zealand Symphony Orchestra (NZSO) planned performance targets and forecast financial information for the year ending 30 June 2025.

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.

Presented to the House of Representatives pursuant to section 149C of the Crown Entities Act 2004.

Carmel Walsh
Board Chair | Tuhinga o Mua
19 June 2024

Edwin Read
Chair: Audit Committee | Heamana Komiti Arotake
19 June 2024

Contents Ngā ihirangi

| | |
|---|-----------|
| Board Statement Tā Te Poari Tauākī | 2 |
| Introduction He Kupu Arataki | 4 |
| Statement of Performance Expectations Tauākī Whāinga Mahi | 5 |
| Our Vision, Mission, and Values Matawhānui, Whakatakanga, Whai Painga | 6 |
| Objectives of the Orchestra Ngā Whāinga a te Tira Pūoro | 7 |
| Functions of the Orchestra Ngā Kawenga a te Tira Pūoro | 8 |
| Statement of Forecast Output Service Performance Tauākī Mahi Ratonga Huaputa Matapae | 9 |
| Impact Measures Te Ine i ngā Hua | 10 |
| Summary of Output and Output Expenses for 2024/25 He Whakarāpopototanga o ngā Huamahī me ngā Whakapaunga Pūtea 2024/25 | 11 |
| Financial Forecast Statements Tauākī Matapae Ahumoni | 12 |
| Notes to the Forecast Financial Statement Ngā Kōrero Tāpiri Mō te Tirohanga Whakamua o ngā Tahua Pūtea | 16 |
| Our Supporters Kaitautoko | 22 |



Associate Principal Second Violin Amy Brookman & Section Principal Second Violin Andrew Thomson record for NZSO+

Introduction He Kupu Arataki

Tēnā koutou, tēnei Te Komihana Tauhokohoko e mihi ana ki a koutou katoa, tēnā koutou, tēnā koutou, tēnā tatou katoa.

I am pleased to present the Statement of Performance Expectations 2024/25 for Te Tira Pūoro o Aotearoa | New Zealand Symphony Orchestra (NZSO), which acknowledges the challenging financial environment and charts a course for resilience, growth, and innovation over the coming year.

As outlined in the Statement of Intent 2024/25 – 2027/28, our strategy is to ensure that our loyal audiences continue to enjoy concerts of deeply loved music performed at the highest standard, enriched by our international and local collaborations, whilst we seek to expand our reach by delighting new audiences with enhanced repertoire in engaging programmes.

Our artistic offering celebrates outstanding moments in classical music's history and future. We continue to foster our partnerships with international and local conductors, commission composers from New Zealand and worldwide, and soloists of great artistry and renown. We take time to celebrate Aotearoa's Māori and Pasifika communities and with the young and diverse, promoting NZSO's unique offering to the artistic world.

Specifically for FY2024-2025, we will demonstrate our commitment to government priorities, our principal objectives, and fiscal and environmental responsibilities through various efficiency and innovation strategies. These include tour plans to reduce environmental impact and travel costs whilst maximising the impact of our presence, implementing efficiencies in the organisation so that we are resourcing for success, leveraging commercial projects from government support such as our state-of-the-art recording capability and maximising the benefits from innovation such as our digital platform NZSO+.

This Statement of Performance Expectations 2024/25 is ambitious, cementing increases in performance activity and opportunities for audience engagement, while simultaneously reducing our expenditure, carbon footprint, and continuing to deliver the same world-class performances. The NZSO is prepared to meet the challenge using innovation and creativity to share the beauty and uniqueness of New Zealand's music with the nation and the world, earning our reputation for leading with excellence, and proudly holding our position as cultural ambassador for the Aotearoa New Zealand.

Ngā mihi,

Carmel Walsh

Board Chair | Manukura

Te Tira Pūoro o Aotearoa | New Zealand Symphony Orchestra

Statement of Performance Expectations Tauākī Whāinga Mahi



Our Vision, Mission, and Values Matawhānui, Whakatakanga, 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, the awe-inspiring country, we take excellence and turn it into a shared experience for all New Zealanders.

Our Vision, Mission, and Values have effectively guided us in recent years. However, we intend to refresh them in the coming year(s) to better align with our refreshed strategic goals and our new Outcomes Management Framework (page 9).



Soloists OUM & Kyriakos Tapakis, *Beyond Words*, 2024

Objectives of the Orchestra Ngā Whāinga a te Tira Pūoro

As an Autonomous Crown Entity under the Crown Entities Act 2004, our principal objectives and functions are articulated in Sections 8 and 9 of the New Zealand Symphony Orchestra Act 2004 (“The Act”).

Our Principal Objectives

The Act sets out our principal objectives in section 8:

- 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:
 - is highly skilled and artistically imaginative;
 - 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.

We recognise that our role is more than delivering the *requirements* of the Act, we must also seek opportunities to deliver on the *spirit* of the Act and continue engagement with and respond to New Zealand’s diverse communities through delivering valuable musical experiences onstage, in schools and within communities throughout the country.

We are committed to being a high-performing leader in the performing arts, culture and heritage sector. We aspire to represent the very best of the country’s performing arts as New Zealand’s national orchestra.



NZSO Storytime at Te Papa, 2024

Functions of the Orchestra Ngā Kawenga a te Tira Pūoro

Our Functions

The Act sets out our functions in section 9:

- 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 institutions and organisations having objectives similar to those of the Orchestra.

Our functions ensure an enduring focus on delivering a range of world-leading musical experiences. Additionally, we are mandated to actively support the growth of Aotearoa New Zealand’s creative talent and arts, culture and heritage sector.

Our Statement of Intent outlines our focus for the next four years. We aim to enhance our operations while delivering on our principal objectives in a dynamic and challenging environment.



Baycourt Theatre, Tauranga

Statement of Forecast Output Service Performance Tauākī Mahi Ratonga Huaputa Matapae

Outcomes Management Framework

The performance of the NZSO is measured following our Outcomes Management Framework.

Our four outcomes are realised by focusing our efforts on six **impacts**, and by delivering our **services and outputs**. The effects our impacts have on New Zealanders are demonstrated by the **impact indicators**.

How Our Outcomes, Impacts and Outputs Connect



Impact Measures Te Ine i ngā Hua

Non-Financial Measures | He hua kē

The following table notes the measures designed to demonstrate our progress towards achieving our outcomes.

| Target Measures | 2024/25 |
|--|-----------|
| More people engage with the NZSO | |
| Number of ticketed concerts | 60 |
| Number of audience members at ticketed concerts | 70,000 |
| Number of new digital content releases on NZSO channels | 150 |
| Number of views of digital content on NZSO channels | 1,000,000 |
| People are fulfilled and communities are reached | |
| Number of geographic centres reached through live concerts/performance/events | 24 |
| Positive responses to Audience Satisfaction Survey | 90% |
| Positive responses to Education Social Impact Survey | 90% |
| People gain knowledge and express themselves creatively | |
| Number of education and community engagement events | 22 |
| Number of audience members at education/community performances | 9,000 |
| Number of live/digital education and community engagement events | 95 |
| Total participant numbers at live/digital education and community engagement events | 16,000 |
| We're accountable, operate ethically and with integrity | |
| Non-Crown revenue as a percentage of total revenue | 21% |
| Number of commercial projects delivering financial and non-financial benefit | 7 |
| Annual Employee Engagement Survey | >60% |
| Lost-time injuries | 0 |
| We uphold artistic excellence | |
| Critical reviews by New Zealand media of live performances | 80% |
| Musicians have an annual professional development plan and review | 100% |
| Number of international artists performing with NZSO | 10 |
| Our culture is expressed through music | |
| Number of New Zealand artists performing with the NZSO | 60 |
| Number of New Zealand works performed/recorded/streamed | 67 |
| Number of new New Zealand works performed/recorded/streamed | 15 |
| Number of new New Zealand student compositions performed/recorded/streamed by the NZSO and NYO | 8 |
| Total New Zealand works performed/recorded/streamed as a percentage of the annual programme | 10% |

Summary of Output and Output Expenses for 2024/25 He Whakarāpopototanga o ngā Huamahi me ngā Whakapaunga Pūtea 2024/25

The NZSO is funded via the Ministry for Culture and Heritage under Vote Arts, Culture and Heritage - Performing Arts Services. The NZSO will deliver the following services and outputs for 2024/25 to support the achievement of its impacts and outcomes:

| | \$000 |
|---|--------|
| Forecast Output Expenditure | |
| Output Class: Arts, Culture and Heritage - Performing Arts Services | 22,391 |
| <ul style="list-style-type: none"> • Concerts and Events • Artistic Collaborations • Commercial Projects • Digital Content Streaming (NZSO+) • National Youth Orchestra (NYO) • Music Education • Young Musician Development Programmes • National music centre | |
| Forecast Revenue | |
| Crown Revenue* | 17,768 |
| Non-Crown Revenue | 4,623 |
| Total Forecast Revenue | 22,391 |
| Surplus / (Deficit) | - |

*Crown revenue for 2024/25 comprises of \$17,293 baseline funding and \$475k for the national music centre.



Soloist Eden Leota, *Mana Moana*, 2024

Financial Forecast Statements Tauākī Matapae Ahumoni

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 01 July 2024 – 30 June 2025 is based on the following key factors:

- External ticket 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 Aotearoa.
- New activities are forecast based on the revenue received, including ticket pricing, and known expenditure from other activities – for example, touring expenditure.

Statement of Forecast Comprehensive Revenue and Expense

| For the year ending 30 June 2025 | 2024/25 Forecast \$000 | 2023/24 Forecast \$000 |
|--|------------------------------|------------------------------|
| Revenue | | |
| Government funding | 17,768 | 18,131 |
| Concert revenue | 2,445 | 2,250 |
| Interest revenue | 300 | 150 |
| Other revenue | 1,877 | 1,564 |
| Total Revenue | 22,391 | 22,095 |
| Expenditure | | |
| Personnel | 14,479 | 14,116 |
| Other | 7,677 | 7,938 |
| Depreciation and amortisation | 234 | 200 |
| Total Expenditure | 22,391 | 22,254 |
| Net Surplus / (Deficit) | - | (159) |
| Total Comprehensive Revenue and Expenditure | - | (159) |

Statement of Forecast Changes in Equity

| For the year ending 30 June 2025 | 2024/25 Forecast \$000 | 2023/24 Forecast \$000 |
|--|------------------------------|------------------------------|
| Balance 01 July | 8,858 | 2,669 |
| Total comprehensive revenue and expense for the year | (280) | (159) |
| National music centre contribution from the Crown | - | 6,000 |
| National music centre development reserve | 280 | 999 |
| Balance at 30 June | 8,858 | 9,509 |

Statement of Forecast Financial Position

| For the year ending 30 June 2025 | 2024/25 Forecast \$000 | 2023/24 Forecast \$000 |
|---|------------------------------|------------------------------|
| Current Assets | | |
| Cash and cash equivalents | 2,906 | 6,727 |
| Trade receivables and other receivables | 2,178 | 1,166 |
| Prepayments | 297 | 189 |
| Total Current Assets | 5,380 | 8,082 |
| Non-Current Assets | | |
| Property, plant and equipment | 6,142 | 3,954 |
| Intangibles | - | - |
| Total Non-Current Assets | 6,142 | 3,954 |
| Total Assets | 11,523 | 12,036 |
| Current Liabilities | | |
| Trade payables and other payables | 639 | 904 |
| Revenue in advance | 698 | 631 |
| Employee entitlements | 1,024 | 957 |
| Total Current Liabilities | 2,361 | 2,492 |
| Non-Current Liabilities | | |
| Employee entitlements | 303 | 35 |
| Total Non-Current Liabilities | 303 | 35 |
| Total Liabilities | 2,664 | 2,527 |
| Net Assets | 8,858 | 9,509 |
| Equity | | |
| Accumulated comprehensive revenue and expense | 1,248 | 2,510 |
| National music centre contribution from the Crown | 6,000 | 6,000 |
| National music centre development reserve | 1,610 | 999 |
| Total Equity | 8,858 | 9,509 |

Statement of Forecast Cash Flows

| For the year ending 30 June 2025 | 2024/25 Forecast \$000 | 2023/24 Forecast \$000 |
|---|------------------------------|------------------------------|
| Cash Flows From Operating Activities | | |
| Government funding | 17,768 | 18,131 |
| Receipts from customers | 4,017 | 3,836 |
| Interest received | 300 | 150 |
| Payment to and on behalf of employees | (14,412) | (14,066) |
| Payments to suppliers | (8,050) | (7,959) |
| Net Cash Flows From Operating Activities | (376) | 92 |
| Cash Flows From Investing Activities | | |
| Purchase of property, plant and equipment | (3,445) | (84) |
| Purchases of intangible assets | - | - |
| Net Cash Flows From Investing Activities | (3,445) | (84) |
| Cash Flow From Financing Activities | | |
| Equity injection – General Funds | - | - |
| Net cash flow from financing activities | - | - |
| Net Increase / (Decrease) In Cash And Cash Equivalents | (3,821) | 8 |
| Cash And Cash Equivalents At Beginning Of The Year | 6,727 | 6,719 |
| Cash And Cash Equivalents At End Of The Year | 2,906 | 6,727 |

Notes to the Forecast Financial Statement Ngā Kōrero Tāpiri Mō te Tirohanga Whakamua o ngā Tahua Pūtea

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.

Under the Crown Entities Act 2004 Part 4, section 136 (1), the financial year for a Crown Entity (other than a school board 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.” The NZSO moved from a calendar financial year ending 31 December to a Crown financial year ending 30 June, the first year being 2023/24.

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 and 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 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.

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.

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 software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining software are recognised as an expense when incurred. Costs 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 Software | 3 years | 33.33% |
| Developed 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 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. Equity is aggregated and classified into the following components:

- accumulated surplus/(deficit);
- contributed capital for the national music centre.

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 as 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 Income Tax Act 2007. A public authority is exempt from income tax under the Income Tax Act 2007 and, accordingly, no provision has been made for income tax.

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.

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

Critical Judgements in Applying Accounting Policies

The 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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We're working with Trees That Count to mitigate our carbon footprint over the next 50 years and help protect New Zealand's threatened biodiversity. That's good for our carbon footprint, and good for Aotearoa.





New Zealand
Symphony
Orchestra

Te Tira Pūoro
o Aotearoa

Supported by the New Zealand Government through



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