



Statement of Performance Expectations 2026/27

Tauākī Whāinga Mahi 2026/27

New Zealand Symphony Orchestra
Te Tira Pūoro o Aotearoa

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

A large, diverse audience is seated in a modern theater. The seating is arranged in multiple tiers, with prominent curved wooden balconies in the foreground and middle ground. The audience members are looking towards the stage area, which is dark and out of focus. The lighting is warm and focused on the audience.

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

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 2027.

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.

These statements comply with GAAP (Generally Accepted Accounting Principles) and are not intended to be updated subsequent to presentation.



Carmel Walsh
Board Chair | Manukura
30 June 2026



Steven Fyfe
Chair: Audit Committee | Heamana Komiti Arotake
30 June 2026

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Mana Moana, 2025

Introduction

He Kupu Arataki

I am delighted to share the Statement of Performance Expectations for 2026/27 for Te Tira Puoro o Aotearoa New Zealand Symphony Orchestra (NZSO). This SPE connects with our Statement of Intent 2025/26, which outlined our strategy to deepen the strong relationships we have built with loyal audiences alongside our commitment to engage with new audiences, and in doing so drive innovation, expand and diversify revenue streams, and enhance our capabilities and efficiencies across the organisation and the sector.

In 2027 the national orchestra is excited to celebrate its 80th anniversary. We look to honour the heritage that sits behind those storied 80 years, as well as reach new communities, collaborate with all music forms and inspire all New Zealanders with innovative concert programming alongside the newest technology.

We are delighted to return to the magnificent Te Whare Whakarauika Wellington Town Hall as our home base, as the National Music Centre comes to life. We have begun testing in our world-class state-of-the-art Te Ngākau Recording Studios in the Town Hall basement and look forward to our place in the Te Ngakau music precinct in the heart of Wellington. The studios will allow for fantastic streaming prospects on our NZSO+ platform, incredible national and international opportunities for the NZSO in film, television, and video game soundtrack recording, and makes a valuable resource available to the broader music community.

Importantly, the studios are a tangible component of the NZSO's strategy to grow its non-Crown revenue and foster growth through innovation across the music sector. We are thrilled to see these developments coming to fruition after decades of planning and demonstrate our commitment to the Amplify creative and cultural strategy. We are planning for a wide variety of collaborations and partnerships for live performances and recordings.

This 80th year also sees us welcome the internationally renowned German conductor André de Ridder as our new NZSO Music Director. He brings a wealth of experience and artistic vision alongside our recently appointed Chief Executive, Marc Feldman, and internationally based New Zealander Gemma New, as our Artistic Partner. The NZSO has continued to see year-on-year growth of its NZSO membership scheme and growing audience numbers to attend international level performances of beautifully curated and considered programmes with some of the great international and national soloists of our time; and nurtured collaborations with organisations such as the Aotearoa New Zealand Festival of the Arts, Auckland Arts Festival, singer-songwriters Bic Runga and

Shayne Carter, and soundtrack recordings including *Sgt. Haane*. Our 2026/27 concert programming continues engagement with long standing supporters and newer audience members enjoying a fantastic variety of concerts, collaborations, and recorded performances.

All facets of our education and community activities will continue to innovate and expand, from the NZSO National Youth Orchestra to more than 20,000 students reached via our schools concerts, creative music workshops and online classroom sessions.

New initiatives in the previous financial year 2025/26, such as the interactive concert series *Stories Alive!* and *Storytime* episodes available on Air New Zealand international routes, will reach new audiences in 2026/27.

Without sacrificing the quality of performances or worldwide audience engagement, we have worked hard to reduce costs, improve efficiencies and enhance capability. Among measures taken in 2025/26 was the cost-neutral reprioritisation of existing resources toward audience development and fundraising. As a result, audience development is more targeted and strategic, and new fundraising partnerships have been established. We have actively engaged with the business sector and diplomatic community to generate philanthropic opportunities.

As we continue our quest for long term sustainability the NZSO celebrates its 80th anniversary with a clear grasp of the challenges and opportunities it will face.

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. We are currently undertaking a process to refresh them, with the updated framework expected to inform future Statements of Performance Expectations once finalised.



From the New World, conductor Rodolfo Barráez and violinist María Dueñas, 2026



Creepy-Crawly Carnival rehearsal, 2025

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 Stories Alive!, Te Papa, 2026

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 2024/25 - 2027/28. We aim to enhance our operations while delivering on our principal objectives in a dynamic and challenging environment.



Blind Low Vision NZ Guide Dogs training at rehearsal, Manakau, 2025

Statement of Forecast Output Service Performance

Tauākī Mahi Ratonga Huaputa Matapae

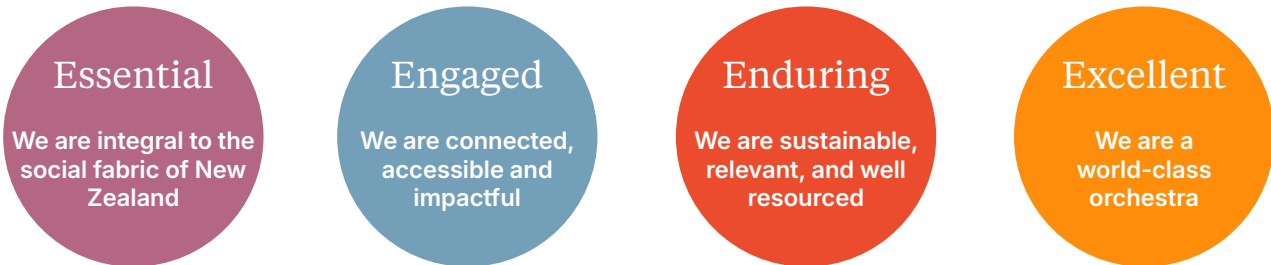
Non-Financial Measures | He hua kē

The performance measures and targets set out in this Statement of Performance Expectations for 2026/27 give effect to the strategic intentions described in the New Zealand Symphony Orchestra’s Statement of Intent 2024/25–2027/28.

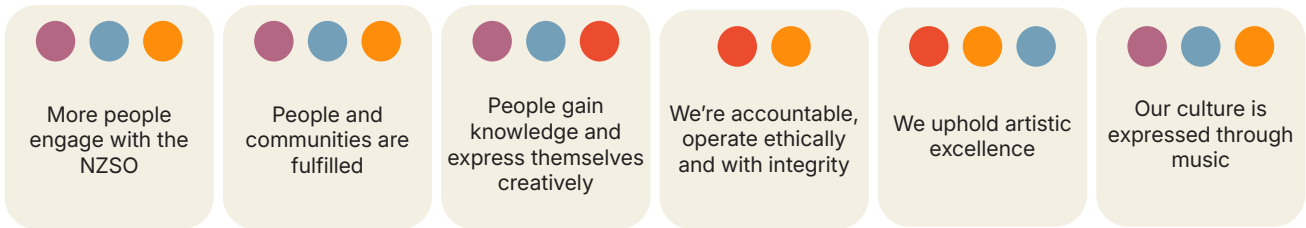
The performance of the NZSO is assessable across four outcomes. Our outcomes are achieved by work in six impact areas, and by delivering our services and outputs well. Our impact is demonstrated by the impact indicators.

How Our Outcomes, Impacts and Outputs Connect

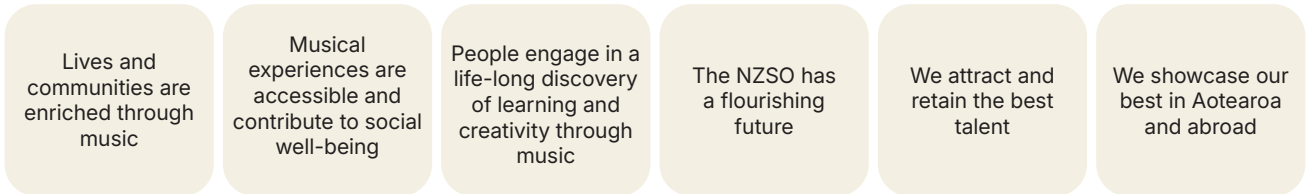
Outcomes



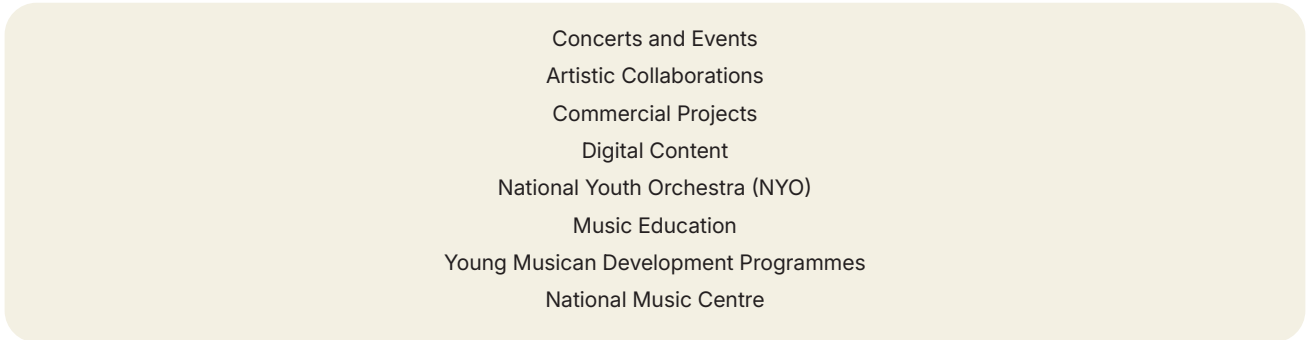
Impacts



Impact Indicators



Services & Outputs



Impact Measures

Te Ine i ngā Hua

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

Target Measures	2026/27
More people engage with the NZSO	
Number of ticketed concerts	72
Number of audience members at ticketed concerts	70,000
Number of new digital content releases on NZSO channels	155
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/performances/ events	37
Positive responses to Audience Satisfaction Survey	90%
People gain knowledge and express themselves creatively	
Number of education and community engagement events	18
Number of audience members at education/community performances	4,500
Number of live/digital education & community engagement events	150
Total participant numbers at live/digital education & community engagement events	25,000
We're accountable, operate ethically and with integrity	
Non-crown revenue as a percentage of total revenue	25%
Number of commercial projects delivering financial and non-financial benefit	12
Annual employee engagement survey	>60%
Lost-time injuries	0
We uphold artistic excellence	
Critical reviews by New Zealand media of live performances	90%
Number of International Artists performing with NZSO	22
Our culture is expressed through music	
Number of New Zealand artists performing with the NZSO	43
Number of New Zealand works performed/recorded/streamed	55
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	9
Total New Zealand works performed/recorded/streamed as a percentage of the annual programme	10%
Number of New Zealand composers	20

Summary of Output and Output Expenses for 2026/27

He Whakarāpopototanga o ngā Huamahi me ngā Whakapaunga Pūtea 2026/27

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 2026/27 to support the achievement of its impacts and outcomes:

Forecast Output Expenditure	\$000
Output Class: Arts, Culture and Heritage - Performing Arts Services • Concerts and Events • Artistic Collaborations • Commercial Projects • Digital Content • National Youth Orchestra (NYO) • Music Education • Young Musician Development Programmes • National Music Centre	23,488
Forecast Revenue	
Crown Revenue	17,413
Non-Crown Revenue	6,075
Total Forecast Revenue	23,488
Surplus / (Deficit)	-

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 1 July 2026 – 30 June 2027 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
- Commencement of commercial recording activity from the NZSO's new recording studios during 2026/27, based on an assessment of anticipated opportunities
- 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 Zealand.
- 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 2027

	2026/27 Forecast \$000	2025/26 Forecast \$000
Revenue		
Government Funding	17,413	17,768
Concert, Streaming & Contract Revenue	4,250	2,637
Interest Revenue	75	122
National Music Centre Funding – Crown*	-	2,000
National Music Centre Funding – Development*	-	(169)
Other Revenue	1,750	1,471
Total Revenue	23,488	23,830
Expenditure		
Personnel	14,447	14,604
Other	8,336	7,142
Depreciation and amortisation	705	252
Total Expenditure	23,488	21,998
Net Surplus/(Deficit)	-	1,831
Total Comprehensive Revenue and Expenditure	-	1,831

* This funding is applied as capital expenditure to support the development of the National Music Centre, rather than operational costs.

Statement of Forecast Changes in Equity

For the year ending 30 June 2027

	2026/27 Forecast \$000	2025/26 Forecast \$000
Balance 01 July	12,169	10,337
Total Comprehensive Revenue and Expenditure	-	1,831
Balance at 30 June	12,169	12,169

Statement of Forecast Financial Position

For the year ending 30 June 2027

	2026/27 Forecast \$000	2025/26 Forecast \$000
Current Assets		
Cash and cash equivalents	2,868	2,043
Trade and other receivables	623	826
Prepayments	59	59
Total Current Assets	3,550	2,928
Non-Current Assets		
Property, plant and equipment	11,328	11,754
Intangibles	121	224
Total Non-Current Assets	11,449	11,978
Total Assets	14,999	14,907
Current Liabilities		
Trade and other payables	480	388
Revenue in advance	853	853
Employee entitlements	1,339	1,331
Total Current Liabilities	2,672	2,572
Non-Current Liabilities		
Employee entitlements	158	166
Total Non-Current Liabilities	158	166
Total Liabilities	2,830	2,738
Net Assets	12,169	12,169
Equity		
Accumulated comprehensive revenue and expense	1,569	1,569
National Music Centre Funding – Crown	8,000	8,000
National Music Centre Funding – Development	2,600	2,600
Total Equity	12,169	12,169

Statement of Forecast Cash Flows

For the year ending 30 June 2027

Non Crown revenue is recognised on an accrual basis, while cash receipts from customers and sponsors reflect the timing of cash received during the year. Differences between these measures primarily relate to the timing of receipts received in advance or following the performance period.

	2026/27 Forecast \$000	2025/26 Forecast \$000
Cash flows from operating activities		
Government funding	17,413	17,768
Receipts from customers & sponsors	5,448	4,648
Interest received	75	122
Payments to and on behalf of employees	(14,501)	(14,733)
Payments to suppliers	(8,035)	(7,916)
Net cash flows from operating activities	400	(111)
Cash flows from investing activities		
Purchases of property, plant and equipment	(175)	(5,354)
Purchases of intangible assets	-	-
Net cash flows from investing activities	(175)	(5,354)
Cash flow from financing activities		
Equity Contribution	600	2,000
Payments under finance lease	-	(21)
Net cash flow from financing activities	600	1,979
Net increase / (decrease) in cash and cash equivalents	825	(3,487)
Cash and cash equivalents at beginning of the year	2,043	5,530
Cash and cash equivalents at end of the year	2,868	2,043

Notes to the Forecast Financial Statements

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."

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 and Recording Revenue

Services provided to third parties on commercial terms — including concert performances, recording contracts, and related artistic services — are treated as exchange transactions. Revenue from these activities 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.

Finance Leases

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The finance charge is applied to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining liability balance. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty whether NZSO will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

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	3–25 years	4%–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 others	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.

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