Report of the
New Zealand Maori Arts & Crafts Institute

Trading as

TE PUIA

NEW ZEALAND MĀORI
ARTS AND CRAFTS INSTITUTE

For the year ended: 31 MARCH 2010

Presented to the House of Representatives pursuant to Section 25 of the New Zealand Maori Arts and Crafts Institute Act 1963.

NEW ZEALAND MAORI ARTS & CRAFTS INSTITUTE
ROTORUA

We wish to submit the Annual Report of The New Zealand Maori Arts and Crafts Institute for the year ended 31 March 2010.

Chairman:	**Mr Henri Jacques Burkhardt**
Deputy Chairman:	**Mrs Maureen Waaka**
Board Members:	**Mr Peter Brown**
	Mr Oscar Nathan
	Mr Graeme Osborne
	Mr Deryck Shaw

REPORT OF THE NEW ZEALAND MAORI ARTS AND CRAFTS INSTITUTE
For the year ended 31 MARCH 2010

Ki te Mīnita Tāpoi

Tēnā rā koe i ngā āhuatanga ō te wā. Ahakoa ngā ngaru nunui e papaki mai nei,

kei te kaha pupuri ki te ōhaki a ō tātou tūpuna "kia kaha, kia toa, kia manawanui".

Nō reira, tangihia rātou mā kua haere ki tua o te ārai.

Kua waihongia mai e rātou he tohu hei arahi mai.

Kia tika te hoe a tō tātou waka ki te pae tawhiti ki te tonuitanga.

Tihē mauri ora!

The Year in Review

Chairman's Report

The 2009 - 2010 year presented Te Puia with a set of unique challenges. The global economic crisis meant we entered the year with a very unclear view of how all of this would all impact on our business. The statistics were also saying that less people were choosing to visit Rotorua. The start of the H1NI virus during the first quarter further impacted on the visitor numbers. These components were not conductive to a "brave new world".

The Board appropriately took a conservative view of what the organisation would deliver. There was renewed focus on diligently managing costs, ensuring the business was of the right size yet at the same time responsive in seeking and identifying growth opportunities, quality outcomes and increased profile in its markets. In this unique economic environment it was important that Te Puia maintained at a minimum its market share.

Te Puia's roles and functions are clearly set out in the New Zealand Maori Arts and Crafts Institute Act 1963. It is about building and investing in Maori cultural capital. Te Puia has an established legacy as a cultural tourism icon. In the Board's view, this is a narrow view of its responsibilities. The success of this may have distracted past decisions from exercising that wider responsibility. Te Puia could be a museum, a wananga/university, a cultural centre as well as a tourist attraction. The Board needs to navigate and determine the best mix to articulate its full role.

The Board is also conscious of the ongoing focus required to determine how one measures cultural capital. If one accepts that profitability is a measure of a business's point of differentiation, and if Te Puia's point of differentiation is that it builds and presents cultural product, then it delivers. That aside reflecting cultural investment and therefore "cultural capital" in a balance sheet still remains a debatable challenge. Te Puia's 5 year cultural strategy (2008 – 2013) and Statement of Intent (2008-2011) are an articulation of that journey.

Below the Board presents some activity of note.

Financial

- Visitor numbers for the year ended 31 March 2010 were down 13% with the previous year.
- Admission revenue was 11% lower than last year.
- FIT (free and independent travellers) numbers were up 3%
- GIT (group market) were 24% down on last year with the biggest declines in the Chinese, Japanese and Korean markets.
- Increase in FIT/GIT ratio which resulted in an improved yield of 6% compared to last year.
- Retail revenue was down 9% and gross profit was down 12% compared to last year.
- Yield increased per visitor to $9.00 compared with last year's result of $8.60.
- Te Po, Te Puia's evening experience had a 21% increase in visitor numbers, a 25% increase in revenue, and a 3% increase in yield on last year.
- Commissioned work through the schools of learning particularly the carving school with a 751% increase in revenue earned.
- Te Puia has no debt.
- Net profit margin has improved over that of the previous year.
- Return on Investment and Assets have improved though in the Board's view not to an acceptable level.
- Total equity of $27.3m is up 7% on last year's result.
- Approximately $5 million in cash.
- The overall net surplus result for the year was $1.693m against a net budget forecast of $115k.
- Cultural Investment of $750k was 44% of the reported surplus.

Operationally

- Te Puia achieved a 94% Qualmark rating, an Enviro Gold rating (one of only 4 members of the regional sustainable tourism charter group to achieve this).
- Introduction of the Whanau Card, to encourage visitation from New Zealanders at a discounted price and to encourage growth and repeat visits with friends and relatives.
- Furthered an online presence through social media marketing, e-commerce and online transaction capability. Further development is planned for the first half of the coming year.

Culturally

- The opening of a new pounamu and bone carving business unit under the leadership of renowned pounamu carver Lewis Gardiner.
- The schools of learning (wood carving and weaving) are operating at full capacity with a full enrolment compliment in all areas.
- Creation of the Te Puia Mark of Authenticity to qualify and authenticate all products produced at Te Puia.
- Te Puia continued to host international indigenous artists.
- Te Puia continued to host a range of diplomatic visitors as requested by various government entities.
- Ngati Wairere commissioned a carved pataka (food store house) for the Parapara Gardens in Hamilton.
- A hoe urunga (ceremonial steering paddle) was gifted to Julian Robertson and his family on behalf of Te Puia and the Auckland City Council.
- Te Puia completed the carvings for the ancestral meeting house in Kaiaua, Coromandel. This project was initiated 6 years ago and has been a key focus for Te Puia carvers. The house will be officially opened in late 2010 and is expected to draw a significant audience.
- In conjunction with Trade and Enterprise New Zealand and Tourism New Zealand, and funded by the Cultural Diplomacy International Programme ('CDIP') – administered by the Ministry of Culture and Heritage – Te Puia is in the process of carving a 10 metre high waka maumahara (canoe centotaph). 70% of the carving was completed at Te Puia before it was freighted to China and positioned at the front of the New Zealand Pavilion as part of the

World Trade Expo in Shanghai. The carving will be completed and gifted on New Zealand's nominated National Day (July 09, 2010) by New Zealand's Prime Minister, the Hon John Key. Its final resting place will be at the Baoshan Museum in Shanghai. The waka maumahara will stand to memorialise an enduring relationship between New Zealand and China. This is a unique opportunity and experience for our student carvers to be on the international stage as ambassadors for New Zealand.

Some Highlights in front of us

- An education strategy around developing the schools market will be fully implemented in the coming year. A new 50 seat capacity education/lecture theatre is being constructed to support this. Video conferencing will allow this capacity to be extended.
- Recent purchases from prestigious museums indicate a demand for premium authenticated product for their experiences. This presents a developing opportunity for Te Puia.
- Participating in the handover of the waka maumahara in Shanghai in July 2010.

Acknowledgements

There are a number of key learnings for the Board this year. Though faced with a very uncertain global economic climate the speed of the recovery, as recorded in our last quarter performance, was unpredicted. With a market that has such hypersensitivity this gives you clues how one should manage the business. These businesses need to have strong brand positions, unique value propositions, with products that have clear points of differentiation that are delivered with quality. These businesses have to be able to have their doors open in anticipation. Te Puia in my view is well positioned to face these challenges and create new opportunities. A matured understanding of what the organisation's role, capacity and responsibility is, its commitment to delivering to legislative requirements, honouring the rich cultural legacy that it has inherited, a strong balance sheet, and a capable management team committed to meeting those challenges are all important components in building a platform to face future issues and opportunities.

I wish to extend a personal thank you to my fellow Board members, management and staff for their ongoing professional commitment and passion towards the kaupapa of Te Puia. Being part of Te Puia continues to be a rewarding experience for us all, to be contributing to building Maori cultural capital nationally and internationally. It is a privilege and honour to know that all New Zealanders will be beneficiaries in this journey.

Nāku nōa nā

Henri Jacques Burkhardt
Chairman
27 May 2010

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit Report

To the readers of the New Zealand Maori Arts and Crafts Institute's financial statements for the year ended 31 March 2010

The Auditor-General is the auditor of the New Zealand Maori Arts and Crafts Institute (the Institute). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Institute on her behalf for the year ended 31 March 2010.

Unqualified Opinion

In our opinion, the financial statements of the Institute on pages 11 to 33:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the Institute's financial position as at 31 March 2010; and
  - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 27 May 2010, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;

- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Institute as at 31 March 2010 and the results of its operations and cash flows for the year ended on that date. The Board's responsibilities arise from section 24 of the New Zealand Maori Arts and Crafts Institute Act 1963.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 24 of the New Zealand Maori Arts and Crafts Institute Act 1963.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Institute.

S B Lucy
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

NEW ZEALAND MAORI ARTS & CRAFTS INSTITUTE

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TE PUIA

NEW ZEALAND MĀORI
ARTS AND CRAFTS INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

NEW ZEALAND MAORI ARTS & CRAFTS INSTITUTE
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FOR THE YEAR ENDED 31 MARCH 2010

NEW ZEALAND MAORI ARTS & CRAFTS INSTITUTE
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STATEMENT OF RESPONSIBILITY FOR THE YEAR ENDED 31 MARCH 2010

1. The Board and management of the New Zealand Maori Arts & Crafts Institute accept responsibility for the preparation of the annual Financial Statements and judgements used in them.

2. The Board and management of the New Zealand Maori Arts & Crafts Institute accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

3. In the opinion of the Board and management of the New Zealand Maori Arts & Crafts Institute, the annual Financial Statements for the year ended 31 March 2010, fairly reflect the financial position and operations of the New Zealand Maori Arts & Crafts Institute.

Henri Jacques Burkhardt	**Maureen Waaka**	**Te Taru White**
Chairman	**Deputy Chairman**	**Chief Executive**
27 May 2010	**27 May 2010**	**27 May 2010**

NEW ZEALAND MAORI ARTS & CRAFTS INSTITUTE
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010

	Note	Actual 2010	Budget 2010	Actual 2009
Income				
Thermal reserve		6,808,547	6,193,108	7,667,126
Retail		2,792,799	2,620,626	3,078,603
Te Pō		1,841,285	2,145,089	1,478,168
Functions & Events		330,643	203,275	167,927
Interest received		176,727	112,054	87,420
Other revenue	**2**	245,065	170,967	160,411
Gains	**3**	8,388	8,240	12,276
Total income		12,203,454	11,453,359	12,651,931
Expenditure				
Personnel costs	**4**	3,232,398	3,388,005	3,336,057
Depreciation and amortisation	**11, 12**	1,467,032	1,602,300	1,712,044
Finance costs	**5**	53,413	61,251	104,833
Thermal reserve		1,013,765	1,105,212	1,131,195
Retail		1,515,469	1,375,566	1,621,066
Te Pō		1,098,882	1,316,953	916,238
Functions & Events		170,028	116,160	117,926
Te Wananga Whakairo		152,977	270,550	182,759
Te Wananga Raranga		4,825	21,100	5,006
Other cultural activity		106,916	106,000	216,017
Other expenses	**6**	1,695,054	1,975,347	2,106,767
Total Expenditure		10,510,759	11,338,444	11,449,908
Surplus/(deficit)		**1,692,695**	**114,915**	**1,202,023**
Other comprehensive income		0	0	0
Comprehensive income		**1,692,695**	**114,915**	**1,202,023**

The accompanying notes form part of these financial statements

NEW ZEALAND MAORI ARTS & CRAFTS INSTITUTE
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	Note	Actual 2008	Actual 2009
Balance at 1 April		25,639,208	24,437,185
Surplus for year		1,692,695	1,202,023
Total comprehensive income		1,692,695	1,202,023
Balance at 31 March	**17**	**27,331,903**	**25,639,208**

NEW ZEALAND MAORI ARTS & CRAFTS INSTITUTE
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STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010

	Note	Actual 2010	Actual 2009
Assets			
Current assets			
Cash and cash equivalents	7	357,503	119,206
Debtors and other receivables	8	905,968	671,985
Prepayments		65,395	64,049
Inventories	9	273,826	293,629
Inventories collectors items	9	282,395	288,623
Investments	10	4,622,403	3,300,000
Total current assets		6,507,490	4,737,492
Non-current assets			
Property, plant and equipment	11	21,913,457	23,121,274
Intangible assets	12	52,815	57,562
Heritage assets	13	103,372	103,372
Total non-current assets		22,069,644	23,282,208
Total assets		**28,577,134**	**28,019,700**
Liabilities			
Current liabilities			
Creditors and other payables	14	705,432	718,121
Employee entitlements	15	436,739	379,181
Goods and services tax		103,060	83,190
Borrowings	16	0	1,200,000
Total liabilities		**1,245,231**	**2,380,492**
Net assets		**27,331,903**	**25,639,208**
Institute Equity			
Accumulated general equity	17	27,331,903	25,639,208
Total Equity		**27,331,903**	**25,639,208**

The accompanying notes form part of these financial statements

NEW ZEALAND MAORI ARTS & CRAFTS INSTITUTE
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2010

	Note	Actual 2010	Actual 2009
Cash flows from operating activities			
Receipts from revenue		11,871,616	12,687,528
Interest received		146,619	78,729
Payments to suppliers		(5,764,074)	(6,423,077)
Payments to employees		(3,174,840)	(3,407,746)
Interest paid		(53,413)	(104,833)
Goods and services tax (net)		(4,193)	(38,164)
Net cash from operating activities	**18**	3,021,715	2,792,437
Cash flows from investing activities			
Receipts from sale of property, plant and equipment		36,343	17,737
Receipts from sale of investments		0	29,780
Purchase of property, plant and equipment		(247,862)	(354,615)
Purchase of intangible assets		(49,496)	(61,501)
Purchase of investments		(1,322,403)	(2,800,000)
Net cash from investing activities		(1,583,418)	(3,168,599)
Cash flows from financing activities			
Loan borrowings		0	0
Repayment of loans		(1,200,000)	(200,000)
Net cash from financing activities		(1,200,000)	(200,000)
Net increase (decrease) in cash and cash equivalents		**238,297**	**(576,162)**
Cash and cash equivalents at the beginning of the year		119,206	695,368
Cash and cash equivalents at the end of the year	**7**	**357,503**	**119,206**

**NEW ZEALAND MAORI ARTS & CRAFTS INSTITUTE
ROTORUA**

**NOTES TO THE FINANCIAL STATMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

NOTE 1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

New Zealand Maori Arts and Crafts Institute ("the Institute") is a Statutory Body. The Institute operates under the trading name of Te Puia.

The Institute's primary objective is to encourage, foster and promote all types of Maori Culture and the practice and appreciation of Maori Arts and crafts, as opposed to that of making a financial return.

Accordingly, the Institute has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements for the Institute are for the year ended 31 March 2010, and were approved by the Board on 27 May 2010.

The financial statements comprise the following activities of the New Zealand Maori Arts and Crafts Institute.

Cultural Activities	**Tourist Activities**
Te Wananga Whakairo	Thermal Reserve
Te Wananga Raranga	Retail
Education	Te Pō

Basis of preparation

Statement of Compliance

The financial statements of the New Zealand Maori Arts and Crafts Institute have been prepared in accordance with Section 24 of the New Zealand Maori Arts and Crafts Institute Act 1963, which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

The financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the Institute.

Functional and presentation currency

The financial statements are presented in New Zealand dollars. The functional currency of the Institute is New Zealand dollars.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Institute include:

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a) NZ IAS 23 *Borrowing Costs (revised 2007)* replaces NZ IAS 23 *Borrowing Costs (issued 2004)* and is effective for reporting periods commencing on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. In October 2008, the mandatory adoption of NZ IAS 23 (revised 2007) by public benefit entities was deferred pending the completion of the Financial Reporting Standard Board's research project into the application of NZ IAS 23 (revised 2007) by public benefit entities. The Institute has yet to make a decision on the adoption of this standard.

Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Rental income

Lease receipts under an operating sub-lease are recognised as revenue on a straight-line base over the lease term.

Vested assets

Where a physical asset is gifted to or acquired by the Institute for nil or nominal cost, the fair value of the asset received is recognised as income. Such assets are recognised as income when control over the asset is obtained.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

Finance leases

Leases that transfer to the Institute substantially the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred, are classified as finance leases.

At the commencement of the lease term, the Institute recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance costs are charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Institute 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Institute are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of financial performance.

Lease incentives received are recognised in the statement of financial performance over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with domestic banks and bank overdrafts.

Debtors and other receivables

Debtors and other receivable are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Institute will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

Investments

At each balance date the institute assesses whether there is any objective evidence that an investment is impaired.

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method.

For bank deposits, impairment is established when there is objective evidence that the Institute will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

Inventories

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at cost, adjusted when applicable for loss of service potential. The cost of purchased inventory is determined using the weighted average cost method, adjusted when applicable for loss of service potential.

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The write-down from cost to current replacement cost or net realisable value is recognised in the statement of financial performance in the period when the write-down occurs.

An inventory of collectors' items, some of which are presently used for display purposes, but available for sale, is shown separately from trading inventory. Because of the specialized nature of work performed by trainee and graduate carvers, items are not given any value (as work in progress) until completed. This policy is consistent with previous years. Where collectors' items have been held for more than twelve months, the value of those items has been discounted by 20%.

Property, plant and equipment

Property, plant and equipment asset classes consist of land, buildings, leasehold improvements, furniture and office equipment, and motor vehicles.

Property, plant and equipment are shown at cost, less any 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 Institute and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

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 included in the statement of financial performance.

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 Institute 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 statement of financial performance as they are incurred.

Depreciation

Depreciation is provided on a straight-line or diminishing value basis on all property, plant and equipment at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Leasehold Improvements	6.66 - 50 years
Buildings	40 - 100 years
Office Furniture and Equipment	2 - 10 years
Plant and Equipment	8 - 10 years
Motor Vehicles	5 years

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Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, which ever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by the Institute, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

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

Costs associated with the maintenance of the Institute's website 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 statement of financial performance.

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

Acquired computer software	3 years
Developed computer software	3 - 4 years

Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Institute would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss is recognised in the statement of financial performance.

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Creditors and other payables

Creditors and other payables are measured at fair value.

Employee entitlements

Employee entitlements are measured at undiscounted nominal values 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, retiring and long service leave entitlements and sick leave.

Superannuation schemes

Obligations for contributions to Kiwisaver Retirement Savings Scheme are accounted for as defined contribution superannuation scheme and are recognised as an expense in the statement of financial performance as incurred.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Goods and Services Tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables which presented on a GST inclusive basis. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as either current assets or current liabilities in the statement of financial position.

The net GST paid to, or received from the IRD; including GST relating to investing and financing activities is classified as an operating cash flow in the statement of cash flows.

Income Tax

The Institute is exempt from paying Income Taxation under Section CW 34(1) of the Income Tax Act 2004. Accordingly, no charge for income tax has been provided for.

Budget figures

The budget figures are those approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Institute for the preparation of the financial statements.

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NOTE 2 OTHER REVENUE

	2010	2009
Rent received	42,836	33,770
Rental income from property sub-leases	26,529	28,228
Insurance claim received	-26,111	0
Other revenue	201,811	98,413
Total other revenue	**245,065**	**160,411**

NOTE 3 GAINS

	2010	2009
Net foreign exchange gains	8,388	12,276
Total gains	**8,388**	**12,276**

NOTE 4 PERSONNEL COSTS

	2010	2009
Salaries and wages	3,144,607	3,335,327
Employer contributions to kiwisaver	30,233	7,196
Increase/(decrease) in employee entitlements (note 15)	57,558	(6,466)
Total personnel costs	**3,232,398**	**3,336,057**

NOTE 5 FINANCE COSTS

	2010	2009
Interest on bank overdraft	84	38
Interest on secured loans	53,329	104,795
Total finance costs	**53,413**	**104,833**

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NOTE 6 OTHER EXPENSES

	2010	2009
Audit fees for financial statements audit	34,250	47,600
Board members fee	126,000	126,000
Board members expenses	25,770	22,205
Legal expenses	25,719	26,243
Operating lease expense	11,988	8,691
Crown lease expense	419,391	484,601
Impairment of receivables (note 8)	3,618	2,112
Website development costs	22,945	32,380
Net loss (gain) on sale of property, plant and equipment	(3,386)	(6,164)
Write off of property, plant and equipment	9,933	16,851
Write off of intangibles	0	1,146
Advertising and marketing	467,687	633,524
Overheads	260,027	333,005
Administration	291,112	378,573
Total other expenses	**1,695,054**	**2,106,767**

NOTE 7 CASH AND CASH EQUIVALENTS

	2010	2009
Cheque Account (0.25%)	65,456	24,047
Treasury Call Account (2.3% pa)	275,047	82,146
Cash on Hand	17,000	13,013
Total cash and cash equivalents	**357,503**	**119,206**

The Institute has a bank overdraft facility of $100,000 that is secured by a perfected security interest in all present and after acquired property of the Institute excluding the lessee's interest in the Crown Lease with respect to part Lot 1 DPS23567, Part Lot 3 DPS23567, Section B Block XLIX Town of Rotorua and Block 1 Tarawera SD. The current interest rate on the bank overdraft is 10.45%. This is the prevailing BNZ overdraft prime rate.

NOTE 8 DEBTORS AND OTHER RECEIVABLES

	2010	2009
Customer debtors	854,812	653,900
Other receivables	54,392	20,461
	909,204	674,361
Less Provision for impairment	3,236	2,376
Total debtors and other receivables	**905,968**	**671,985**

The carrying value of receivables approximates their fair value.

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As at 31 March 2010 and 2009, all overdue debtors have been assessed for impairment and appropriate provisions applied, as detailed below:

	2010			2009		
	Gross	**Impaired**	**Net**	**Gross**	**Impaired**	**Net**
Current	618,845	0	618,845	507,867	0	507,867
31-60 days	201,044	0	201,044	103,632	0	103,632
61-90 days	29,586	0	29,586	18,305	0	18,305
91-120 days	399	0	399	15,049	0	15,049
> 121 days	4,938	3,236	1,702	9,047	2,376	6,671
Total	**854,812**	**3,236**	**851,576**	**653,900**	**2,376**	**651,524**

The provision for impairment has been calculated based on expected losses for the Institute's pool of debtors. Expected losses have been determined based on an analysis of the Institute's losses in previous periods, and review of specific debtors.

Movements in the provision for impairment of receivables are as follows:

	2010	**2009**
Balance at 1 April	2,376	11,137
Additional provisions made during the year (note 6)	4,070	2,376
Receivables written-off during period	(3,210)	(11,137)
Balance at 31 March	**3,236**	**2,376**

NOTE 9 INVENTORIES

	2010	**2009**
Retail inventory	173,228	182,457
Pounamu wholesale inventory	4,410	0
Carving timber inventory	34,057	34,930
Carving tools	15,258	17,055
Uniforms	4,106	12,901
Rainwear	10,866	0
Whanau card stock	13,570	0
Marketing collateral	18,331	46,286
Total inventories	**273,826**	**293,629**
Collectors items inventories	**282,395**	**288,623**

The write-down of retail inventories amounted to $30,322 (2009 $7,335). There have been no reversals of write-downs. No inventories are pledged as security for liabilities; however some inventories are subject to retention of title clauses.

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NOTE 10 INVESTMENTS

There were no impairment provisions for investments. The carrying amounts of term deposits with maturities less than 12 months approximate their fair value.

	2010	2009
Bank of New Zealand		
Term deposits, average 205 days, average 5.20% pa	1,200,000	
Term deposits, average 90 days, average 4.10% pa		1,000,000
ASB Bank		
Term deposits, average 253 days, average 5.10% pa	1,821,326	
ANZ National Bank		
Term deposits, average 180 days, average 5.00% pa	300,000	
Term deposits, average 90 days, average 4.63% pa		1,300,000
Westpac Bank		
Term deposits, average 242 days, average 5.07% pa	1,301,077	
Term deposits, average 83 days, average 4.71% pa		1,000,000
Total investments	**4,622,403**	**3,300,000**

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

Movements for each class of property, plant and equipment are as follows:

	Lease improv.	Buildings	Furniture, office equip.	Plant and equip.	Motor Vehicles	Total
Cost						
1 April 2008	8,910,688	14,765,513	887,183	5,073,330	295,639	29,932,353
Additions	6,352	123,372	13,119	211,772	0	354,615
Disposals	(6,481)	(4,508)	(2,133)	(46,684)	(47,369)	(107,175)
31 March 2009	8,910,559	14,884,377	898,169	5,238,418	248,270	30,179,793
1 April 2009	8,910,559	14,884,377	898,169	5,238,418	248,270	30,179,793
Additions	8,485	137,824	6,182	91,528	3,844	247,863
Disposals	0	0	0	(97,206)	(5,356)	(102,562)
31 March 2010	8,919,044	15,022,201	904,351	5,232,740	246,758	30,325,094
Depreciation						
1 April 2008	1,523,979	1,301,269	238,336	2,184,470	209,250	5,457,304
Depreciation	358,281	539,505	84,267	675,840	22,073	1,679,966
Disposals	(6,481)	(280)	0	(29,833)	(42,157)	(78,751)
31 March 2009	1,875,779	1,840,494	322,603	2,830,477	189,166	7,058,519
1 April 2009	1,875,779	1,840,494	322,603	2,830,477	189,166	7,058,519
Depreciation	339,246	492,395	74,031	491,116	16,001	1,412,789
Disposals	0	0	0	(57,616)	(2,055)	(59,671)
31 March 2010	2,215,025	2,332,889	396,634	3,263,977	203,112	8,411,637

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Book value						
1 April 2008	7,386,709	13,464,244	648,847	2,888,860	86,389	24,475,049
31 March 2009	7,034,780	13,043,883	575,566	2,407,941	59,104	23,121,274
31 March 2010	6,704,019	12,689,312	507,717	1,968,763	43,646	21,913,457

The total amount of property, plant and equipment in the course of construction at 31 March 2010 is $nil (2009: $nil).

The rating valuation as at 1 July 2008 of Buildings and Improvements is $9,970,000 and Leasehold Land is $7,147,000 and is limited to the freehold interest.

NOTE 12 INTANGIBLE ASSETS

Movements for each class of intangible assets are as follows:

	Acquired software	Internally generated software	Total
Cost			
1 April 2008	89,120	103,137	192,257
Additions	61,446	0	61,446
Disposals	(6,835)	0	(6,835)
31 March 2009	143,731	103,137	246,868
1 April 2009	143,731	103,137	246,868
Additions	49,496	0	49,496
Disposals	0	0	0
31 March 2010	193,227	103,137	296,364
Amortisation			
1 April 2008	78,664	84,308	162,972
Amortisation	24,208	7,870	32,078
Disposals	(5,744)	0	(5,744)
31 March 2009	97,128	92,178	189,306
1 April 2009	97,128	92,178	189,306
Amortisation	46,373	7,870	54,243
Disposals	0	0	0
31 March 2010	143,501	100,048	243,549
Book value			
1 April 2008	10,456	18,829	29,285
31 March 2009	46,603	10,959	57,562
31 March 2010	49,726	3,089	52,815

There are no restrictions over the title of the Institute’s intangible assets, nor are any intangible assets pledged as security for liabilities.

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NOTE 13 HERITAGE ASSETS

The Institute has purchased a number of items it regards as taonga. These items are valued at cost. Collectors Items, crafted by Institute Carvers and not available for sale are shown at an assessed cost.

	2010	2009
Collectors items	66,724	66,724
Bronze tuatara	1,578	1,578
Velvet portraits	13,800	13,800
Etched glass panels	16,200	16,200
Porcelain Maori dolls	4,300	4,300
6 huia feathers	770	770
Total heritage assets	**103,372**	**103,372**

A valuation of Heritage Assets was completed as at 31 March 2007. This valuation has been used for disclosure only and has not been updated as at 31 March 2010.

Waharoa (famous and iconic gateway depicting Te Teko and Ta Kiriangi Whiriangi)	2,739,726
Waharoa (gateway to model village)	753,424
Waharoa (gateway to Rotowhio Marae)	171,232
Te Aro Nui a Rua	2,843,835
Hatu Patu	1,801,369
Pataka	5,000,000
Mortuary monuments x2	136,986
Waka Taua	120,000
Others - Whakairo, Raranga, Whakaahua, books etc.	253,181
	13,819,753

The ownership or lease of certain Heritage structures on Arikikapakapa reserve is subject to review by the New Zealand Maori Arts and Crafts Institute and the Ministry of Tourism. Until this has been determined and agreement has been reached over their valuation, the value of these assets has been included at the historical cost in the Statement of Financial Position as at 31 March 2010. Please refer to Note 22 (Future Ownership).

NOTE 14 CREDITORS AND OTHER PAYABLES

	2010	2009
Creditors	619,148	590,064
Income in advance	42,707	20,583
Accrued expenses	43,577	105,206
Accrued interest	0	2,268
Total creditors and other payables	**705,432**	**718,121**

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

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NOTE 15 EMPLOYEE ENTITLEMENTS

	2010	2009
Accrued salaries and wages	108,315	51,624
Annual leave	217,443	210,982
Alternative leave	13,724	10,791
Long service	11,672	14,445
Gratuity	71,563	80,096
Sick leave	14,022	11,243
Total employee entitlements	**436,739**	**379,181**

NOTE 16 BORROWINGS

	2010	2009
		0
Bank of New Zealand secured loan, 180 days, 4.5%		600,000
Bank of New Zealand secured loan, 270 days, 4.7%		600,000
Total borrowings	**0**	**1,200,000**

NOTE 17 EQUITY

General funds		
Balance at 1 April	25,639,208	24,437,185
Surplus/(deficit)	1,692,695	1,202,023
Balance as at 31 March	**27,331,903**	**25,639,208**

NOTE 18 RECONCILIATION OF NET SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	2010	2009
Net surplus/(deficit)	1,692,695	1,202,023
Add/(less) non-cash items:		
Depreciation and amortisation expense	1,467,032	1,712,044
Total non-cash items	1,467,032	1,712,044
Add items classified as investing or financing activities:		
Loss on sale/disposal of property, plant and equipment	6,547	10,687
Loss on sale/disposal of intangibles	0	1,146
Total items classified as investing or financing activities	6,547	11,833
Add/(less) movements in working capital items:		
Debtors and other receivables	(233,983)	129,703
Prepayments	(1,346)	(12,339)
Inventories	26,031	(47,301)
Creditors and other payables	(12,689)	(88,083)
Employee entitlements	57,558	(71,689)
Goods and services tax	19,870	(43,754)

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Net movements in working capital items	(144,559)	(133,463)
Net cash from operating activities	**3,021,715**	**2,792,437**

NOTE 19 CAPITAL COMMITMENTS AND OPERATING LEASES

	2010	**2009**
Capital Commitments		
Property, plant and equipment	0	0
Total capital commitments	**0**	**0**

Operating leases as lessee

The annual minimum leases payments to be paid under non-cancellable operating leases are as follows:

	2010	**2009**
Crown lease (noted below)		
Lease of photocopier (matures July 2013)	7,052	5,251
Lease of Eftpos equipment (matures August 2011)	0	4,791
Lease of printer (matured February 2010)	11,843	591
Total non-cancellable operating leases	**18,895**	**10,633**

Crown lease

The Institute's lease with the Crown discloses the area of land available for its use, the term – commencing February 1999 for 30 years, with permanent rights of renewal, and a commercial rental base.

A rent review is due every 5 years in accordance with the lease agreement between the Crown and the Institute. The latest review was on 1 February 2008 with the next rent review date being 1 February 2013. Both parties agreed that the rent commencing 1 February 2008 is 6.75% p.a. plus GST of the net admissions income. Please refer to note 6.

Please refer to note 22 (Future Ownership).

NOTE 20 CONTINGENCIES

The Institute has no contingent assets or liabilities as at 31 March 2010 (2009 $nil).

NOTE 21 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties.

All related party transactions have been entered into on an arms length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

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			Transaction value year ended 31 March		Balance outstanding year ended 31 March	
	Transaction	**Ref**	**2010**	**2009**	**2010**	**2009**
M Waaka Director	Provision of goods and services to the Institute	a	21,131	22,292	2,342	3,170
M Waaka Director	Provision of goods and services to the Institute	b	84,450	81,518	4,702	0
G Osborne Director	Provision of advertising services to the Institute	c	6,889	3,370	0	0
D Shaw Director	Provision of goods and services to the Institute	d	3,990	4,260	374	374
O Nathan Director	Provision of goods and services to the Institute	e	1,662	1,689	0	0
O Nathan Director	The Institute sponsored an event	f	0	7,144	0	0
O Nathan & M Waaka Directors	Provision of goods and services to the Institute	g	300	300	0	0

(a) Purchases of marketing services and subscriptions from Rotorua District Council, of which Maureen Waaka is a Councillor, were made in 2010 and 2009 on normal commercial terms. Amounts were billed based on normal rates for such services and were due and payable under normal commercial terms.

(b) Payment of council rates, water rates and building permits to Rotorua District Council, of which Maureen Waaka is a Councillor, were made in 2010 and 2009 on normal commercial terms. Amounts were billed based on normal rates for such services and were due and payable under normal commercial terms. These payments are considered to be non-discretionary.

(c) Purchases of advertising services from Tourism Auckland, of which Graeme Osborne is the CEO, were made in 2010 and 2009 on normal commercial terms. Amounts were billed based on normal rates for such services and were due and payable under normal commercial terms.

(d) Purchases of visitor analysis services from APR Consultants, of which Deryck Shaw is a Director, were made in 2010 and 2009 on normal commercial terms. Amounts were billed based on normal rates for such services and were due and payable under normal commercial terms.

(e) Purchases of subscriptions and business luncheons from Rotorua Chamber of Commerce, of which Oscar Nathan is a Board member, were made in 2010 and 2009 on normal commercial terms. Amounts were billed based on normal rates for such services and were due and payable under normal commercial terms.

(f) The institute hosted an event, Opera in the Pa, in January 2009. Oscar Nathan is a trustee of the Opera in the Pa Charitable Trust. Te Puia sponsored this event by providing the venue at no cost to the Trust.

(g) Purchases of subscriptions from Maori in Tourism Rotorua, of which Oscar Nathan and Maureen Waaka are Board members, were made in 2010 and 2009 on normal commercial terms. Amounts were billed based on normal rates for such services and were due and payable under normal commercial terms.

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No provision has been required, nor any expense recognised for impairment of receivables from related parties (2009 $nil).

Key management personnel compensation

	2010	2009
Salaries and other short-term employee benefits	659,460	846,994
Post-employment benefits	0	0
Other long-term benefits	0	0
Termination benefits	53,000	38,800
Total key management personnel compensation	**712,460**	**885,794**

Key management personnel include all board members, and Chief Executive and the executive team.

NOTE 22 FUTURE OWNERSHIP

Te Arawa Deed of Settlement

Currently, the Crown leases the Whakarewarewa Thermal Springs Reserve, the southern part of the Arikikapakapa Reserve and certain other reserve land to the Institute.

In late 2007, the Crown initiated discussions on other options to settle claims over Whakarewarewa Thermal Springs indicating that this may include the return of the reserve land and/or the business to designated claimant groups. Initially talks centred on Te Pumautanga o Te Arawa Trust as being the designated group and on 26 May 2008, the Ministry of Tourism advised that the Government had agreed in principle to the proposal from Ngati Whakaue, Ngati Wahiao – Tuhourangi for them to become the owners of the Institute. At that time, details of the transfer had not been determined and officials led by Treasury and Te Puni Kokiri were to undertake this work.

The election of a new National Government in November 2008 cast some uncertainty on the process as the new Government and officials re-examined the commitments made and the case for transfer to claimant groups.

In the ensuing months, a new claimant group elected from representatives of Ngati Whakaue, Ngati Wahiao – Tuhourangi and Pukeroa Oruawhata Trust referred to as Te Taumata o Te Puia Limited, had been mandated by the Iwi collective to act as an interim Trustee group to facilitate and hold any resources transferred as part of the claims process.

In December 2009, the current Board of Te Puia had one introductory meeting with Te Taumata o Te Puia Limited.

On 29 March 2010, the Board received a copy of a letter from the Prime Minister Honourable John Keys to the Minister of Maori Affairs Honourable Dr Pita Sharples that Ministerial responsibility for the transfer of the Maori Arts and Crafts Institute (MACI) was now the responsibility of Dr Sharples. However expectations were noted that the legislation transferring MACI would protect Te Puia’s significant national and pan-iwi role in fostering Maori arts and crafts. The letter further noted that safeguards be put in place to ensure that this mandate was not lost when the asset was transferred to the three Iwi concerned.

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A letter was received from the Minister of Maori Affairs on 31 March 2010 confirming the transfer of responsibility and laying out a suggested process for the Crown, Te Puia and Iwi representatives to continue to work to honour the Crown's obligations to transfer the land and to address issues as they arise.

NOTE 23 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	2010	**2009**
Loans and receivables		
Cash and cash equivalents	357,503	119,206
Debtors and other receivables	905,968	671,985
Investments - term deposits	4,622,403	3,300,000
Total loans and receivables	**5,885,874**	**4,091,191**
Financial liabilities measured at amortised cost		
Creditors and other payables	705,432	718,121
Borrowings - secured loans	0	1,200,000
Total financial liabilities measured at amortised cost	**705,432**	**1,918,121**

NOTE 24 FINANCIAL INSTRUMENT RISKS

The Institutes activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Institute has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

The interest rates on the Institute's investments are disclosed in note 10.

Fair value interest rate risk

A Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Institute's exposure to fair value interest rate risk is limited to its bank deposits which are held at fixed rates of interest.

Cash flow interest rate risk

A Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments and borrowings issued at variable interest rates expose the Institute to cash flow interest rate risk.

The Institute's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The institute currently has no variable interest rate investments. The Institute's borrowing policy requires a spread of interest rate re-pricing dates on borrowings to limit the exposure to short-term interest rate movements. The Institute's borrowing policy does not permit the use of interest rate derivatives to manage interest rate risk.

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Currency risk

A Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Institute purchases minimal goods and services overseas which require it to enter into transactions denominated in foreign currencies. All financial instruments are in New Zealand Dollars. As a result of these activities, minimal exposure to currency risk arises.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Institute is not exposed to price risk

Credit risk

A Credit risk is the risk that a third party will default on its obligation to the Institute, causing the Institute to incur a loss.

Due to the timing of its cash inflows and outflows, the Institute invests surplus cash with registered banks.

The Institute has processes in place to review the credit quality of customers prior to the granting of credit.

The Institute's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents (note 7), net debtors (note 8), and term deposits (note 10). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The institute has no significant concentrations of credit risk, as it has a large number of individual credit customers and only invests funds with registered banks with specified Standard and Poor's credit ratings.

Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Institute aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Institute maintains a target level of investments that must mature within specified timeframes.

The table below analyses the Institute's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows.

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	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years
2009			
Creditors and other payables (note 14)	718,121	0	0
Borrowings (note 16)	0	1,200,000	0
2010			
Creditors and other payables (note 14)	705,432	0	0
Borrowings (note 16)	0	0	0

NOTE 25 CAPITAL MANAGEMENT

The Institute's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

The Institute manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure the Institute effectively achieves its objectives and purpose, whilst remaining a going concern.

NOTE 26 EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

Revenue

Admission Revenue was above budget by $615k (10%) and better than expected mainly due to a pessimistic budget done during global economic downturn. However, admission revenue was lower by $859k (11%) as compared to last year's results. There was also a decline in the total visitor numbers by 13% from last year.

Expenses

Total expenditure was under budget by $828k (7%) mainly due to prudent spending during recession. Major cost reductions were in Personnel costs ($156k) with two senior managers being made redundant and where staff who resigned was not replaced. Other expenditures were also scaled back or deferred, such as maintenance ($123k) and marketing ($165k).

NOTE 27 EVENTS AFTER THE BALANCE SHEET DATE

The current Chief Executive has resigned effective 13 June 2010 and the current Board of Directors' term of appointment expires on 25 June 2010.