

Performance Report

Business North Harbour
For the year ended 30 June 2018

Prepared by Vision Accounting Solutions Limited

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Entity Information

Business North Harbour For the year ended 30 June 2018

Legal Name of Entity

Business North Harbour Incorporated

Entity Type and Legal Basis

Incorporated Society, registered under the Incorporated Societies Act 1908.

Registration Number

1277568

Entity's Purpose or Mission

Our main purpose is to deliver programmes and services to those commercial property and business owners located within the North Harbour Business Improvement District (NHBID). Business North Harbour manages and delivers these programmes to enable these members to maximise their financial return and business potential. We do this by creating opportunities for them to connect, communicate and collaborate with one another and through the provision of business support, training and advocacy services.

Entity Structure

The entity is an incorporated society. The member programmes are delivered by the General Manager, and Project management teams, supported by finance and administration staff. Governance is provided by the Executive Committee, which is elected at each Annual General Meeting (AGM).

Main Sources of Entity's Cash and Resources

The organisation's main source of income is the NHBID Targeted Rate levied on all commercial rated properties within the NHBID. It is collected by Auckland Council, as per the rules and conditions outlined in the Auckland Council Business Improvement District (BID) 2016 Partnership programme.

The other sources of income include Associate Membership subscriptions, Gold Sponsors, Event Sponsorship plus Auckland Council, CCO's and Upper Harbour Local Board grants. This is supplemented by income generated from functions, events, training and advertising services.

Main Methods Used by Entity to Raise Funds

The level of targeted rate is agreed through the AGM Budgetary process, in consultation with members, Upper Harbour Local Board and Auckland Council. Auckland Council collects the BID contributions through their rate collection process. One hundred percent of the NHBID targeted rate collected is remitted to Business North Harbour Incorporated on a quarterly basis.

Parties who elect to be associate members, and those who choose to be sponsors are invoiced for their contributions on an annual basis.

Where specific projects are proposed, government or local body funding is sought, and the organisation submits complete and thorough proposals to obtain this funding.

Entity's Reliance on Volunteers and Donated Goods or Services

The entity is self-funding and does not rely to any great extent on volunteers and donated goods or services.

Officers

Peter Lamberton, Chairman (appointed 19 October 2017)

Neil Tuffin, Deputy Chair (appointed 19 October 2017)

Emma Monsellier (appointed 19 October 2017)

Lisa Hill (appointed 19 October 2017)

Katheryn Chivers (appointed 19 October 2017)

Janet Marshall (appointed 19 October 2017)

Robert Elcombe (appointed 19 October 2017)

Terry Ottow (appointed 19 October 2017)

Greg Frittelli (resigned 10 May 2018)

Terry Zouch (resigned 19 October 2017)

Chris Cooke (resigned 19 October 2017)

Peter Jollands (resigned 19 October 2017)

Janine Brindson (General Manager)

Contact Details

Physical Address: 12 Parkway Drive, Albany, Auckland

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Website: <http://businessnh.org.nz>

Statement of Service Performance

Business North Harbour

For the year ended 30 June 2018

Business Development

Our purpose is to create opportunities for our members to connect, communicate and collaborate with one another.

We achieved this by

- Hosting and Promoting Business Breakfasts, Business Luncheons, Business After Five, Women In Business and Business Capability Workshops.
- Hosting and Promoting the annual One Day Sale - a business to consumer NHBID-wide sale.

Traffic Management Programme

The traffic management programme continued to assist members and their staff by maintaining and supporting the Look Before You Leave Traffic cameras.

We continued to represent the interests of our members by attending regular meetings with Auckland Transport, NZTA, and other transport sector providers and ensuring that local needs are recognised.

Crime Prevention Programme

The crime prevention programme is designed to act as a deterrent for criminal behaviour, and offers both education and practical resources and training to empower business and property owners to protect their investment.

Nightly security patrols continued to operate 365 days per year, across the NHBID, to enhance individual member security measures.

Other Crime Prevention initiatives include formalised meetings between Auckland Council, NZ Police, and security sector experts which result in intel sharing and combination of resources. Crime prevention benefits such as installing vehicle number plate secure screws, not only benefit the business but also the employees and therefore the wider community. Educational resources are distributed through resource kits and member visits.

Waste Minimisation

Initiatives to reduce the impact of commercial waste offer members with the opportunity to reduce landfill and reduce waste disposal costs. Our programme focuses on two key areas: our twice annual inorganic collection, and the Food Waste Collections.

Advocacy

Formal submissions are delivered to local and central government on key issues which impact on the efficiency and capacity of the NHBID, the operational costs to business, and the returns received through commercial property ownership and investment.

Statement of Financial Performance

Business North Harbour

For the year ended 30 June 2018

| | NOTES | 2018 \$ ACTUAL | 2018 BUDGET (UNAUDITED) | 2017 \$ ACTUAL |
|--|-------|----------------|-------------------------------|----------------|
| Revenue | | | | |
| NHBID Targeted Rate Levy | | 657,734 | 657,734 | 626,412 |
| Subscription from Members | | 15,785 | 26,119 | 16,057 |
| Grants Received | | 23,860 | 20,000 | 61,086 |
| Sponsorship | | 68,646 | 66,500 | 83,217 |
| Function & Events Income | | 38,145 | 37,950 | 92,949 |
| Advertising Income | | 38,501 | 41,560 | 40,276 |
| Interest Revenue | | 1,051 | 550 | 488 |
| Other Revenue | | 100 | - | - |
| Total Revenue | | 843,821 | 850,413 | 920,485 |
| Expenses | | | | |
| Employee related costs | 2 | 355,977 | 356,962 | 372,746 |
| Costs re Member Programmes & Services | 3 | 331,533 | 371,595 | 335,027 |
| Lease and Rental Expenses | 4 | 46,184 | 45,000 | 41,889 |
| Other Expenses | 5 | 56,693 | 59,715 | 61,643 |
| Total Expenses | | 790,388 | 833,272 | 811,305 |
| Net Surplus Before Depreciation | | 53,433 | 17,141 | 109,180 |
| Less Depreciation Adjustments | | | | |
| Depreciation | | 7,716 | 25,000 | 14,968 |
| Amortisation of intangibles | | 8,900 | - | 8,900 |
| Loss (Gain) on Disposal of Property, Plant and Equipment | | (3,320) | - | - |
| Total Depreciation Adjustments | | 13,296 | 25,000 | 23,868 |
| Surplus/(Deficit) for the Year | | 40,137 | (7,859) | 85,312 |

This statement should be read in conjunction with the Notes to the Performance Report

Movements in Equity

Business North Harbour

For the year ended 30 June 2018

| | 2018 | 2017 |
|------------------------|----------------|-----------------|
| Equity | | |
| Opening Balance | 201,841 | 273,132 |
| Increases | | |
| Profit for the Period | 40,137 | 85,312 |
| Prior Year Adjustment | - | (156,603) |
| Total Increases | 40,137 | (71,291) |
| Total Equity | 241,978 | 201,841 |

This statement is to be read in conjunction with the notes to the Performance Report.

Statement of Financial Position

Business North Harbour

As at 30 June 2018

| | NOTES | 30 JUN 2018 | 30 JUN 2017 |
|---|-------|----------------|----------------|
| Assets | | | |
| Current Assets | | | |
| Bank Accounts and Cash | 6 | 145,661 | 316,422 |
| Trade Receivables | | 24,434 | 73,809 |
| Credit Notes Receivable | | - | 14,245 |
| Interest Accrual | | 795 | - |
| Goods and Services Tax | | 10,522 | 5,375 |
| RWT Paid | | 60 | - |
| Total Current Assets | | 181,471 | 409,851 |
| Non-Current Assets | | | |
| Term Deposits | 7 | 265,000 | - |
| Property, Plant and Equipment | 8 | 38,819 | 36,515 |
| Intangible Assets | 9 | 3,733 | 12,633 |
| Total Non-Current Assets | | 307,552 | 49,148 |
| Total Assets | | 489,023 | 458,999 |
| Liabilities | | | |
| Current Liabilities | | | |
| Business Credit Cards | | 1,771 | 2,039 |
| Trade Payables | | 45,262 | 68,365 |
| Receipts In Advance | 10 | 187,456 | 173,558 |
| Holiday Pay Accrued | | 12,555 | 13,196 |
| Total Current Liabilities | | 247,045 | 257,158 |
| Total Liabilities | | 247,045 | 257,158 |
| Total Assets less Total Liabilities (Net Assets) | | 241,978 | 201,841 |
| EQUITY | | | |
| Retained Earnings | | 241,978 | 201,841 |
| Total EQUITY | | 241,978 | 201,841 |

The accompanying notes form part of the Performance Report and should be read in conjunction with the reports contained herein.

For and on behalf of the Association:



(Chairperson)

Date: 24/9/2018

This statement should be read in conjunction with the Notes to the Performance Report.

Statement of Cash Flows

Business North Harbour

For the year ended 30 June 2018

| | 2018 | 2017 |
|--|------------------|----------------|
| Cash Flows from Operating Activities | | |
| Cash was Received From: | | |
| NHBID Targeted Rate Levy | 665,956 | 634,243 |
| Fees, Subscriptions and Other Receipts from Members | 18,825 | 13,576 |
| Sponsorship, Donations, Fundraising and Other Similar Receipts | 71,191 | 79,107 |
| Receipts from Providing Goods or Services | 145,399 | 155,553 |
| Interest, Dividends and Other Investment Receipts | 256 | 486 |
| Net GST Refund Received | 422 | (3,012) |
| Cash was Applied To: | | |
| Payments to Suppliers and Employees | (803,030) | (781,590) |
| Total Cash Flows from Operating Activities | 99,019 | 98,363 |
| Cash Flows from Investing Activities | | |
| Cash was Received From | | |
| Receipts from Sale of Property, Plant and Equipment | 3,730 | - |
| Receipts from Sale of Investments | 55,000 | - |
| Cash was Applied To | | |
| Payments to Acquire Property, Plant and Equipment | (8,510) | (2,320) |
| Payments to Purchase Investments | (320,000) | - |
| Total Cash Flows from Investing Activities | (269,780) | (2,320) |
| Net Increase/ (Decrease) in Cash | (170,761) | 96,043 |
| Cash Balances | | |
| Cash and cash equivalents at beginning of period | 316,422 | 220,379 |
| Cash and cash equivalents at end of period | 145,661 | 316,422 |
| Net change in cash for period | (170,761) | 96,043 |

This statement is to be read in conjunction with the Notes to the Performance Report.

Notes to the Performance Report

Business North Harbour

For the year ended 30 June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Business North Harbour Incorporated is a non-profit organisation registered under the Incorporated Societies Act 1908.

Basis of Preparation

The entity has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

a) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

b) Property, Plant & Equipment

The entity has the following classes of Property, Plant & Equipment:

Office Equipment

Furniture & Fittings

Plant & Equipment

All property, plant & equipment is stated at cost less depreciation.

Depreciation of the assets has been calculated at the maximum rates permitted by the Income Tax Act 2007.

c) Intangibles

Intangible Assets are amortised by the straight-line method over the period during which any benefit is expected, not exceeding 10 years.

d) Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

e) Income Tax

No provision for Income Tax has been made as there is no current or deferred tax payable. The Association is exempt from Tax pursuant to section CW40(1) of the Income Tax Act 2007.

f) Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified. There were no bad debts written off during the year (2017: NIL)

g) Revenue Recognition

Grants and donations are recognised as income when they become receivable, unless the Association has a liability to repay the grant if the requirements of the grant are not fulfilled. A liability is recognised to the extent that any such conditions are unfulfilled at the end of the reporting period.

Interest income is recognised on a cash received basis.

All other revenue is reported when it is earned.

| | 2018 | 2017 |
|--|----------------|----------------|
| 2. Employment Related Costs | | |
| BID Management Costs | 130,770 | 131,902 |
| BID Administration Costs | 43,100 | 47,478 |
| BID Marketing Costs | 66,688 | 65,603 |
| Transport Programme Costs | 65,937 | 71,570 |
| Crime Prevention Programme Costs | 36,117 | 36,654 |
| ACC Levy | 947 | 711 |
| Kiwisaver - Employer Contribution | 9,133 | 9,209 |
| Staff Training | 3,285 | 2,815 |
| Recruitment expenses | - | 6,804 |
| Total Employment Related Costs | 355,977 | 372,746 |
| | 2018 | 2017 |
| 3. Costs Related to Providing Member Programmes and Services | | |
| Business and Economic Development Costs | 224,658 | 248,866 |
| Crime Prevention Scheme Costs | 72,242 | 72,222 |
| Transport Management Programme Costs | 34,632 | 13,939 |
| Total Costs Related to Providing Member Programmes and Services | 331,533 | 335,027 |
| | 2018 | 2017 |
| 4. Lease and Rental Expenses | | |
| Rent, Rates & Body Corp Fees | 46,184 | 41,889 |
| Total Lease and Rental Expenses | 46,184 | 41,889 |

| | 2018 | 2017 |
|---|---------------|---------------|
| 5. Other Expenses | | |
| Accountancy Fees | 11,581 | 8,872 |
| Advertising & Promotion | - | 36 |
| Audit Fees | 4,595 | 5,882 |
| Bad Debts | - | 950 |
| Bank Charges | 1,287 | 1,605 |
| Board Honorariums | 7,323 | 6,970 |
| Board Support | 1,869 | 2,115 |
| Cleaning & Laundry | 1,663 | 1,689 |
| General Expenses | 1,056 | 1,461 |
| Insurance | 5,658 | 6,476 |
| Interest | - | - |
| IT Expenses | 2,796 | 2,948 |
| Legal Expenses | 800 | 682 |
| Meeting Costs | 940 | 989 |
| Postage & Courier | 193 | 470 |
| Printing & Stationery | 5,918 | 7,137 |
| Repairs & Replacements | - | 21 |
| Subscriptions, Licenses & Registrations | 2,294 | 2,253 |
| Telephone, Tolls & Internet | 6,213 | 9,042 |
| Travel - National & Mileage | 2,507 | 2,045 |
| Total Other Expenses | 56,693 | 61,643 |
| | 2018 | 2017 |

| | | |
|---------------------------------------|----------------|----------------|
| 6. Bank Accounts and Cash | | |
| Bank of New Zealand - Cheque Account | - | 184,260 |
| Bank of New Zealand - On Call Account | - | 5 |
| BNH ACC Targeted Rate Account | - | 19 |
| ASB BNH Cheque Account | 63,072 | 54,172 |
| ASB NHBID Targeted Rate Account | 82,409 | 53,011 |
| ASB BNH Savings -50 Account | 9 | 24,852 |
| Westfield Vouchers Held in Stock | 170 | 103 |
| Total Bank Accounts and Cash | 145,661 | 316,422 |
| | 2018 | 2017 |

| | | |
|--------------------------|----------------|----------|
| 7. Investments | | |
| Term Deposit - 30 days | 55,000 | - |
| Term Deposit - 60 days | 110,000 | - |
| Term Deposit - 6 months | 100,000 | - |
| Total Investments | 265,000 | - |

| | 2018 | 2017 |
|---|---------------|---------------|
| 8. Property, Plant & Equipment | | |
| Office Furniture & Equipment | | |
| At Cost | 38,454 | 38,977 |
| Less Accumulated Depreciation | (19,077) | (21,954) |
| Total Office Furniture & Equipment | 19,377 | 17,023 |
| Current Year Depreciation | 3,584 | 3,217 |
| Plant & Equipment | | |
| At Cost | 118,458 | 147,529 |
| Less Accumulated Depreciation | (99,016) | (128,037) |
| Total Plant & Equipment | 19,442 | 19,492 |
| Current Year Depreciation | 4,132 | 11,751 |
| Total Property, Plant & Equipment | 38,819 | 36,515 |
| Total Depreciation for the year | 7,716 | 14,968 |
| | 2018 | 2017 |

9. Intangibles

| | | |
|--------------------------------|--------------|---------------|
| Intangible Assets | | |
| Intangibles At Cost | 24,000 | 24,000 |
| Accumulated Amortisation | (20,267) | (11,367) |
| Total Intangible Assets | 3,733 | 12,633 |
| Current Year Amortisation | 8,900 | 8,900 |
| | 2018 | 2017 |

10. Receipts In Advance

| | | |
|----------------------------------|----------------|----------------|
| Advertising Income in Advance | - | 300 |
| Audit Fee Accrual | 4,900 | 4,900 |
| Funding Received in Advance | 172,656 | 164,434 |
| Rent Incentive Accrual | - | 2,024 |
| Sponsorship in Advance | 8,000 | - |
| Subscriptions In Advance | 1,900 | 1,900 |
| Total Receipts In Advance | 187,456 | 173,558 |
| | 2018 | 2017 |

11. Commitments

| | | |
|--|--------|--------|
| Commitments to lease or rent assets | | |
| Lease of Property - Current | 41,560 | 28,333 |
| Lease of Property - Non-Current | 76,193 | 28,333 |
| Lease of Assets - Current | 1,752 | 1,752 |
| Lease of Assets - Non-Current | 2,044 | 3,796 |

Commitment to purchase property, plant and equipment

There are no commitments to purchase property, plant and equipment.

12. Related Parties

During the year there have been material transactions between Business North Harbour Incorporated and related parties, as follows:

| Related Party | Relationship | Type of Transaction | 2018 | 2017 |
|-----------------|--|--|------------------------------|------------------------------|
| Greg Fritelli | Board member of BNH and shareholder of ILG Insurance Brokers | Insurance Expense | (5,658) | (4,928) |
| Lisa Hill | Board member of BNH and Director of Eclipse Recruitment | Sponsorship Income | 8,000 | 12,000 |
| | | Recruitment Expense | (0) | (1,460) |
| Kate Chivers | Board member of BNH and employee of McVeigh Fleming | Sponsorship Income | 6,000 | 6,000 |
| | | Legal Advice | (1,092) | (1,049) |
| Emma Monsellier | Board member of BNH and principal of Monsellier Law | Advertising Income | 1,174 | 500 |
| | | Legal Advice | (2,150) | (1,350) |
| Chris Cooke | Board member of BNH and Director of Speedy Signs | Signage Expense | Not a board member this year | (2,744) |
| Robert Elcombe | Board member of BNH and Director of MiIT Ltd | Internet Services and Computer Purchases | (2,751) | Not a board member this year |
| Terry Ottow | Board member of BNH and Director of AMPM | Sponsorship Income | 6,000 | Not a board member this year |
| | | Marketing Material | (2,012) | |
| Neil Tuffin | Board Member of BNH and Director of Maat Group | Advertising Income | 2,900 | 450 |

At balance date the following balances were included in trade debtors and trade creditors being receivable from (owing to) related parties:

| Related Party | Type of Balance | 2018 | 2017 |
|---------------------------------|--|---------|---------|
| Robert Elcombe, MiIT Ltd | Payable for Computers | (2,739) | (3,848) |
| | Receivable for Sponsorship and Advertising | 0 | 4,675 |
| Terry Ottow, AMPM | Receivable for Sponsorship | 1,150 | 575 |
| Chris Cooke, Speedy Signs | Payable for Signage | (1,294) | |
| Lisa Hill, Eclipse Recruitment | Receivable for Sponsorship | 767 | 1,150 |
| Neil Tuffin, Maat Group | Receivable for Advertising | 1,714 | 517 |
| Emma Monsellier, Monsellier Law | Receivable for Training Fees | 417 | 978 |

All related party transactions are on normal commercial terms. No related party balances have been written off.

13. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 June 2018 (Last year - nil).

14. Events After the Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report (Last year - nil).

15. Ability to Continue Operating

The entity will continue to operate for the foreseeable future.