

Performance Report

The Karangahape Road Business Association, Incorporated
For the year ended 30 June 2018

Contents

| | |
|----|------------------------------------|
| 3 | Independent Auditor's Report |
| 5 | Entity Information |
| 6 | Statement of Service Performance |
| 7 | Statement of Financial Performance |
| 8 | Statement of Financial Position |
| 9 | Statement of Cash Flows |
| 10 | Statement of Accounting Policies |
| 11 | Notes to the Performance Report |



Lennie & Associates

Chartered Accountants

Level Five
110 Symonds Street
Grafton, Auckland 1010
PO Box 128-246
Remuera, Auckland 1541
New Zealand

Telephone: +64 9 368 1212
Facsimile: +64 9 368 1211
email: service@lennie.co.nz

INDEPENDENT AUDITOR'S REPORT

To the Members of The Karangahape Road Business Association, Incorporated

Opinion

We have audited the accompanying performance report of The Karangahape Road Business Association, Incorporated on pages 5 to 15, which comprises the entity information, the statement of service performance, the statement of financial performance and statement of cash flows for the year ended 30 June 2018, the statement of financial position as at 30 June 2018, the statement of accounting policies and other explanatory information.

In our opinion:

- a) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- b) the performance report on pages 5 to 15 presents fairly, in all material respects:
 - the entity information for the year ended 30 June 2018;
 - the service performance for the year then ended; and
 - the financial position of The Karangahape Road Business Association, Incorporated as at 30 June 2018, and its financial performance, and cash flows for the year then ended in accordance with Public Benefit Entity Simple Format Reporting Accrual (Not-For-Profit).

Basis for Opinion

We conducted our audit of the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the entity information and statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Performance Report section of our report. We are independent of The Karangahape Road Business Association, Incorporated in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, The Karangahape Road Business Association, Incorporated.

Executive Committee's Responsibility for the Performance Report

The Executive Committee is responsible on behalf of the entity for:

- (a) identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance;
- (b) the preparation and fair presentation of the performance report which comprises:
 - the entity information;
 - the statement of service performance; and

- the statement of financial performance, statement of financial position, statement of cash flows, statement of accounting policies and notes to the performance report in accordance with Public Benefit Entity Simple Format Reporting Accrual (Not-ForProfit) issued in New Zealand by the New Zealand Accounting Standards Board, and

(c) for such internal control as the Executive Committee determines is necessary to enable the preparation of a performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Executive Committee is responsible on behalf of the entity for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intends to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

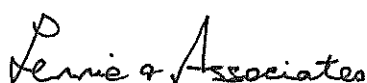
Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Executive Committee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures to obtain evidence about and evaluate whether the reported outcomes and outputs, and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.

We communicate with the Executive Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Lennie & Associates
Auckland
18 October 2018

Entity Information

The Karangahape Road Business Association, Incorporated
For the year ended 30 June 2018

'Who are we?', 'Why do we exist?'

Legal Name of Entity

The Karangahape Road Business Association, Incorporated

Entity Type and Legal Basis

Incorporated Society

Registration Number

221397

Entity's Purpose or Mission

To assist and guide the development and advancement of the commercial interests of business people and businesses in the Karangahape Road Business Precinct through a coordinated, structured and measurable communications, marketing and economic development programme.

Entity Structure

The Karangahape Road Business Association, Incorporated (KBA) is run by a manager who is answerable to a committee of no less than five members and no more than seven voting members; and up to two non-voting members. The committee is elected annually by KBA's membership. The staff consists of a Precinct Manager, Office Manager, Accounts Manager and Security Manager.

Main Sources of Entity's Cash and Resources

Auckland Council (Council) Grants

Main Methods Used by Entity to Raise Funds

Targeted rate collected by council and paid back to the KBA through quarterly grants. Additional grants are received from the Council after successful application by KBA

Physical Address

Shop 8, 59 Pitt Street, Beresford Square, Auckland

Postal Address

The Manager, PO Box 68 370, Newton, Auckland, New Zealand



Statement of Service Performance

The Karangahape Road Business Association, Incorporated
For the year ended 30 June 2018

'What did we do?', 'When did we do it?'

Description of Entity's Outcomes

The aim of KBA is to foster the economic development of the business precinct as a whole and, in turn, the economic success of its individual members. It works towards this goal by taking guidance from a strategic plan, commissioned and renewed every five years and an annual plan reassessed every twelve months.

Description and Quantification of the Entity's Outputs

KBA delivers an annual programme of marketing and events with the schedule of events including two in-house street festivals and participation in a number of Auckland-wide events. The Auckland-wide events include Auckland Heritage Festival, NZ Fashion Week, Auckland Artweek and the Myers Park Medley.

The success of these events is measured through online member surveys, formal reports from the event co-ordinators and commissioned Marketview reports.

The following services are also available to members:

- on call day security service
- on call support for Council-related streetscape and maintenance issues
- on call support for liaison with Council over issues ranging from liquor licensing to resource consents
- free promotions on KBA's social media sites, and
- free listing on KBA's website



Statement of Financial Performance

The Karangahape Road Business Association, Incorporated
For the year ended 30 June 2018

'How was it funded?' and 'What did it cost?'

| | NOTES | 2018 | 2017 |
|--|-------|-----------------|-----------------|
| Revenue | | | |
| Donations, fundraising and other similar revenue | 1 | 570,801 | 541,571 |
| Interest, dividends and other investment revenue | 1 | 1,254 | 2,365 |
| Other revenue | 1 | 2,281 | 7,314 |
| Total Revenue | | 574,336 | 551,249 |
| Expenses | | | |
| Volunteer and employee related costs | 2 | 194,211 | 176,203 |
| Costs related to providing goods or service | 2 | 392,679 | 399,214 |
| Other expenses | 2 | 3,890 | 4,646 |
| Total Expenses | | 590,770 | 580,063 |
| Surplus/(Deficit) for the Year | | (16,435) | (28,814) |



Statement of Financial Position

The Karangahape Road Business Association, Incorporated
As at 30 June 2018

'What the entity owns?' and 'What the entity owes?'

| | NOTES | 30 JUN 2018 | 30 JUN 2017 |
|---|-------|----------------|----------------|
| Assets | | | |
| Current Assets | | | |
| Bank accounts and cash | 3 | 200,649 | 292,337 |
| Debtors and prepayments | 3 | 5,750 | - |
| Inventory | 3 | 731 | 731 |
| Other Current Assets | 3 | 10,318 | 19,248 |
| Total Current Assets | | 217,448 | 312,315 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 5 | 5,435 | 6,617 |
| Total Non-Current Assets | | 5,435 | 6,617 |
| Total Assets | | 222,883 | 318,932 |
| Liabilities | | | |
| Current Liabilities | | | |
| Creditors | 4 | 53,999 | 84,265 |
| Unused donations and grants with conditions | 4 | 36,817 | 71,631 |
| Other current liabilities | 4 | 129,850 | 115,595 |
| Total Current Liabilities | | 220,676 | 271,291 |
| Non-Current Liabilities | | | |
| Other non-current liabilities | 4 | - | 29,000 |
| Total Non-Current Liabilities | | - | 29,000 |
| Total Liabilities | | 220,676 | 300,291 |
| Total Assets less Total Liabilities (Net Assets) | | 2,207 | 18,641 |
| Accumulated Funds | | | |
| Accumulated surpluses or (deficits) | 6 | 2,207 | 18,641 |
| Total Accumulated Funds | | 2,207 | 18,641 |

Statement of Cash Flows

The Karangahape Road Business Association, Incorporated
For the year ended 30 June 2018

'How the entity has received and used cash'

| | 2018 | 2017 |
|---|-----------------|------------------|
| Cash Flows from Operating Activities | | |
| Donations, fundraising and other similar receipts | 504,981 | 363,025 |
| Cash receipts from other operating activities | 1,813 | 7,314 |
| Payments to suppliers and employees | (595,658) | (512,730) |
| Payments to acquire property, plant and equipment | (1,504) | (5,394) |
| Total Cash Flows from Operating Activities | (90,367) | (127,785) |
| Cash Flows from Investing and Financing Activities | | |
| Interest, dividends and other investment receipts | 1,754 | 2,265 |
| Receipts from sale of investments | - | 25,313 |
| Payments to purchase investments | - | (25,313) |
| Cash Flows from Other Investing and Financing Activities | (2,574) | 150,658 |
| Total Cash Flows from Investing and Financing Activities | (1,320) | 153,053 |
| Net Increase/ (Decrease) in Cash | (91,637) | 25,268 |
| Cash Balances | | |
| Cash and cash equivalents at beginning of period | 292,337 | 267,069 |
| Cash and cash equivalents at end of period | 200,649 | 292,337 |
| Net change in cash for period | (91,637) | 25,268 |



Statement of Accounting Policies

The Karangahape Road Business Association, Incorporated For the year ended 30 June 2018

'How did we do our accounting?'

Basis of Preparation

The Karangahape Road Business Association, Incorporated (KBA, 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 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.

Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Income Tax

Providing net income derived from outside its circle of membership is less than \$1,000, KBA is exempt from income tax.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of six months or less.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.



Notes to the Performance Report

The Karangahape Road Business Association, Incorporated
For the year ended 30 June 2018

| | 2018 | 2017 |
|---|----------------|----------------|
| 1. Analysis of Revenue | | |
| Donations, fundraising and other similar revenue | | |
| Auckland Council Irregular Grants | 53,000 | 2,860 |
| Auckland Council Payments | 5,000 | 5,000 |
| Auckland Council Quarterly Grant | 415,672 | 381,350 |
| Destination Marketing Grant | 88,336 | 41,441 |
| Other Grants | 5,000 | - |
| Overbridge Design/Light Pole Project Grant | 1,315 | 85,920 |
| Strategic Plan Grant | 2,478 | 25,000 |
| Total Donations, fundraising and other similar revenue | 570,801 | 541,571 |
| Interest, dividends and other investment revenue | | |
| Dividends Received | 503 | 503 |
| Interest Income | 745 | 1,862 |
| Total Interest, dividends and other investment revenue | 1,254 | 2,365 |
| Other revenue | | |
| Non-Taxable Income | 9 | 8 |
| Other Revenue | 1,972 | 6,094 |
| Rental Income | 300 | 1,212 |
| Total Other revenue | 2,281 | 7,314 |
| | 2018 | 2017 |

2. Analysis of Expenses

| | | |
|---|----------------|----------------|
| Volunteer and employee related costs | | |
| Administration Fees | 74,422 | 70,773 |
| Heritage Plan | 3,153 | 11,553 |
| KiwiSaver Employer Contributions | 4,879 | 5,022 |
| Precinct Manager | 102,182 | 88,548 |
| Recruitment | 3,186 | - |
| Travel - National | 80 | 301 |
| Total Volunteer and employee related costs | 194,211 | 176,203 |
| Costs related to providing goods or services | | |
| Accident Compensation Levy | 486 | 440 |
| Advertising & Promotions | 5,728 | 3,076 |
| Audit Fees | 13,066 | 9,864 |
| Barwatch | 769 | 5,755 |
| Brand Identify Project | 7,150 | - |
| Consulting & Accounting | 15,453 | 12,069 |
| Cycle Lane Infrastructure Project | 81 | - |
| Database Management | 4,913 | - |
| Destination Marketing Projects Expense | 78,469 | 15,267 |

Leif M

| | | |
|---|----------------|----------------|
| Donation | 417 | - |
| Entertainment | 535 | - |
| Events | 105,530 | 98,113 |
| Freight & Courier | 9 | 48 |
| General Expenses | - | 57 |
| Heritage Brochure | 30 | 6,560 |
| HR Consultancy | - | 4,284 |
| Infrastructure Project | 5,213 | 21,295 |
| Insurance | 1,046 | 980 |
| Interim Management | - | 6,453 |
| IRD Penalties and Interest | 566 | 798 |
| Light, Power, Heating | 1,326 | 1,355 |
| MarketView | 4,150 | - |
| Meetings | 4,379 | 2,759 |
| Myers Park Book | - | 6,577 |
| Office Expenses | 7,387 | 8,493 |
| Overbridge Design Work | 21,022 | 66,213 |
| Parking | 5,009 | 5,241 |
| Printing & Stationery | 1,846 | 31 |
| Rent | 19,605 | 18,044 |
| Repairs and Maintenance | 251 | - |
| Reporting/Submissions | 1,050 | - |
| Road Safety | 2,931 | 11,724 |
| Security and Lighting | 18,825 | 19,635 |
| Security Wages | 48,032 | 44,158 |
| Strategic Projects | 9,885 | 22,247 |
| Subscriptions | 1,062 | 559 |
| Survey Project - KBA Stance | 1,776 | - |
| Systems Upgrade | - | 1,320 |
| Telephone & Internet | 4,114 | 4,016 |
| Training | 1,333 | 2,740 |
| Uniforms | 247 | 763 |
| Website Expenses | 748 | 1,250 |
| Total Costs related to providing goods or services | 392,679 | 399,214 |

Other expenses

| | | |
|-----------------------------|--------------|--------------|
| Bank Fees | 635 | 205 |
| Depreciation | 2,685 | 3,765 |
| Income Tax Expense | 190 | 382 |
| Interest Expense | 69 | 90 |
| Legal expenses | - | 195 |
| Total Other expenses | 3,389 | 4,646 |

2018 2017

3. Analysis of Assets**Bank accounts and cash**

| | | |
|-----------------------|--------|----------|
| 00 a/c Business Focus | 34,060 | (12,554) |
| 01 a/c Light Art Pole | 755 | 43,000 |

| | | |
|-------------------------------------|----------------|----------------|
| 02 a/c ACCAB Dest/Marketing | 27,581 | 20,201 |
| 03 a/c Strategic Plan | 2,753 | 13,976 |
| 04 a/c Infrastructure Project | 2,370 | 3,557 |
| 50 a/c Moneymaker Commercial | 127,164 | 160,709 |
| 51 a/c Business Saver | 540 | 3,539 |
| 52 a/c Committed Funds | 5,202 | 30,196 |
| 73 T/Deposit Light Pole Fund | - | 25,715 |
| Petty Cash | 423 | - |
| Total Bank accounts and cash | 200,649 | 292,337 |

Debtors and prepayments

| | | |
|--------------------------------------|--------------|----------|
| Accounts Receivable | 5,750 | - |
| Total Debtors and prepayments | 5,750 | - |

Inventory

| | | |
|------------------------|------------|------------|
| Stock on Hand | 731 | 731 |
| Total Inventory | 731 | 731 |

Other current assets

| | | |
|-----------------------------------|---------------|---------------|
| GST | 10,068 | 18,205 |
| Imputation Credits | 13 | 460 |
| Withholding tax paid | 137 | 583 |
| Total Other current assets | 10,318 | 19,248 |

2016 2017

4. Analysis of Liabilities**Creditors**

| | | |
|--------------------------|---------------|---------------|
| 0412 Michael Credit Card | (659) | 1,997 |
| Accounts Payable | 58,764 | 80,133 |
| PAYE Payable | (1,137) | 2,135 |
| Total Creditors | 53,999 | 84,265 |

Unused donations and grants with conditions

| | | |
|--|---------------|---------------|
| ACCAB - Destination Marketing | 36,817 | 38,330 |
| Overbridge Design/Light Pole Project Fund | - | 13,000 |
| Total Unused donations and grants with conditions | 36,817 | 71,631 |

Other current liabilities

| | | |
|--|----------------|----------------|
| Accrued Expenses | 23,497 | 11,419 |
| Funds Received In Advance | 106,112 | 103,918 |
| Income Tax | (49) | 59 |
| Total Other current liabilities | 129,560 | 115,396 |

Other non-current liabilities

| | | |
|--|----------|---------------|
| Destination Marketing Fund (non-current) | - | 29,000 |
| Total Other non-current liabilities | - | 29,000 |

2018 2017

5. Property, Plant and Equipment**Furniture and Fittings**

| | | |
|--|--------------|--------------|
| Furniture and fittings owned | 25,885 | 25,892 |
| Current year depreciation - furniture and fittings owned | (2,258) | - |
| Accumulated depreciation - furniture and fittings owned | (18,109) | (18,139) |
| Total Furniture and Fittings | 5,008 | 3,763 |

Other Fixed Assets

| | | |
|--|------------|------------|
| Owned fixed assets | 6,800 | 6,800 |
| Current year depreciation - fixed assets owned | (437) | - |
| Accumulated depreciation - fixed assets owned | (5,945) | (5,946) |
| Total Other Fixed Assets | 427 | 854 |

Total Property, Plant and Equipment

2018 2017

6. Accumulated Funds**Accumulated Funds**

| | | |
|-------------------------------------|--------------|---------------|
| Opening Balance | 18,641 | 47,456 |
| Accumulated surpluses or (deficits) | (16,435) | (28,814) |
| Total Accumulated Funds | 2,207 | 18,641 |

Total Accumulated Funds

2,207 18,641

7. Lease Commitments

| Description | Within a Year | Between 1 and 5 Years | More than 5 Years |
|-------------|---------------|-----------------------|-------------------|
| Office Rent | 23,000 | 32,583 | - |

Lease commitments for last year amounted to 3,761.

8. Contingent Liabilities and Guarantees

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

9. Related Parties

There were no transactions involving related parties during the financial year (last year - nil).

10. Significant Grants and Donations with Conditions which have not been Recorded as a Liability

| Description | Original Amt | Unfulfilled Amt | Purpose and Nature of the Condition(s) |
|-------------------------|--------------|-----------------|---|
| Art Week | 10,000 | 10,000 | To support Art Week by organising walking tours and promotions. The amount which has not been spent after one year of receiving the grant is to be refunded back to the funder. |
| K Road Identity Project | 15,000 | 7,850 | A project to understand the identity to what makes Karangahape Road unique. The amount which has not been spent after one year of receiving the grant is to be refunded back to the funder. |

R. A. M.

11. 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.

12. Ability to Continue Operating

The entity has adequate funding to continue to operate for the foreseeable future.

A handwritten signature in black ink, appearing to be 'L. A. L.', is located in the bottom right corner of the page.