

Performance Report

The Karangahape Road Business Association, Incorporated
For the year ended 30 June 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of The Karangahape Road Business Association, Incorporated

Report on the Performance Report

We have audited the accompanying performance report of The Karangahape Road Business Association, Incorporated (KBA), on pages 4 to 13 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 2017, the statement of financial position as at 30 June 2017, and the statement of accounting policies and other explanatory information.

The Responsibility of the Executive Committee 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 reportin accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit) 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 the performance report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the performance report based on our audit. 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). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the performance report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance report, including performing procedures to obtain evidence about and evaluating whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the performance report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the performance report 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. An audit also includes, evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the performance report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, KBA.

Opinion

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 4 to 13 presents fairly, in all material respects:
 - the entity information for the year then ended;
 - the service performance for the year then ended; and
 - the financial position of KBA as at 30 June 2017, and its financial performance, and cash flows for the year then endedin accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit).

Lennie & Associates

Lennie & Associates
20 October 2017
Auckland

Entity Information

The Karangahape Road Business Association, Incorporated For the year ended 30 June 2017

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

Legal Name of Entity

The Karangahape Road Business Association, Incorporated (KBA)

Date of Formation

17 September 1924

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

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 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

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Statement of Service Performance

The Karangahape Road Business Association, Incorporated For the year ended 30 June 2017

'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 2017

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

	NOTES	2017	2016
Revenue			
Donations, fundraising and other similar revenue	1	541,571	402,270
Interest, dividends and other investment revenue	1	2,365	2,658
Other revenue	1	7,314	31,143
Total Revenue		551,249	436,070
Expenses			
Volunteer and employee related costs	2	176,203	118,716
Costs related to providing goods or service	2	399,214	297,800
Other expenses	2	4,646	8,002
Total Expenses		580,063	424,517
Surplus/(Deficit) for the Year		(28,814)	11,553

This statement should be read in conjunction with the accompanying Independent Auditor's Report and the Notes to the Performance Report.

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Statement of Financial Position

The Karangahape Road Business Association, Incorporated

As at 30 June 2017

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

	NOTES	30 JUN 2017	30 JUN 2016
Assets			
Current Assets			
Bank accounts and cash	3	292,337	267,069
Debtors and prepayments	3	-	44,549
Inventory	3	731	7,306
Other Current Assets	3	19,248	11,425
Total Current Assets		312,315	330,348
Non-Current Assets			
Furniture, Fittings, Equipment and Website	5	6,617	4,989
Total Non-Current Assets		6,617	4,989
Total Assets		318,932	335,338
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	84,265	30,410
Unused donations and grants with conditions	4	71,631	148,919
Other current liabilities	4	115,396	108,553
Total Current Liabilities		271,291	287,882
Non-Current Liabilities			
Other non-current liabilities	4	29,000	-
Total Non-Current Liabilities		29,000	-
Total Liabilities		300,291	287,882
Total Assets less Total Liabilities (Net Assets)		18,641	47,456
Accumulated Funds			
Accumulated surpluses or (deficits)	6	18,641	47,456
Total Accumulated Funds		18,641	47,456

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This statement should be read in conjunction with the accompanying Independent Auditor's Report and the Notes to the Performance Report.

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Statement of Cash Flows

The Karangahape Road Business Association, Incorporated
For the year ended 30 June 2017

'How the entity has received and used cash'

	2017	2016
Cash Flows from Operating Activities		
Donations, fundraising and other similar receipts	383,025	607,761
Cash receipts from other operating activities	7,314	31,143
Payments to suppliers and employees	(512,730)	(420,596)
Receipts from sale of property, plant and equipment	-	846
Payments to acquire property, plant and equipment	(5,394)	(846)
Total Cash Flows from Operating Activities	(127,785)	218,308
Cash Flows from Investing and Financing Activities		
Interest, dividends and other investment receipts	2,365	1,575
Receipts from sale of investments	25,313	-
Payments to purchase investments	(25,313)	-
Cash Flows from Other Investing and Financing Activities	150,688	-
Total Cash Flows from Investing and Financing Activities	153,053	1,575
Net Increase/ (Decrease) in Cash	25,268	219,883
Cash Balances		
Cash and cash equivalents at beginning of period	267,069	47,186
Cash and cash equivalents at end of period	292,337	267,069
Net change in cash for period	25,268	219,883

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This statement should be read in conjunction with the accompanying Independent Auditor's Report and the Notes to the Performance Report.

Statement of Accounting Policies

The Karangahape Road Business Association, Incorporated For the year ended 30 June 2017

'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.

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Notes to the Performance Report

The Karangahape Road Business Association, Incorporated
For the year ended 30 June 2017

	2017	2016
1. Analysis of Revenue		
Donations, fundraising and other similar revenue		
Auckland Council Irregular Grants	2,860	17,000
Auckland Council Payments	5,000	21,000
Auckland Council Quarterly Grant	381,350	363,190
Destination Marketing Grant	41,441	-
Overbridge Design/Light Pole Project Grant	85,920	1,080
Strategic Plan Grant	25,000	-
Total Donations, fundraising and other similar revenue	541,571	402,270
Interest, dividends and other investment revenue		
Dividends Received	503	505
Interest Income	1,862	2,011
Interest Income Accrued	-	142
Total Interest, dividends and other investment revenue	2,365	2,658
Other revenue		
Non-Taxable Income	8	7
Other Revenue	6,094	31,136
Rental Income	1,212	-
Total Other revenue	7,314	31,143
	2017	2016

2. Analysis of Expenses

Volunteer and employee related costs		
Administration Fees	70,773	58,396
Heritage Plan	11,558	10,950
KiwiSaver Employer Contributions	5,022	4,601
Precinct Manager	88,548	42,639
Recruitment	-	1,291
Travel - International	-	686
Travel - National	301	153
Total Volunteer and employee related costs	176,203	118,716
Costs related to providing goods or services		
Accident Compensation Levy	440	695
Advertising & Promotions	3,076	14,797
Audit Fees	9,864	6,394
Barwatch	5,755	-
Consulting & Accounting	12,069	5,623
Destination Marketing	15,267	-
Events	98,113	112,196
Freight & Courier	48	-

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Notes to the Performance Report

General Expenses	57	-
Heritage Brochure	6,560	-
HR Consultancy	4,284	-
Infrastructure Project	21,295	-
Insurance	980	895
Interim Management	6,453	16,580
IRD Penalties and Interest	798	-
Light, Power, Heating	1,355	1,145
Meetings	2,759	2,543
Myers Park Book	6,577	3,426
Office Database	-	1,635
Office Expenses	8,493	8,545
Overbridge Design Work	66,213	1,080
Parking	5,241	4,950
Printing & Stationery	31	20
Rent	15,044	15,044
Road Safety	11,724	5,862
Security and Lighting	19,635	47,066
Security Wages	44,158	43,168
Strategic Projects	22,247	-
Subscriptions	550	587
Systems Upgrade	1,320	-
Telephone & Internet	4,016	3,270
Training	2,740	660
Uniforms	763	-
Website Expenses	1,290	1,618
Total Costs related to providing goods or services	399,214	297,800

Other expenses

Bank Fees	205	232
Depreciation	3,766	2,953
Income Tax Expense	382	424
Interest Expense	99	45
Legal expenses	195	4,349
Total Other expenses	4,646	8,002

2017 2016

3. Analysis of Assets

Bank accounts and cash

00 a/c Business Focus	(12,355)	20,356
01 a/c Light Art Pole	43,800	-
02 a/c ACCAB Dest/Marketing	20,201	-
03 a/c Strategic Plan	13,976	-
04 a/c Infrastructure Project	6,557	-
50 a/c Moneymaker Commercial	160,709	12,700
51 a/c Business Saver	3,538	98,892
52 a/c Committed Funds	30,196	110,121

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Notes to the Performance Report

General Expenses	57	-
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HR Consultancy	4,284	-
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2017 2016

3. Analysis of Assets

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51 a/c Business Saver	3,538	98,892
52 a/c Committed Funds	30,196	110,121

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73 T/Deposit Light Pole Fund	25,715	25,000
Total Bank accounts and cash	292,337	267,069
Debtors and prepayments		
Accounts Receivable	-	24,999
Open Streets Funding Due	-	19,550
Total Debtors and prepayments	-	44,549
Inventory		
Stock on Hand	731	7,306
Total Inventory	731	7,306
Other current assets		
Accrued Interest	-	142
GST	19,205	10,335
Imputation Credits	460	319
Withholding tax paid	583	628
Total Other current assets	19,248	11,425
	2017	2016

4. Analysis of Liabilities

Creditors and accrued expenses		
ASB Credit Card (D Lewis)	-	1,901
ASB Credit Card (M Richardson)	1,997	-
Accounts Payable	80,133	24,350
PAYE Payable	2,135	4,160
Total Creditors and accrued expenses	84,265	30,410
Unused donations and grants with conditions		
Destination Marketing Fund (current)	58,630	24,999
Overbridge Design/Light Pole Project Fund	13,000	98,920
Strategic Plan Fund	-	25,000
Total Unused donations and grants with conditions	71,631	148,919
Other current liabilities		
Accrued Expenses	11,419	12,911
Funds Received in Advance	103,918	95,338
Income Tax	59	305
Total Other current liabilities	115,396	108,553
Other non-current liabilities		
Destination Marketing Fund (non-current)	29,000	-
Total Other non-current liabilities	29,000	-
	2017	2016

5. Furniture, Fittings, Equipment and Website

Furniture, fittings and equipment (owned)		
Cost	23,892	18,498
Accumulated depreciation	(18,129)	(15,217)
Total Furniture, fittings and equipment (owned)	5,763	3,281

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Website (owned)		
Cost	6,800	6,800
Accumulated depreciation	(5,946)	(5,091)
Total Website (owned)	854	1,709
Total Furniture, Fittings, Equipment and Website	6,617	4,989
	2017	2016

6. Accumulated Funds

Accumulated Funds		
Opening Balance	47,456	35,903
Accumulated surpluses or (deficits)	(28,814)	11,553
Total Accumulated Funds	18,641	47,456
Total Accumulated Funds	18,641	47,456

7. Commitments

At balance date KBA has a commitment relating to lease of premises of \$3,761 (last year - \$3,761).

8. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 June 2017 (Last year - \$nil).

9. Related Parties

All transactions with related parties were carried out on an arm's length basis, and at commercial rates not too dissimilar to those received by parties who are not related.

10. 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).

11. Ability to Continue Operating

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

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