

# Business Mentors New Zealand Limited

(previously Business In The Community Limited)

## Financial Statements

### 31 March 2015

# Table of contents

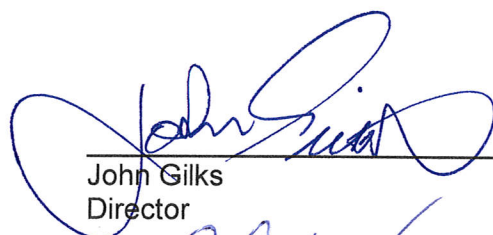
Annual report	3
Entity information	4
Auditors' report	5
Statement of financial performance	7
Statement of changes in equity	8
Statement of financial position	9
Statement of accounting policies	10
Notes to the financial statements	14

# Annual report

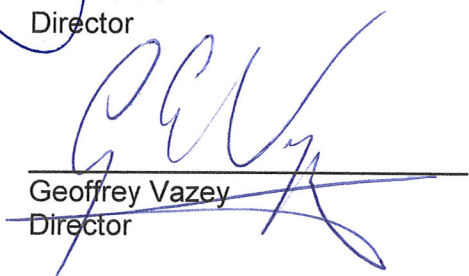
The Board of Directors present their annual report, including financial statements, of the Company for the year ended 31 March 2015 and the auditor's report thereon.

The shareholders of the Company have exercised their rights under Section 211(3) of the Companies Act 1993 and unanimously agreed that this annual report need not comply with any of the Sections (a) and (e) to (j) of Section 211(1) of the Act.

For and on behalf of the Board of Directors who approved these financial statements for issue on the date set out below.

  
\_\_\_\_\_  
John Gilks  
Director

7/7/15  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Geoffrey Vazey  
Director

7/7/15  
\_\_\_\_\_  
Date

# Entity information

<b>Name</b>	Business Mentors New Zealand Limited (trading as Business Mentors).
<b>Business Type</b>	A not for profit public benefit entity
<b>Purpose</b>	Inspiring success and enhancing wealth and wellbeing of New Zealand SMEs through the knowledge and experience of our volunteer mentors.
<b>Address and Registered Office</b>	Level 3, 255 Broadway Newmarket Auckland
<b>Governance</b>	<p>Directors:</p> <p>John Gilks (Chairman) Richard Austin Geoffrey Vazey Fran Wilde</p> <p>Shareholders:</p> <p>Trustees of the Business Mentors New Zealand Trust 99 Ordinary shares Dr Grahame Craig 1 Ordinary share</p>
<b>Operations</b>	Business Mentors New Zealand Limited offers a nationwide structured and supported volunteer business mentoring programme to SME New Zealand businesses.
<b>Funding</b>	Registration fees paid by clients, patron sponsorship and government grants.
<b>Auditors</b>	RSM Hayes Audit





## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE SHAREHOLDERS OF BUSINESS MENTORS NEW ZEALAND LIMITED**

We have audited the financial statements of Business Mentors New Zealand Limited on pages 7 to 17, which comprise the statement of financial position as at 31 March 2015, and the statement of financial performance and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, in accordance with Section 207 B (1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder, for our work, for this report, or for the opinions we have formed.

#### **Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and applicable Statements of Standard Accounting Practice and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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, as well as evaluating the presentation of the financial statements.

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



**RSM Hayes Audit**

Audit • Assurance • Advisory

Other than in our capacity as auditor we have no relationship with, or interests in, Business Mentors New Zealand Limited.

**Opinion**

In our opinion, the financial statements on pages 7 to 17 present fairly, in all material respects, the financial position of Business Mentors New Zealand Limited as at 31 March 2015 and its financial performance for the year ended on that date, in accordance with Financial Reporting Standards and applicable Statements of Standard Accounting Practice.

*RSM Hayes Audit*

**RSM Hayes Audit**

4 September 2015

Auckland

# Statement of financial performance

For the year ended 31 March 2015

	Notes	2015 (\$'000)	2014 (\$'000)
<b>Revenue</b>			
Registration fees		329	263
Patron subscriptions		186	282
Government grants	18	756	767
Services in kind	2	872	780
Cost recoveries from Pacific Programmes	4	101	191
Cost recoveries from associated companies	15	4	-
Interest income and other		12	10
<b>Total income</b>		<b>2,260</b>	<b>2,293</b>
<b>Expenses</b>			
Marketing		190	180
Leasing and rental costs		92	108
Personnel costs		561	621
Volunteer and agency costs		325	303
Services in kind	2	872	780
Other	3	215	299
<b>Total expenses</b>		<b>2,255</b>	<b>2,291</b>
<b>Surplus before tax</b>		<b>5</b>	<b>2</b>
Tax expense	6	3	-
<b>Net surplus/deficit (for the year)</b>		<b>2</b>	<b>2</b>

This statement should be read in conjunction with the statement of accounting policies and the notes to the financial statements.

# Statement of changes in equity

For the year ended 31 March 2015

	2015 (\$'000)	2014 (\$'000)
<b>Retained earnings</b>		
Balance brought forward	438	436
Surplus for the year	2	2
<b>Balance carried forward</b>	<b>440</b>	<b>438</b>

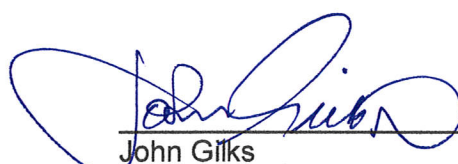
This statement should be read in conjunction with the statement of accounting policies and the notes to the financial statements.

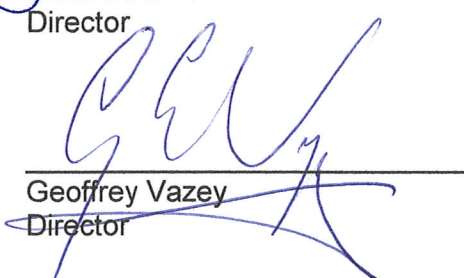


# Statement of financial position

As at 31 March 2015

	Notes	2015 (\$'000)	2014 (\$'000)
<b>Current assets</b>			
Cash and short term deposits		499	435
Funds held on behalf of Pacific Programmes	7	-	264
Accounts receivable and prepayments		92	147
Loans to associated companies	15	52	-
<b>Current assets</b>		<u>643</u>	<u>846</u>
<b>Non current assets</b>			
Property, plant and equipment	9	21	33
Intangible assets	10	5	22
<b>Non-current assets</b>		<u>26</u>	<u>55</u>
<b>Total assets</b>		<u>669</u>	<u>901</u>
<b>Current liabilities</b>			
Accounts payable and accruals	11	151	130
Employee costs payable		78	69
Funds held against future Pacific Programmes expenditure	8	-	264
<b>Total current liabilities</b>		<u>229</u>	<u>463</u>
<b>Total liabilities</b>		<u>229</u>	<u>463</u>
<b>Total assets less total liabilities</b>		<u>440</u>	<u>438</u>
<b>Equity</b>			
Share capital	1	-	-
Retained earnings		440	438
<b>Total equity</b>		<u>440</u>	<u>438</u>

  
John Gilks  
Director

  
Geoffrey Vazey  
Director

7/7/15  
Date

7/7/15  
Date

This statement should be read in conjunction with the statement of accounting policies and the notes to the financial statements

# Statement of accounting policies

For the year ended 31 March 2015

## General information

The reporting entity is Business Mentors New Zealand Limited (the 'Company'). It is a not for profit public benefit entity incorporated and domiciled in New Zealand. The Company is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The Company's primary activity is business mentoring services across New Zealand. Due to the entity's skills in this area and success in New Zealand, the New Zealand Government via the Ministry of Foreign Affairs and Trade (MFAT) has requested that the organisation undertake operations in the Pacific Islands on their behalf. These services are conducted under contract to MFAT in accordance with specific conditions of funding hence the income and expenditure incurred on Pacific Island operations is not included in the statement of financial performance. Transactions are instead recorded in the statement of financial position as summarised in Note 8. The MFAT contract concluded on 31 December 2014 (refer iv. below).

These financial statements have been approved for issue by the Board of Directors on 23 June 2015.

## Statement of compliance

The financial statements for the Company have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") and the requirements of the Companies Act 1993 and The Financial Reporting Act 1993. They comply with New Zealand Financial Reporting Standards ("NZ FRS") and other applicable financial standards, as appropriate for entities that qualify for and apply differential reporting concessions. The company has elected not to adopt New Zealand equivalents to International Financial Reporting Standards as it meets the criteria for delay in the mandatory adoption of this framework.

The Company qualifies for differential reporting concessions as it has no public accountability and the Company is not large. The Company has taken advantage of all differential reporting concessions available

## Changes in accounting policy

The accounting policies are consistent with those used in the previous financial year.

## Specific accounting policies

### i. Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by NZ FRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

### ii. Basis of preparation

The financial statements have been prepared on the basis of historical cost.

**iii. Presentation of financial statements**

The financial statements are presented in accordance with NZ FRS 2 *Presentation of Financial Reports*.

**iv. Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

**Government funding**

Funding is received from the following:

- New Zealand Trade & Enterprise (NZTE)
- Ministry of Foreign Affairs and Trade (MFAT)

Funding received from NZTE is treated as a grant which is recognised in revenue and matched with related costs that they are intended to compensate.

The funds received from MFAT are managed by the company under contract specifically for the purpose of assisting mentoring of businesses in the Pacific Region. These funds are accounted for through the statement of financial position and do not represent income and expense of the Company other than cost recoveries (refer Note 4) that are payable to the company under the terms of the contract.

The MFAT contract concluded 31 December 2014. MFAT has subsequently reviewed its requirements with a new tender document for consideration by interested parties. The Company reviewed the tender document and its requirement and determined not to participate in the process.

**Other revenue**

Grants received in cash are recorded in the period to which they relate. Registration, Patron and Subscription income is recognised on receipt in respect of the year to which it relates. Interest income is accounted for as earned.

**Services in kind**

Services in kind are shown as a revenue item and an expense item in the statement of financial performance. The amount recognised as services in kind is Management's best estimate of the value of services received, based on information provided by the suppliers.

**v. Interest income**

Interest income is recognised in the statement of financial performance as it accrues.

**vi. Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

**vii. Financial assets**

The company's financial assets comprise of cash and cash equivalents and accounts receivable. Accounts receivable are recorded at their estimated realisable value.



**viii. Financial liabilities**

The Company's financial liabilities include accounts payable and other payables.

Accounts payable and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**ix. Cash and cash equivalents**

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash.

**x. Income tax**

The income tax expense recognised in the statement of financial performance is the estimated income tax payable in the current year, using the taxes payable method.

**xi. Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is provided on computers and software and office furniture and equipment. Depreciation is recognised in the statement of financial performance to write off the cost of an item of property, plant and equipment, less any residual value, over its expected useful life, at the following rates:

Furniture and Fittings	11.4% - 26.4% diminishing value
Office Equipment	30% - 60% diminishing value

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

**xii. Intangible assets**

Intangible assets include acquired and internally developed software used in the online operation of mentor services. They are accounted for using the cost model whereby capitalised costs are amortised on a straight line basis over their estimated useful lives, as these assets are considered finite. The following useful lives are applied:

Website	3 years
---------	---------

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the statement of financial performance when incurred.

**xiii. Short-term employee benefits**

Short-term employee benefits, including holiday entitlement, are current liabilities included in employee costs payable, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

**xiv. Equity, reserves and dividend payments**

Share capital represents the nominal value of shares that have been issued. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Retained earnings include all current and prior period retained surpluses.



**xv. GST**

The Company is registered for GST and the financial statements have been prepared on a GST exclusive basis with the exception that Accounts Receivable and Accounts Payable are stated GST inclusive.

**xvi. Leased assets**

All leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

# Notes to the financial statements

## 1. Share capital

Authorised, issued and paid up capital is 100 shares at \$1 each.

## 2. Services in kind

	2015 (\$'000)	2014 (\$'000)
Services in kind – advertising/ marketing	693	602
Services in kind – other	179	178
<b>Total services in kind</b>	<b>872</b>	<b>780</b>

## 3. Expenses

Surplus before tax has been arrived at after deducting operating expenses which include the following specific expenses

	Notes	2015 (\$'000)	2014 (\$'000)
Depreciation			
Plant and equipment		10	16
Office furniture and equipment		1	1
<b>Total depreciation</b>		<b>11</b>	<b>17</b>
Amortisation of intangible assets		17	22
Audit fees	5	20	20

## 4. Cost recoveries for Pacific Islands

	2015 (\$'000)	2014 (\$'000)
Wage recoveries	80	131
Rent payable	21	60
	<b>101</b>	<b>191</b>

The amounts above are received from MFAT in reimbursement for indirect costs incurred in managing the Pacific Mentoring Programme. All direct costs associated with the Pacific Mentoring Programme are charged to a separate bank account that is funded by MFAT and managed by Business Mentors New Zealand.

## 5. Auditors' remuneration

	2015 (\$'000)	2014 (\$'000)
Auditing financial statements	15	15
Services in kind	5	5
<b>Total auditors' remuneration</b>	<b>20</b>	<b>20</b>

## 6. Tax

	2015 (\$'000)	2014 (\$'000)
Surplus before tax	5	2
Movement in holiday pay	(2)	10
Adjustment for Amortisation costs	15	(20)
	<b>18</b>	<b>(8)</b>
<b>Loss brought forward</b>	<b>(8)</b>	<b>-</b>
Taxable income	10	(8)
<b>Total income tax expense</b>	<b>3</b>	<b>-</b>

## 7. Funds held for Pacific contract

	2015 (\$'000)	2014 (\$'000)
Cash at bank and in hand	-	264
<b>Funds held on trust</b>	<b>-</b>	<b>264</b>

## 8. Funds held against future expenditure

	2015 (\$'000)	2014 (\$'000)
Opening unspent funds	264	915
Funding received	1,363	1,598
Opening creditors and accruals paid	(148)	(302)
Less: Expenditure incurred on projects	(1,479)	(2,095)
Funds received in advance	-	116
Accounts Payables and Accruals	-	148
<b>Closing unspent funds</b>	<b>-</b>	<b>264</b>

## 9. Property, plant and equipment

	2015 (\$'000)	2014 (\$'000)
Plant & equipment	126	126
Less: Accumulated depreciation	112	102
<b>Total</b>	<b>14</b>	<b>24</b>
Furniture and fittings	21	21
Less: Accumulated depreciation	14	12
<b>Total</b>	<b>7</b>	<b>9</b>
<b>Total Property, plant and equipment</b>	<b>21</b>	<b>33</b>

## 10. Intangible assets

	2015 (\$'000)	2014 (\$'000)
Website	305	305
Less: Accumulated amortisation	300	283
<b>Total</b>	<b>5</b>	<b>22</b>

## 11. Accounts payable

	2015 (\$'000)	2014 (\$'000)
Accounts payable	71	70
Accruals	87	72
Income Tax Payable/(Receivable)	(7)	(12)
<b>Total</b>	<b>151</b>	<b>130</b>

## 12. Operating lease commitments

The Company has operating lease commitments in respect of a vehicle and rental of photocopier. Total future minimum payments under non-cancellable operating leases were payable as follows:

	2015 (\$'000)	2014 (\$'000)
Less than one year	18	67
Between one and five years	22	13
<b>Total</b>	<b>40</b>	<b>80</b>

The rental of premises is on a month by month contract.



The rent was re-reviewed during 2014 and reduced to \$50k. The landlord is looking to relocate the Company within the existing building at a rental rate yet to be agreed.

### **13. Capital commitments**

There were no capital commitments at 31 March 2015 (2014: \$nil).

### **14. Contingent assets and liabilities**

There were no contingent assets or liabilities at 31 March 2015 (2014: \$nil).

### **15. Related parties**

The Company's related parties include its parent trust, trustees, directors, and key management.

Dr Grahame Craig is a trustee of The Business Mentors New Zealand Trust and director and shareholder of BankBuddy Accounting System Limited. Business Mentors New Zealand Limited receives in kind sponsorship support from BankBuddy Accounting System Limited.

Angus Fletcher is a trustee of The Business Mentors New Zealand Trust and executive chairman of The Fletcher Trust. The Fletcher Trust has provided philanthropic funding to Business Mentors New Zealand Limited.

Sir William Gallagher is a trustee of The Business Mentors New Zealand Trust and chairman and shareholder of Gallagher Group Limited. Business Mentors New Zealand Limited receives sponsorship income from Gallagher Group Limited.

Tom McClunie is a trustee of The Business Mentors New Zealand Trust and director of Waikato Link Limited. Business Mentors New Zealand Limited receives in kind sponsorship support from the University of Waikato (WaikatoLink Limited is the commercialisation and technology transfer company of the University of Waikato in New Zealand).

### **Business In The Community (2013) Limited**

Business In The Community (2013) Limited was incorporated as a company on 6 December 2013. This company has the same directors as Business Mentors New Zealand Limited. The shareholder is The Business In The Community Charitable Trust and the trustees are the same as those for The Business Mentors New Zealand Trust. Business In The Community (2013) Limited is a registered charitable trust through which Community Mentors will deliver a mentoring programme to the not-for-profit and social enterprise sector.

During the 2013 and 2014 years certain costs associated with the set-up of Business In The Community (2013) Limited were incurred and paid for by Business Mentors New Zealand Limited. The balance of these costs at the end of March 2015 was \$52k as reflected in the statement of financial position. This loan was repaid in May 2015. A management fee of \$4k was charged by Business Mentors New Zealand Limited to Business In The Community (2013) Limited in the 2014/15 year for services rendered.

Both companies operate independently of each other. Business Mentors New Zealand Limited when required will provide management services which will then be recharged to Business In The Community (2013) Limited. There are no cross guarantees in place for either of the two companies.

#### **16. Subsequent events**

There were no events subsequent to the balance date which require disclosure in or adjustment to the financial statements.

#### **17. Fiji contract**

In June 2014 a separate mentoring contract was negotiated with the Fiji Government and ran in conjunction with the MFAT Mentoring Programme. This was discontinued with the conclusion of the MFAT Pacific Programme.

#### **18. New Zealand Trade & Enterprise funding**

The current funding agreement was initially to conclude on 30 June 2015. This has now been extended to 31 December 2015. The company is currently in negotiations with New Zealand Trade & Enterprise to renew for a further three year funding period.

#### **19. Comparative Figures**

Certain comparative figures have been reclassified to be consistent with the current year's presentation.