

Performance Report

Business Mentors New Zealand Limited
For the year ended 31 March 2017

Prepared by Chester Grey Chartered Accountants Limited

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Approval of Performance Report

Business Mentors New Zealand Limited

For the year ended 31 March 2017

The Directors are pleased to present the approved performance report including the historical financial statements of Business Mentors New Zealand Limited for year ended 31 March 2017.

APPROVED

Geoffrey Vazey

Director

Date 21/08/2017

Alexander Moore

Director

Date 24/08/2017

Entity Information

Business Mentors New Zealand Limited
For the year ended 31 March 2017

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

Legal Name of Entity

Business Mentors New Zealand Limited

Entity Type and Legal Basis

Public benefit entity (Company registered under the Companies Act 1993)

Registration Number

522661

Entity's Purpose or Mission

Inspiring success and enhancing wealth and wellbeing of New Zealand SMEs through the knowledge and experience of our volunteer mentors.

Entity Structure

Directors:

Geoffrey Vazey (Chair)

Richard Austin

Alexander Moore

Fran Wilde

Shareholders:

Trustees of the Business Mentors New Zealand Trust - 99 Ordinary shares

Dr Grahame Craig - 1 Ordinary share

Main Sources of Entity's Cash and Resources

Registration fees paid by clients, sponsorship and government grants

Main Methods Used by Entity to Raise Funds

Registration fees, grants and sponsorship

Entity's Reliance on Volunteers and Donated Goods or Services

1,898 volunteer business mentors nationwide

Additional Information

Business Mentors New Zealand Limited offers a nationwide structured and supported volunteer business mentoring programme to SME New Zealand businesses and start-ups.

Physical Address

Level 3, 255 Broadway, Newmarket, Auckland 1023

Postal Address

PO Box 9043, Newmarket, Auckland 1149

Business Mentors New Zealand Limited

Statement of Service Performance

BUSINESS MENTORS
INSPIRING SUCCESS

For the year ended
31 March 2017

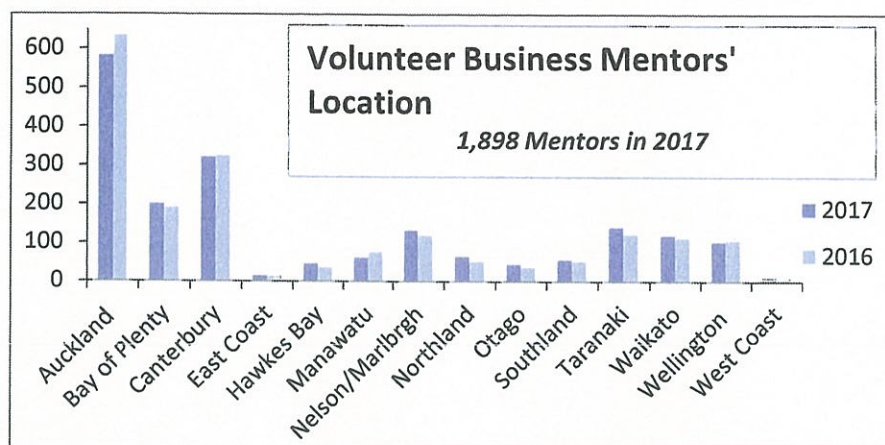
Description of the Entity's Outcomes:

Support and maximise the survival and growth of SMEs and start-ups through mentoring, utilizing the resource of successful business people, volunteering and applying their skills, knowledge and experience.

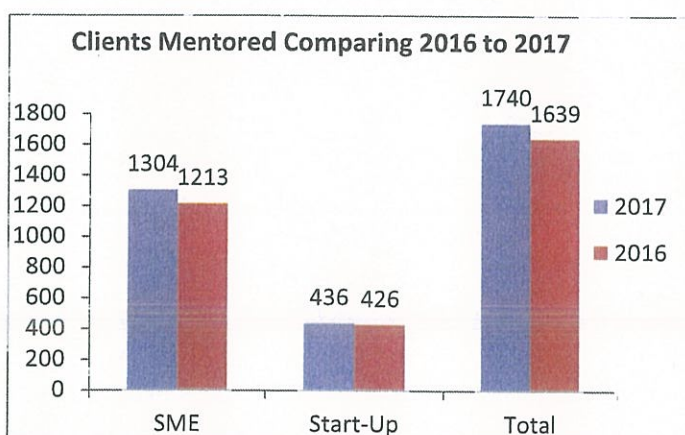
Description and Quantification of the Entity's Outputs:

Volunteer Business Mentors

1,898 mentors with business experience volunteered to mentor in their communities.



Clients Mentored



Client Satisfaction

83% of mentored clients' overall satisfaction with the service was rated as good/excellent

Beyond Consulting, an Independent Research Consulting Firm.

The survey was reviewed in 2017 and the measurement changed from recommendation to overall satisfaction.

Mentor Induction

177 mentors attended Mentor Accreditation Seminars nationwide in comparison to 204 in 2016.

Feedback

Rewa Pene, founded her business, Pene Productions, six months ago after receiving a government business start-up grant. The Dunedin local has now established herself as a successful commercial photographer. She says none of it would have been possible without the support of her business mentor who was recognised in the Queen's Birthday Honours for his extensive work in the community. Rewa says, "In order to secure the grant, I needed a solid business plan and that's where Michael became involved. He helped me to develop my plan and put in place the processes and procedures that has enabled my business to thrive. "He could have stopped there, but Michael has gone above and beyond, putting me in touch with other business leaders in Dunedin. "They've been able to send work my way, recommending me to their friends and colleagues. It feels like the whole business community has been supporting me and helping me to succeed." Having spent almost six months working with Rewa to get Pene Productions up and running, it is great to see how it has grown from just an idea in to a promising business. "It's what I love about working with Business Mentors New Zealand, getting stuck in and helping business owners achieve their goals," says Michael.

Statement of Financial Performance

Business Mentors New Zealand Limited
For the year ended 31 March 2017

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

	Notes	2017	2016
Revenue			
Donations, fundraising and other similar revenue	1	583,836	827,945
Revenue from providing services	1	421,350	387,989
Interest, dividends and other investment revenue	1	8,352	12,248
Other revenue	1	27,255	38,551
Total Revenue		1,040,793	1,266,733
Expenses			
Volunteer and employee related costs	2	324,820	499,336
Costs related to providing service	2	504,843	597,014
Other expenses	2	116,231	170,703
Total Expenses		945,894	1,267,053
Surplus/(Deficit) for the Year before Tax		94,899	-320
Tax Expenses / (Credit)			
Income tax expense		14,083	-4,498
Total Tax Expenses / (Credit)		14,083	-4,498
Surplus / (Deficit) for the Year		80,816	4,178

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

Statement of Financial Position

Business Mentors New Zealand Limited

As at 31 March 2017

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

	Notes	2017	2016
Assets			
Current Assets			
Bank accounts and cash	3	603,979	415,094
Debtors and prepayments	3	52,270	60,456
Other Current Assets	3	7,040	61,296
Total Current Assets		663,289	536,846
Non-Current Assets			
Property, Plant and Equipment	5	13,508	6,391
Intangible Assets	6	0	0
Total Non-Current Assets		13,508	6,391
Total Assets		676,797	543,237
Liabilities			
Current Liabilities			
Creditors and accrued expenses	4	125,338	58,195
Employee costs payable	4	14,969	17,610
Other current liabilities	4	11,603	23,361
Total Current Liabilities		151,910	99,166
Total Liabilities		151,910	99,166
Total Assets less Total Liabilities (Net Assets)		524,887	444,071
Equity			
Capital contributed by owners or members		100	100
Accumulated surpluses or (deficits)		524,787	443,971
Total Equity		524,887	444,071

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

Statement of Cash Flows

Business Mentors New Zealand Limited
For the year ended 31 March 2017

'How the entity has received and used cash'

	2017	2016
Cash Flows from Operating Activities		
Donations, fundraising and other similar receipts	583,836	859,756
Receipts from providing goods or services	489,716	388,779
Interest, dividends and other investment receipts	8,352	12,223
GST	(20,756)	7,375
Payments to suppliers and employees	(879,223)	(1,339,484)
Taxes Refunded (Paid)	16,807	(12,995)
Total Cash Flows from Operating Activities	198,732	(84,346)
Cash Flows from Investing and Financing Activities		
Payments to acquire property, plant and equipment	(9,848)	0
Total Cash Flows from Investing and Financing Activities	(9,848)	0
Net Increase/ (Decrease) in Cash	188,884	(84,346)
Cash Balances		
Cash and cash equivalents at beginning of period	415,094	499,440
Cash and cash equivalents at end of period	603,978	415,094
Net change in cash for period	188,884	(84,346)

Statement of Accounting Policies

Business Mentors New Zealand Limited

For the year ended 31 March 2017

'How did we do our accounting?'

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 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

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.

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 90 days or less.

Exchange Revenue

Exchange revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue has been earned.

Non-exchange Revenue

Grants, registration and patron income is recognised on receipt, unless there is a clear use or return condition in which case income recognition is deferred until the conditions have been fulfilled.

Services in kind

Services in kind are not recognised in the statement of financial performance. The amount disclosed in the notes as services in kind is Management's best estimate of the value of the services, based on information provided by the suppliers.

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.

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.

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

Business Mentors New Zealand Limited

For the year ended 31 March 2017

	2017	2016
1. Analysis of Revenue		
Donations, fundraising and other similar revenue		
Government Grant	481,824	687,121
Sponsorship	102,000	132,000
Donations	12	8,823
Total Donations, fundraising and other similar revenue	583,836	827,945
Revenue from providing goods or services		
Registration Fees	421,350	387,989
Total Revenue from providing goods or services	421,350	387,989
Interest, dividends and other investment revenue		
Dividend Received	0	370
Interest Income	8,352	11,878
Total Interest, dividends and other investment revenue	8,352	12,248
Other revenue		
Rental Income	725	2,167
Management Fee - BITC	26,530	36,384
Total Other revenue	27,255	38,551
	2017	2016
2. Analysis of Expenses		
Volunteer and employee related costs		
Contractor Services	55,194	112,790
FBT	0	-3,755
Wages and Salaries	269,232	390,326
ACC Levies	394	-23
Total Volunteer and employee related costs	324,820	499,336
Costs related to providing goods or services		
Computer & Server	13,338	15,764
Entertainment Deductible	534	660
Equipment Lease	6,728	0
Functions	12,234	3,721
Marketing	255,817	234,644
Survey	35,682	26,655
Recruitment Costs and Staff Training	2,047	0
Travelling	7,144	9,223
Agency Costs	87,239	263,610
Website Development and Support	84,079	42,737
Total Costs related to providing goods or services	504,843	597,014
Other expenses		
Accounting Fees	20,455	12,664
Amortisation	0	5,000
Audit Fee	8,760	10,450
Depreciation	2,731	6,525
Non Deductible Expenses	654	846
IRD Interest paid	70	2,468
Legal Fees	0	8,756
Loss on Disposal of Fixed Assets	0	8,273
Bank and Credit Cards Fees	7,957	9,361
Board Meetings	9,018	8,831
Insurances	1,752	4,419
Office Facilities and General Expenses	9,896	20,514
Printing & Stationery & Postage	10,276	3,675
Subscriptions & Memberships	1,521	869
Telephone & Communications	8,141	10,911
Vehicle - CEO	0	7,151
Rent & Car Parks	35,000	49,989
Total Other expenses	116,231	170,703
Income tax expense / (credit)		
Income Tax Expenses	14,083	0
Prior Period Tax Adjustments	0	-4,498
Total Income tax expense / (credit)	14,083	-4,498

	2017	2016
3. Analysis of Assets		
Bank accounts and cash		
ASB - NZ Cheque Acc 00	121,974	8,675
ASB - Saving On Call 50	16,614	55,489
ASB - Saving Plus 52	265,156	210,902
ASB - Subscriptions Acc 61	200,235	140,028
Total Bank accounts and cash	603,979	415,094
Debtors and prepayments		
Trade Debtors	52,270	60,456
Total Debtors and prepayments	52,270	60,456
Other current assets		
Owed by Business In The Community (2013) Limited	6,763	42,008
FBT Refundable	70	0
GST Refundable	207	0
Income Tax Refundable	0	19,287
Total Other current assets	7,040	61,295
	2017	2016
4. Analysis of Liabilities		
Creditors and accrued expenses		
Trade Creditors	102,158	31,447
Accruals	17,912	21,420
Visa Accruals	5,267	5,328
Total Creditors and accrued expenses	125,338	58,195
Employee costs payable		
Holiday Pay Accrual	15,457	18,098
PAYE	-488	-488
Total Employee costs payable	14,969	17,610
Other current liabilities		
GST	0	23,361
Income Tax Payable	11,603	0
Total Other current liabilities	11,603	23,361
	2017	2016
5. Property, Plant and Equipment		
Furniture and Fittings		
Furniture and fittings owned	18,193	18,193
Accumulated depreciation - furniture and fittings owned	-14,063	-13,237
Total Furniture and Fittings	4,130	4,956
Office Equipment		
Office Equipment	109,346	99,498
Accumulated depreciation - office equipment	-99,968	-98,063
Total Office Equipment	9,378	1,435
Total Property, Plant and Equipment	13,508	6,391
	2017	2016
6. Intangible assets		
Website at Cost	305,082	305,082
Accumulated Amortisation	-305,082	-305,082
Total Intangible assets	0	0
	2017	2016
7. Accumulated Funds		
Opening Balance	443,971	439,793
Accumulated surpluses or (deficits)	80,816	4,178
Total Accumulated Funds	524,787	443,971

8. Commitments

Commitments to lease or rent assets - Premises & Photocopier		
In the next year	19,882	35,000
In the next 1-5 years	7,949	14,583
Total Commitments to lease or rent assets	27,831	49,583

The rental of premises is on a two year lease agreement. Total annual lease of premises and car parks is \$35,000 plus GST, commencement date is 1 September 2015.

There were no capital commitments at 31 March 2017 (Last year - \$nil).

9. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 March 2017 (Last year - \$nil).

10. Goods or Services Provided to the Entity in Kind

Business Mentors wish to acknowledge the generous in-kind support received from our supporters. The estimated value of goods and services provided in kind was \$363,234 (Last year - \$1,165,000)

The Goods in Kind amount has dropped significantly as this was mainly attributed to the in-kind amount provided by radio partnerships. In 2016/2017 the strategy was to work with one radio station to consolidate a targeted marketing campaign rather than an adhoc approach for which we deemed of little benefit to our organization.

11. Related Parties

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

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.

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.

A management fee of \$26,530 was charged by Business Mentors New Zealand Limited to Business In The Community (2013) Limited in the 2016/2017 year for services rendered. (2015/2016: \$36,384)

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.

12. 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).

13. Excess Revenue

In this financial year the company underspent on the website infrastructure and operations hence why the company achieved excess revenue. The investment into the infrastructure is now long overdue and will be included in the company's annual plan for 2017/2018.

Independent Auditor's Report

To the Shareholders of Business Mentors New Zealand Limited

RSM Hayes Audit

PO Box 9588
Newmarket, Auckland 1149
Level 1, 1 Broadway
Newmarket, Auckland 1023

T +64 (9) 367 1656
www.rsmnz.co.nz

Opinion

We have audited the performance report of Business Mentors New Zealand Limited (the company), which comprises:

- the entity information;
- the statement of service performance for the year ended 31 March 2017;
- the statement of financial position as at 31 March 2017;
- the statement of financial performance for the year then ended;
- the statement of cash flows for the year then ended; and
- the statement of accounting policies and notes to the performance report.

In our opinion:

- the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable;
- the performance report on pages 4 to 12 presents fairly, in all material respects:
 - the entity information for the year ended 31 March 2017;
 - the service performance for the year ended 31 March 2017, and
 - the financial position of the entity as at 31 March 2017, 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 company 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 company.

Other information

The directors are responsible for the other information. The other information comprises the approval of the performance report on page 3 (but does not include the performance report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the performance report does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the performance report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the performance report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the performance report

The directors are responsible, on behalf of the entity, for:

- 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;
- 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-For-Profit) issued in New Zealand by the New Zealand Accounting Standards Board, and for such internal control as the directors determine are necessary to enable the preparation of the performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the directors, are responsible, on behalf of the company, for assessing the company'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 directors either intend to liquidate the company 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 as a whole 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) 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) and ISAE (NZ) 3000 (Revised), 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 company'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 board members and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 company 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.

Who we report to

This report is made solely to the shareholders, as a body. Our audit has been undertaken so that we might state to the 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 shareholders as a body, for our work, for this report, or for the opinions we have formed.



RSM Hayes Audit
Auckland

7 September 2017