

Annual Report

Franchise Association of New Zealand Inc
For the year ended 31 March 2023

Prepared by Inspired Accountants Ltd

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Entity Information

Franchise Association of New Zealand Inc For the year ended 31 March 2023

Nature of Entity

The Franchise Association of New Zealand represents franchise systems and individuals dedicated to promoting best-practice franchising both in New Zealand and around the world.

We bring together members of the franchise community to share information and experiences, set standards and promote best practice in franchising.

Legal Name

Franchise Association of New Zealand Incorporated

Entity Purpose

Proudly Advancing excellence in franchising

Entity Vision

Franchising as a business model to be widely acclaimed, respected and rewarding

Physical Address

BDH Building, 4 Whetu Place, Rosedale 0632, Auckland

Postal Address

P O Box 33-676 Takapuna 0740

Accountants

Inspired Accountants Limited

PO Box 202 235
Southgate
Auckland 2246

Statement of Financial Performance

Franchise Association of New Zealand Inc
For the year ended 31 March 2023

	NOTES	2023	2022
Revenue			
Awards	3	(3,928)	16,499
Conference	4	121,745	107,522
Functions	5	4,513	1,598
New Members	6	(220)	150
Publications	7	30	100
Online Event-Wellness Workshop	8	150	-
Subscriptions - all members		299,455	291,953
Interest Income		2,491	190
Franchise Survey Sponsorship		-	20,000
General Sponsorship		48,733	43,654
Total Revenue		472,968	481,665
Gross Profit			
		472,968	481,665
Other Income			
Mobil Rebate		701	-
Resurgence Support Payment		-	26,522
Wages & Salaries Subsidy Income		-	47,026
Total Other Income		701	73,548
Expenses			
ACC Levies		738	614
Accounting & Audit	11	6,168	5,826
WFC & Other Membership Costs		2,110	649
Bad Debt - Write Off		385	796
Bank Fees & Credit card fees		6,638	6,562
Board Meeting Costs		-	1,500
CEO Meetings and General Expenses		860	69
Computer Maintenance & Support		5,794	1,065
Contractor and Consulting Costs		4,000	-
Depreciation Expense	9	4,664	6,344
Discounts Allowed		793	874
Employment Recruitment		5,720	290
Events Development		-	11,875
General Expenses		4,097	7,052
Insurance		6,944	6,702
Internet Software and Licensing		19,308	15,098
Legal Fees		1,900	-
Loss on Disposal		12	-
Office Stationery		793	486
Online Course Maintenance Fee		1,385	1,045
Photocopier		2,755	2,156

	NOTES	2023	2022
Political Advocacy		7,500	-
Postage & Couriers		274	182
PR & Advertising		720	2,498
Rent & Rates Outgoings	12	15,597	16,900
Scrutineer Compliance Checks		10,750	7,825
Small Equipment		1,142	-
Survey Costs - Massey & Giffith		-	22,316
Telecommunications		1,448	848
Travel and Accommodation		6,538	917
Wages & Salaries		377,687	348,152
Website Maintenance		4,547	3,821
Total Expenses		501,267	472,462
Net Profit (Loss) Before Taxation		(27,597)	82,751
Net Profit (Loss) After Taxation		(27,597)	82,751

Statement of Changes in Equity

Franchise Association of New Zealand Inc
For the year ended 31 March 2023

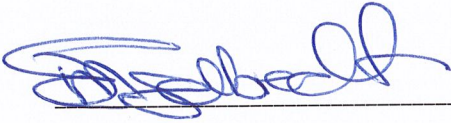
	2023	2022
Equity		
Opening Balance	239,962	157,211
Increases		
Profit or Loss for the Year	(27,597)	82,751
Total Increases	(27,597)	82,751
Total Equity	212,365	239,962

Statement of Financial Position

Franchise Association of New Zealand Inc
As at 31 March 2023

	NOTES	31 MAR 2023	31 MAR 2022
Assets			
Current Assets			
Cash and Bank			
Westpac - Eftpos Account		251	129
Westpac - Online Saver Account		11,151	11,069
Westpac - Operating Account		210,215	386,985
Westpac - Term Deposit		150,496	-
NZD PayPal		194	-
Total Cash and Bank		372,308	398,183
Trade and Other Receivables			
Accounts Receivable		104,341	81,125
Bond for Lease		1,408	1,408
Awards Costs Prepaid		20,738	15,647
Conference Costs Prepaid		41,302	5,552
Online Webinar Prepaid		-	6,600
Prepayments		10,815	-
Total Trade and Other Receivables		178,604	110,333
Inventory		640	960
Income Tax Receivable	10	733	57
Total Current Assets		552,285	509,532
Non-Current Assets			
Property, Plant and Equipment	9	10,780	9,406
Total Non-Current Assets		10,780	9,406
Total Assets		563,065	518,939
Liabilities			
Current Liabilities			
Westpac Mastercard		3,471	-
Trade and Other Payables		38,994	16,156
Conference Registration prepaid		6,250	-
GST Payable		23,660	18,843
Employee Entitlements		14,030	14,861
Membership Fees for next year		264,295	229,117
Total Current Liabilities		350,700	278,977
Total Liabilities		350,700	278,977
Net Assets		212,365	239,962
Equity			
Retained Earnings		212,365	239,962
Total Equity		212,365	239,962

For and on behalf of the Board



Chairperson



Board Member

Date... 26/7/2023



Notes to the Financial Statements

Franchise Association of New Zealand Inc For the year ended 31 March 2023

1. Reporting Entity

Franchise Association of New Zealand Inc is an incorporated society under the Incorporated Societies Act 1908.

Franchise Association of New Zealand Inc is not required to prepare financial statements that comply with generally accepted accounting practice and as a result the Franchise Association of New Zealand Inc has elected to prepare special purpose financial statements. The special purpose financial statements have been prepared to assist the Franchise Association of New Zealand Inc prepare a set of financial statements for management purposes and to report to its members. As a result the special purpose financial statements may not be suitable for other purpose.

2. Statement of Accounting Policies

Measurement Base

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Specific Accounting Policies

The following specific accounting policies, which materially affect the measurement of financial performance and financial position of the incorporated society, have been applied.

Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST, the GST is registered on two monthly payment basis.

Property, Plant and Equipment

Property, plant and equipment are valued at cost less accumulated depreciation.

Depreciation

Depreciation of the assets has been calculated using diminishing value method except the Trade Mark which has been calculated using straight line method at the maximum rates permitted for Income Tax purposes.

Computer, Software and Website - 25% to 50% DV

Office Furniture and Equipment - 15.6% to 40% DV

Trade Mark - 10 years on SL

Income Tax

Income tax is accounted for using the taxes payable method. Income derived from members, for member activities, is exempt from income tax. Other non-member income, above the exemption of \$1,000, is taxable at 28% (2022: 28%).

Inventory

Inventories are stated at the lower of cost or net realisable value.

Accounts Receivable

Accounts Receivable are stated at their estimated realisable value. Bad debts are written off in the year they are identified.

Investments

Investments are valued at cost.

Revenue

Revenue is recognised on an accrual basis. Revenue is deferred until the associated obligations have been complied with.

Trade and other payables

Trade and other payables are recorded when it is probable that future sacrifice of service potential or future economic benefits will be required and the amount of the liability can be measured reliably.

Employee entitlements

Employee entitlements for salaries and wages, annual leave, long service leave and other benefits are generally recognised when they accrue to employees.

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.

	2023	2022
3. Awards		
Awards Sales Revenue	48,644	15,875
Awards Sponsorship	55,500	48,140
Awards Expenses	(108,072)	(47,516)
Net Income (Loss)	(3,928)	16,499
	2023	2022
4. Conference		
Conference Sales Revenue	166,237	185,183
Conference Sponsorship	111,394	66,437
Conference Expenses	(155,886)	(144,099)
Total Conference	121,745	107,522
	2023	2022
5. Functions		
Functions Income	9,597	1,848
Functions Expenses	(5,083)	(250)
Net Income (Loss)	4,513	1,598
	2023	2022
6. New Members		
New Members Income	2,600	1,800

New Members Expenses	(2,820)	(1,650)
Net Income (Loss)	(220)	150
	2023	2022

7. Publications

Publicational Income	30	100
Net Income (Loss)	30	100
	2023	2022

8. Online Event-Wellness Workshop

Online Event Revenue	6,750	-
Online Event Costs	(6,600)	-
Net Income (Loss)	150	-
	2023	2022

9. Property, Plant and Equipment

Computer, Software & Website		
Computer, Software & Website	75,364	73,858
Accumulated depreciation - Computer, Software & Website	(70,035)	(66,420)
Total Computer, Software & Website	5,329	7,439
Office Furniture & Equipment		
Office Furniture & Equipment	11,356	7,006
Accumulated depreciation - Office Furniture & Equipment	(5,905)	(5,038)
Total Office Furniture & Equipment	5,451	1,968
Total Property, Plant and Equipment	10,780	9,406
	2023	2022

Depreciation

Computer, Software & Website	3,797	5,660
Office Furniture & Equipment	867	684
Total Depreciation	4,664	6,344
	2023	2022

10. Income Tax Expense

Interest & Dividend & Non Members Income		
Interest Income	2,491	190
Non-Members Income	79,150	-
Total Interest & Dividend & Non Members Income	81,641	190
Deductions from Taxable Profit		
Allocation of Related Expenses	80,641	-
Loss carried forward	-	-

	2023	2022
Non-Profit Body Exemption	1,000	190
Total Deductions from Taxable Profit	81,641	190
Taxable Profit (Loss)	-	-
Tax Payable at 28%	-	-
Deductions from Tax Payable		
Tax Opening Balance	57	36
Dividend Imputation Credits	-	-
Resident Withholding Tax Paid	733	57
Provisional Tax Paid	-	-
Tax Refund Received	(57)	(36)
Rounding Adjustments	-	-
Total Deductions from Tax Payable	733	57
Income Tax Payable (Refund Due)	(733)	(57)

11. Accounting & Audit

This cost is made up of \$5,400 for accounting consultancy services, \$768 for Xero.

12. Rent & Outgoings

The Franchise Association of New Zealand Inc leases an office space at 4 Whetu Place, Rosedale, Auckland.

13. Total Turnover

When revenue and expenses relate to a common activity that results in a net profit or loss, they are reported together as presented in the Statement of Financial Performance.

As a result, total direct costs of \$278,461 (2022: \$193,667), have been netted off against the related revenue stream.

The Franchise Association of New Zealand Inc total turnover for the year is \$752,130 (2022: \$675,332)

The Franchise Association of New Zealand Inc total expenditure for the year is \$779,728 (2022: \$666,129)

14. Commitments

Capital Commitments

There are no capital commitments contracted for at balance date.

15. Contingent Liabilities

No contingent liabilities are known to exist at balance date. (2022 Nil)

16. Related Party Transactions

The Association has transacted during the year with members for the supply of services. All transactions have been executed at normal commercial rates or less.

17. Going Concern

The financial statements have been prepared on a going concern basis.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRANCHISE ASSOCIATION OF NEW ZEALAND INCORPORATED

Opinion

We have audited the financial statements of Franchise Association of New Zealand Incorporated (“the Incorporation”), which comprise the statement of financial position as at 31 March 2023, and the statement of financial performance for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Incorporation for the year ended 31 March 2023 are prepared, in all material respects, in accordance with the accounting policies specified in notes to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (“ISAs (NZ)”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Incorporation 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 Incorporation.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared solely for management purposes and to report to the Incorporation’s members, as a body. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Incorporation and the Incorporation’s members, as a body, and should not be distributed to or used by parties other than the Incorporation or the Incorporation’s members. Our opinion is not modified in respect of this matter.

Board’s Responsibilities for the Financial Statements

The Board is responsible for the preparation of the financial statements in accordance with the accounting policies specified in the notes to the financial statements and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the Incorporation’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the board either intends to liquidate the Incorporation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

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 financial statements, 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 Incorporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Incorporation'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 financial statements 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 Incorporation to cease to continue as a going concern.

We communicate with the board 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.

Who we Report to

This report is made solely to the Incorporation's Members, as a body. Our audit work has been undertaken so that we might state those matters which 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 Incorporation and the Incorporation's Members, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Tauranga
Tauranga
New Zealand
27 July 2023