

Annual Report

Franchise Association of New Zealand Inc
For the year ended 31 March 2024

Prepared by OneTeam Chartered Accountants

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Entity Information

Franchise Association of New Zealand Inc For the year ended 31 March 2024

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

OneTeam Chartered Accountants Limited

Chartered Accountants

Auckland

Statement of Financial Performance

Franchise Association of New Zealand Inc For the year ended 31 March 2024

	NOTES	2024	2023
Revenue			
Awards	3	2,189	(3,928)
Conference	4	106,421	121,745
Functions	5	4,472	4,513
New Members	6	(230)	(220)
Publications	7	-	30
Online Event-Wellness Workshop	8	-	150
Subscriptions - all members		340,352	299,455
General Sponsorship		53,082	48,733
Interest Income		11,626	2,491
Total Revenue		517,912	472,968
Gross Profit		517,912	472,968
Other Income			
Mobil Rebate		1,595	701
Total Other Income		1,595	701
Expenses			
ACC Levies		679	738
Accounting & Audit	11	13,532	6,168
WFC & Other Membership Costs		2,183	2,110
Bad Debt - Write Off		1,167	385
Bank Fees & Credit card fees		6,295	6,638
Board Meeting Costs		727	-
CEO Meetings and General Expenses		264	860
Computer Maintenance & Support		4,305	5,794
Contractor and Consulting Costs		137	4,000
Depreciation Expense	9	5,067	4,664
Discounts Allowed		718	793
Employment Recruitment		-	5,720
General Expenses		2,411	4,097
Insurance		7,499	6,944
Internet Software and Licensing		14,913	19,308
Legal Fees		2,000	1,900
Loss on Disposal		-	12
Marketing		900	-
Office Stationery		660	793
Online Course Maintenance Fee		1,500	1,385
Photocopier		398	2,755
Political Advocacy		5,067	7,500
Postage & Couriers		496	274
PR & Advertising		4,721	720

	NOTES	2024	2023
Rent & Rates Outgoings	12	18,307	15,597
Scrutineer Compliance Checks		9,570	10,750
Small Equipment		733	1,142
Telecommunications		697	1,448
Travel and Accommodation		12,338	6,538
Wages & Salaries		391,618	377,687
Website Maintenance		3,919	4,547
Total Expenses		512,822	501,267
Net Profit (Loss) Before Taxation		6,684	(27,597)
Net Profit (Loss) After Taxation		6,684	(27,597)

Statement of Changes in Equity

Franchise Association of New Zealand Inc For the year ended 31 March 2024

	2024	2023
Equity		
Opening Balance	212,365	239,962
Increases		
Profit or Loss for the Year	6,684	(27,597)
Total Increases	6,684	(27,597)
Total Equity	219,049	212,365

Statement of Financial Position

Franchise Association of New Zealand Inc


As at 31 March 2024


	NOTES	31 MAR 2024	31 MAR 2023
Assets			
Current Assets			
Cash and Bank			
Westpac - Eftpos Account		387	251
Westpac - Online Saver Account		-	11,151
Westpac - Operating Account		146,189	210,215
Westpac - Term Deposit		153,244	150,496
NZD PayPal		194	194
32 Day Notice Saver Account		62,871	-
Total Cash and Bank		362,884	372,308
Trade and Other Receivables			
Accounts Receivable		116,362	104,341
Bond for Lease		1,712	1,408
Awards 2024 Costs Prepaid		7,980	20,738
Conference 2024 Costs Prepaid		25,844	41,302
Massey Survey 2024 Costs Prepaid		10,511	-
Prepayments		5,285	10,815
Total Trade and Other Receivables		167,694	178,604
Inventory		768	640
Income Tax Receivable	10	2,867	733
Total Current Assets		534,214	552,285
Non-Current Assets			
Property, Plant and Equipment	9	15,596	10,780
Total Non-Current Assets		15,596	10,780
Total Assets		549,810	563,065
Liabilities			
Current Liabilities			
Westpac Mastercard		896	3,471
Trade and Other Payables		3,018	38,994
GST Payable		31,133	23,660
Employee Entitlements		18,351	14,030
Membership Fees for next year		263,726	264,295
Conference Sponsorship Revenue in Advance		-	6,250
Massey Survey 2024 Income in Advance		5,500	-
General Sponsorship Income in Advance		8,137	-
Total Current Liabilities		330,761	350,700
Total Liabilities		330,761	350,700
Net Assets		219,049	212,365

Equity

Retained Earnings	219,049	212,365
Total Equity	219,049	212,365

For and on behalf of the Board

Chairperson 
Bradley Jacobs (Jul 4, 2024 15:23 GMT+12)

Board Member 

04/07/24

Date.....



Notes to the Financial Statements

Franchise Association of New Zealand Inc For the year ended 31 March 2024

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 - 13% to 40% DV

Trade Mark - 10 years on SL

Database Management - 3 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% (2023: 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.

	2024	2023
3. Awards		
Awards Sales Revenue	72,681	48,644
Awards Sponsorship	63,000	55,500
Awards Expenses	(133,493)	(108,072)
Net Income (Loss)	2,189	(3,928)
	2024	2023

4. Conference

Conference Sales Revenue	179,319	166,237
Conference Sponsorship	101,820	111,394
Conference Expenses	(174,718)	(155,886)
Total Conference	106,421	121,745
	2024	2023

5. Functions

Functions Income	14,568	9,597
Functions Expenses	(10,097)	(5,083)
Net Income (Loss)	4,472	4,513

	2024	2023
6. New Members		
New Members Income	3,000	2,600
New Members Expenses	(3,230)	(2,820)
Net Income (Loss)	(230)	(220)
	2024	2023
7. Publications		
Publicational Income	-	30
Net Income (Loss)	-	30
	2024	2023
8. Online Event-Wellness Workshop		
Online Event Revenue	-	6,750
Online Event Costs	-	(6,600)
Net Income (Loss)	-	150
	2024	2023
9. Property, Plant and Equipment		
Computer, Software & Website		
Computer, Software & Website	83,303	75,364
Accumulated depreciation - Computer, Software & Website	(73,621)	(70,035)
Total Computer, Software & Website	9,682	5,329
Office Furniture & Equipment		
Office Furniture & Equipment	13,301	11,356
Accumulated depreciation - Office Furniture & Equipment	(7,387)	(5,905)
Total Office Furniture & Equipment	5,914	5,451
Total Property, Plant and Equipment	15,596	10,780
	2024	2023
Depreciation		
Computer, Software & Website	3,586	3,797
Office Furniture & Equipment	1,481	867
Total Depreciation	5,067	4,664
	2024	2023
10. Income Tax Expense		
Interest & Dividend & Non Members Income		
Interest Income	11,626	2,491
Non-Members Income	86,429	79,150
Total Interest & Dividend & Non Members Income	98,055	81,641

	2024	2023
Deductions from Taxable Profit		
Allocation of Related Expenses	97,055	80,641
Non-Profit Body Exemption	1,000	1,000
Total Deductions from Taxable Profit	98,055	81,641
Taxable Profit (Loss)	-	-
Tax Payable at 28%	-	-
Deductions from Tax Payable		
Tax Opening Balance	733	57
Dividend Imputation Credits	-	-
PIE Tax	-	-
Provisional Tax Paid	-	-
Resident Withholding Tax Paid	2,867	733
Tax Refund Received	(733)	(57)
Rounding Adjustments	-	-
Total Deductions from Tax Payable	2,867	733
Income Tax Payable (Refund Due)	(2,867)	(733)

11. Accounting & Audit

This cost is made up of \$5,600 for accounting consultancy services, \$817 for Xero, \$504 for ApprovalMax and \$6,611 for audit services. No audit service fees in FY2023.

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 \$321,538 (2023: \$278,461) have been netted off against the related revenue stream.

The Franchise Association of New Zealand Inc total turnover for the year is \$841,045 (2023: \$752,130)

The Franchise Association of New Zealand Inc total expenditure for the year is \$834,360 (2023: \$779,728)

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. (2023 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 2024, and the statement of financial performance for the year then ended, and 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 2024 are prepared, in all material respects, in accordance with the accounting policies specified in Note 1 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 Note 1 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
15 July 2024