

Annual Report

Franchise Association of New Zealand Inc
For the year ended 31 March 2019

Prepared by Inspired Accountants Ltd

Contents

3	Statement of Financial Performance
5	Statement of Changes in Equity
6	Statement of Financial Position
8	Notes to the Financial Statements
13	Auditor's Report

Statement of Financial Performance

Franchise Association of New Zealand Inc For the year ended 31 March 2019

	NOTES	2019	2018
Revenue			
Awards	3	25,044	34,844
Conference	4	72,773	46,254
Functions	5	12,695	11,197
New Members	6	1,245	804
Publications	7	420	425
Subscriptions - all members		261,218	253,083
Interest Income		211	128
Other Income	8	-	12,500
Botany Sublease	9	-	5,576
General Sponsorship		59,127	53,116
Total Revenue		432,734	417,926
Gross Profit			
		432,734	417,926
Expenses			
ACC Levies		570	417
Accounting & Audit	13	10,185	11,299
APFC/WFC Membership Costs		858	1,207
Bad Debt - Write Off		-	1,300
Bank Fees & Credit card fees		2,905	2,555
Board Meeting Costs		1,796	813
CEO Meeting & Conference		685	-
Computer Maintenance & Support		3,816	1,641
Contractor Costs		-	3,397
Data Processing Expenses		174	158
Depreciation Expense	10	8,406	7,490
Discounts Allowed		197	1,324
Employment Recruitment		-	4,823
Expo Costs		-	2,295
Other Expenses		2,076	5,224
Insurance		4,955	6,120
Legal Fees		2,000	5,403
Loss on disposal	18	8,426	-
Office Expenses		3,289	1,491
Online Course Maintenance Fee		1,140	2,068
Photocopier		2,735	2,832
Postage & Couriers		1,425	1,316
PR & Advertising		4,645	3,058
Printing		31	8
Rebranding Costs		-	5,970
Rent & Rates Outgoings	14	14,300	18,657

The Financial Statements must be read in conjunction with the accompanying Notes to the Accounts and Auditor's Report.

	NOTES	2019	2018
Scrutineer Compliance Checks		12,850	3,248
Storage		1,585	1,409
Survey Costs - Massey & Giffith		-	19,647
Telecommunications		4,725	3,876
Travel and Accommodation		13,791	15,720
Wages & Salaries		246,106	227,703
Website Maintenance		7,117	5,879
Total Expenses		360,787	368,347
Net Profit (Loss) Before Taxation		71,947	49,579
Net Profit (Loss) After Taxation		71,947	49,579

The Financial Statements must be read in conjunction with the accompanying Notes to the Accounts and Auditor's Report.



Statement of Changes in Equity

Franchise Association of New Zealand Inc
For the year ended 31 March 2019

	2019	2018
Equity		
Opening Balance	36,799	(12,780)
Increases		
Profit or Loss for the Year	71,947	49,579
Total Increases	71,947	49,579
Total Equity	108,746	36,799

The Financial Statements must be read in conjunction with the accompanying Notes to the Accounts and Auditor's Report.



Statement of Financial Position

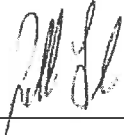
Franchise Association of New Zealand Inc As at 31 March 2019

	NOTES	31 MAR 2019	31 MAR 2018
Assets			
Current Assets			
Cash and Bank			
Petty Cash		307	22
Westpac - Call Account		35,050	30,437
Westpac - Cheque Account		241,664	68,639
Total Cash and Bank		277,021	99,098
Trade and Other Receivables			
Accounts Receivable		91,362	153,799
Receivables - Buyafranchise Limited	11	-	804
Conference Costs Prepaid		8,968	4,596
Deposit - Furniture & Equipment		-	287
Awards Costs Prepaid		3,000	500
Total Trade and Other Receivables		103,329	159,986
Inventory		3,576	4,038
Income Tax Receivable	12	63	-
Total Current Assets		383,990	263,123
Non-Current Assets			
Investments		-	100
Property, Plant and Equipment	10	20,254	21,025
Total Non-Current Assets		20,254	21,125
Total Assets		404,244	284,248
Liabilities			
Current Liabilities			
Trade and Other Payables		18,221	5,574
Accrued Liabilities		6,352	10,300
GST Payable		9,022	747
Income in Advance		257,344	225,164
Employee Entitlements		4,559	5,664
Total Current Liabilities		295,498	247,449
Total Liabilities		295,498	247,449
Net Assets		108,746	36,799
Equity			
Retained Earnings		108,746	36,799
Total Equity		108,746	36,799

The Financial Statements must be read in conjunction with the accompanying Notes to the Accounts and Auditor's Report.



For and on behalf of the Board


Callian FLOYD


Derrin Watson

Chairperson

Board Member

Date 22/5/19

The Financial Statements must be read in conjunction with the accompanying Notes to the Accounts and Auditor's Report.



Notes to the Financial Statements

Franchise Association of New Zealand Inc For the year ended 31 March 2019

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 do not include the financial position and result of entities controlled by the Franchise Association of New Zealand Inc. 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.

Property, Plant and Equipment

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

Depreciation

Depreciation of the assets has been calculated at the maximum rates permitted for Income Tax purposes.

Computer, Software and Website - 25% to 60%

Office Furniture and Equipment - 14.4% to 80.4%

Leasehold Additions - 0%

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% (2018: 28%).

Inventory

Inventories are stated at the lower of cost or not 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.

	2019	2018
3. Awards		
Awards Sales Revenue	36,613	57,565
Awards Sponsorship	65,200	63,810
Awards Expenses	(76,769)	(86,531)
Net Income (Loss)	25,044	34,844
	2019	2018
4. Conference		
Conference Sales Revenue	305,751	212,007
Conference Sponsorship	64,721	44,890
Conference Expenses	(297,698)	(210,643)
Net Income (Loss)	72,773	46,254
	2019	2018
5. Functions		
Functions Income	25,927	25,850
Functions Expenses	(13,232)	(14,654)
Net Income (Loss)	12,695	11,197

	2019	2018
6. New Members		
New Members Income	3,495	3,000
New Members Expenses	(2,250)	(2,196)
Net Income (Loss)	1,245	804
	2019	2018
7. Publications		
Publicational Income	420	581
Publicational Expenses	-	(157)
Net Income (Loss)	420	425
	2019	2018
8. Other Income		
Franchise Survey Sponsorship	-	12,500
Total Other Income	-	12,500
	2019	2018
9. Botany Sublease		
Rent & Rates Botany Sub Lease	-	5,560
Water & OPEX Botany Sublease	-	16
Total Botany Sublease	-	5,576
	2019	2018
10. Property, Plant and Equipment		
Computer, Software & Website		
Computer, Software & Website	72,720	125,149
Accumulated depreciation - Computer, Software & Website	(56,955)	(108,047)
Total Computer, Software & Website	15,765	17,102
Office Furniture & Equipment		
Office Furniture & Equipment	12,671	11,112
Accumulated depreciation - Office Furniture & Equipment	(8,181)	(7,189)
Total Office Furniture & Equipment	4,489	3,924
Leasehold Additions		
Leasehold Additions	(1)	1,214
Accumulated depreciation - Leasehold Additions	1	(1,214)
Total Leasehold Additions	-	-
Total Property, Plant and Equipment	20,254	21,025

	2019	2018
Depreciation		
Computer, Software & Website	6,957	6,492
Office Furniture & Equipment	1,449	998
Leasehold Additions		
Total Depreciation	8,406	7,490
	2019	2018

11. Related Parties

Buyafranchise Limited

Receivables - Buyafranchise Limited	-	804
Total Buyafranchise Limited	-	804

2019 **2018**

12. Income Tax Expense

Interest, Dividend & Sublease and WFC Income

Water & OPEX Botany Sublease	-	16
Rent & Rates Botany Sub Lease	-	5,560
Interest Income	211	128
Total Interest, Dividend & Sublease and WFC Income	211	5,703

Deductions from Taxable Profit

Allocation of Related Expenses	-	4,703
Loss carried forward	-	-
Non-Profit Body Exemption	211	1,000
Total Deductions from Taxable Profit	211	5,703

Taxable Profit (Loss)	-	-
Tax Payable at 28%	-	-

Deductions from Tax Payable

Tax Opening Balance	-	(252)
Dividend Imputation Credits	-	-
Resident Withholding Tax Paid	63	-
Provisional Tax Paid	-	-
Tax Refund Received	-	252
Rounding Adjustments	-	-
Total Deductions from Tax Payable	63	-

Income Tax Payable (Refund Due)	(63)	-
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13. Accounting & Audit

This cost is made up of \$4,250 audit services, \$5,245 for accounting consultancy services and \$690 for Xero (2018 \$4,507, \$5,967 and \$825 respectively).



14. Rent & Outgoings

The Franchise Association of New Zealand Inc leases an office space at Level 4, 51 Hurstmere Rd, Takapuna, Auckland.

15. Total Turnover

The Franchise Association of New Zealand Inc total turnover for the year is \$822,683 (2018: \$732,107).

16. Lease and Capital Commitments

Capital Commitments

There are no capital commitments contracted for at balance date.

Operating and Lease Commitments

There are no operating commitments contracted for at balance date.

The Association received subleasing income on its Botany office until 31 May 2017. As from 1 June 2017 the Association has been released from its obligations under the Botany lease. The Association now conducts its business from its Takapuna office. The rental on this office was negotiated on a month to month basis.

17. Contingent Liabilities

No contingent liabilities are known to exist at balance date. (2018 Nil)

18. Loss on Disposal

The loss on disposal is made up of computer hardware & software of \$8,334, furniture and equipment of \$92. (2018 Nil)

19. Membership Revenue

During the 2019 financial year the Franchise Association of New Zealand Inc has clarified its policy for accounting for membership revenue. This has resulted in an adjustment to the financial statements to account for an increase in income in advance of \$65,386 together with a corresponding decrease in retained earnings of a similar amount at 31 March 2017 and 31 March 2018.

20. 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Franchise Association of New Zealand Inc

Opinion

We have audited the financial statements of Franchise Association of New Zealand Inc ("the Society") on pages 3 to 12, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance and statement of changes in equity 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 Franchise Association of New Zealand Inc for the year ended 31 March 2019 are prepared, in all material respects, in accordance with the basis of accounting as described in Note 2 of 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 Franchise Association of New Zealand Inc 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 Society.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Society report to its members and for management purposes. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Franchise Association of New Zealand Inc and should not be distributed to parties other than the Society and its members. Our opinion is not modified in respect of this matter.

Responsibilities of the Board for the Financial Statements

The Board are responsible on behalf of the Society for the preparation of the financial statements in accordance with the basis of accounting as described in Note 2 and for such internal control as the Board determine 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 are responsible for assessing the Society'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 Board either intend to liquidate the Society 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 Society's internal control.
- 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 Society'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 Society to cease to continue as a going concern
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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.



Crowe Horwath New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

Dated at Auckland this 28th day of May 2019