

Annual Report

Franchise Association of New Zealand Inc
For the year ended 31 March 2020

Prepared by Inspired Accountants Ltd

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Statement of Financial Performance

Franchise Association of New Zealand Inc For the year ended 31 March 2020

	NOTES	2020	2019
Revenue			
Awards	3	616	25,044
Conference	4	111,765	72,773
Functions	5	10,729	12,695
New Members	6	(900)	1,245
Publications	7	274	420
Subscriptions - all members		273,121	261,218
Interest Income		171	211
Franchise Survey Sponsorship		10,000	-
General Sponsorship		38,102	59,127
Total Revenue		443,878	432,734
Gross Profit		443,878	432,734
Expenses			
ACC Levies		569	570
Accounting & Audit	10	10,528	10,185
APFC/WFC Membership Costs		775	858
Bank Fees & Credit card fees		2,544	2,905
Board Meeting Costs		-	1,796
CEO Meeting & Conference		483	685
Computer Maintenance & Support		463	3,816
Data Processing Expenses		-	174
Depreciation Expense	8	8,519	8,406
Discounts Allowed		1,354	197
Strategy Planning & Advice		3,438	-
Other Expenses		3,657	2,076
Insurance		6,310	4,955
Legal Fees		-	2,000
Loss on disposal		-	8,426
Office Expenses		856	3,289
Online Course Maintenance Fee		475	1,140
Photocopier		2,481	2,735
Political Advocacy		1,601	-
Postage & Couriers		977	1,425
PR & Advertising		1,057	4,645
Printing		-	31
Rent & Rates Outgoings	11	14,300	14,300
Scrutineer Compliance Checks		11,050	12,850
Storage		1,565	1,585
Survey Costs - Massey & Giffith		12,000	-
Telecommunications		2,969	4,725

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

	NOTES	2020	2019
Travel and Accommodation		14,989	13,791
Wages & Salaries		291,541	246,106
Website Maintenance		8,728	7,117
Total Expenses		403,228	360,787
Net Profit (Loss) Before Taxation		40,650	71,947
Net Profit (Loss) After Taxation		40,650	71,947



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 2020

	2020	2019
Equity		
Opening Balance	108,746	36,799
Increases		
Profit or Loss for the Year	40,650	71,947
Total Increases	40,650	71,947
Total Equity	149,395	108,746


Statement of Financial Position

Franchise Association of New Zealand Inc As at 31 March 2020

	NOTES	31 MAR 2020	31 MAR 2019
Assets			
Current Assets			
Cash and Bank			
Petty Cash		157	307
Westpac - Call Account		11,056	35,050
Westpac - Cheque Account		266,539	241,664
Total Cash and Bank		277,753	277,021
Trade and Other Receivables			
Accounts Receivable		123,890	91,362
Awards Costs Prepaid		14,875	3,000
Conference Costs Prepaid		14,236	8,968
Total Trade and Other Receivables		153,001	103,329
Inventory		3,396	3,576
GST Receivable		7,396	-
Income Tax Receivable	9	51	63
Total Current Assets		441,597	383,990
Non-Current Assets			
Property, Plant and Equipment	8	20,143	20,254
Total Non-Current Assets		20,143	20,254
Total Assets		461,740	404,244
Liabilities			
Current Liabilities			
Trade and Other Payables		14,511	18,221
Accrued Liabilities		8,950	6,352
GST Payable		-	9,022
Income in Advance		255,703	257,344
Employee Entitlements		7,892	4,559
COVID-19 Government Funding		25,289	-
Total Current Liabilities		312,344	295,498
Total Liabilities		312,344	295,498
Net Assets		149,395	108,746
Equity			
Retained Earnings		149,395	108,746
Total Equity		149,395	108,746

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

 (CALLUM FLOYD)

Chairperson



Board Member

Date..... 29/5/2026

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 2020

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.

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%

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% (2019: 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.

	2020	2019
3. Awards		
Awards Sales Revenue	53,045	36,613
Awards Sponsorship	61,365	65,200
Awards Expenses	(113,795)	(76,769)
Net Income (Loss)	616	25,044
	2020	2019
4. Conference		
Conference Sales Revenue	302,589	305,751
Conference Sponsorship	56,368	64,721
Conference Expenses	(247,192)	(297,698)
Net Income (Loss)	111,765	72,773
	2020	2019
5. Functions		
Functions Income	23,522	25,927
Functions Expenses	(12,793)	(13,232)
Net Income (Loss)	10,729	12,695
	2020	2019
6. New Members		
New Members Income	2,200	3,495
New Members Expenses	(3,100)	(2,250)
Net Income (Loss)	(900)	1,245

	2020	2019
7. Publications		
Publicational Income	274	420
Net Income (Loss)	274	420
	2020	2019

8. Property, Plant and Equipment

	2020	2019
Computer, Software & Website		
Computer, Software & Website	80,116	72,720
Accumulated depreciation - Computer, Software & Website	(64,150)	(56,955)
Total Computer, Software & Website	15,966	15,765
Office Furniture & Equipment		
Office Furniture & Equipment	13,682	12,671
Accumulated depreciation - Office Furniture & Equipment	(9,505)	(8,181)
Total Office Furniture & Equipment	4,176	4,489
Leasehold Additions		
Leasehold Additions	-	(1)
Accumulated depreciation - Leasehold Additions	-	1
Total Leasehold Additions	-	-
Total Property, Plant and Equipment	20,143	20,254
	2020	2019

Depreciation

	2020	2019
Computer, Software & Website	7,196	6,957
Office Furniture & Equipment	1,323	1,449
Leasehold Additions	-	-
Total Depreciation	8,519	8,406
	2020	2019

9. Income Tax Expense

	2020	2019
Interest, Dividend & Sublease and WFC Income		
Interest Income	171	211
Total Interest, Dividend & Sublease and WFC Income	171	211
Deductions from Taxable Profit		
Allocation of Related Expenses	-	-
Loss carried forward	-	-
Non-Profit Body Exemption	171	211
Total Deductions from Taxable Profit	171	211
Taxable Profit (Loss)	-	-
Tax Payable at 28%	-	-



	2020	2019
Deductions from Tax Payable		
Tax Opening Balance	63	-
Dividend Imputation Credits	-	-
Resident Withholding Tax Paid	51	63
Provisional Tax Paid	-	-
Tax Refund Received	(63)	-
Rounding Adjustments	-	-
Total Deductions from Tax Payable	51	63
Income Tax Payable (Refund Due)	(51)	(63)

10. Accounting & Audit

This cost is made up of \$4,450 audit services, \$5,100 for accounting consultancy services, \$720 for Xero and \$257 for Smart Payroll (2019 \$4,250, \$5,245, \$690 and \$0 respectively).

11. Rent & Outgoings

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

12. Total Turnover

The Franchise Association of New Zealand Inc total turnover for the year is \$820,758 (2019: \$822,683).

13. Commitments

Capital Commitments

There are no capital commitments contracted for at balance date.

Operating and Lease Commitments

The Association has a commitment at year end to pay \$4,200 associated with the lease of a photocopier (2019: \$nil). The annual amount payable by the Association under this lease per annum is \$1,680.

14. Contingent Liabilities

No contingent liabilities are known to exist at balance date. (2019 Nil)

15. 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.

16. Going Concern

The Board are aware that COVID-19 was declared a global health emergency on 31 January 2020 by the World Health Organisation and the subsequent announcement by the NZ Government that all non-essential businesses are to close effective 25 March and the impact upon our suppliers, customers, and staff. This will therefore change significantly the Association's forecast financial performance which supports the going concern assumption under which these financial statements have been prepared.

Under normal circumstances the Board would state that the Association is a going concern and able to meet its obligations as they fall due. Because of the expected implications of COVID-19 on members, the Board have taken a conservative view that the Association will sustain a loss in the coming year. Fortunately, the Association has an adequate level of reserves to be able to withstand the projected loss over the next 12 months. For these reasons, the Board continue to adopt the going concern assumption in preparing the financial statements for the year ended 31 March 2020.



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 2020, 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 2020 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 – COVID-19

We draw attention to Note 16 of the financial statements, which describes the effects of the World Health Organisation's declaration of a global health emergency on 31 January 2020 relating to the spread of COVID-19. Our opinion is not modified in respect of this matter.

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.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd.

Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.

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 New Zealand Audit Partnership

CHARTERED ACCOUNTANTS

Dated at Auckland this 29th day of May 2020