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Business directory

Chair:	Terry Gould
Deputy Chair:	Jason Copus
Treasurer:	Jason Copus
Board Members:	Peter Cammell Gary Langsford Allan Matson John Courtney Callum Mallet Chris Cherry Marion Edwards
Local Board Representatives:	Shale Chambers
Secretary:	Alex Swney
Nature of Business:	Promotes Inner City Business
Registered Office:	Level 2, 26 Lorne Street Auckland
Bankers:	ASB Bank Limited 138-142 Queen Street Auckland
Solicitors:	Buddle Findlay PricewaterhouseCoopers Tower 188 Quay Street Auckland
Auditors:	Grant Thornton New Zealand Audit Partnership L3, Grant Thornton House 152 Fanshawe Street Auckland
Accountants:	Grant Thornton New Zealand Ltd L4, Grant Thornton House 152 Fanshawe Street Auckland

Independent Auditor's Report

Audit

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To the Board Members of Heart of the City Incorporated

Report on the Financial Statements

We have audited the financial statements of Heart of the City Incorporated on pages 4 to 13, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board Members' Responsibilities

The Board members are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that present fairly the matters to which they relate 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm carries out other assignments for Heart of the City Incorporated in the area of accounting services and preparation of financial statements. The firm has no other interest in Heart of the City Incorporated.

Opinion

In our opinion, the financial statements on pages 4 to 13 present fairly, in all material respects, the financial position of Heart of the City Incorporated as at 30 June 2011, and its financial performance, for the year then ended in accordance with generally accepted accounting practice in New Zealand.



Grant Thornton New Zealand Audit Partnership
Auckland, New Zealand
27 October 2011

Statement of financial performance for the year ended 30 June 2011

	Note	2011	2010
		\$	\$
Income			
Auckland City Contributions		3,708,100	3,371,000
Event and Sundry Income		189,036	148,772
Big Little City Campaign Funding		600,099	548,364
		<u>4,497,235</u>	<u>4,068,136</u>
Investment and Other Income			
Net Dividend Received		1,280	1,280
Interest Received		57,019	41,900
		<u>58,299</u>	<u>43,180</u>
Total Income	2	4,555,534	4,111,316

The accompanying notes form part of these financial statements.

Statement of financial performance for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Expenses			
ACC Levy		2,805	888
Accountancy Fees		23,513	26,725
Advocacy		75,130	100,199
AGM Expenses		8,295	8,429
Ambassadors		221,669	142,214
Amortisation of Intangible Assets		82,576	2,617
Audit Fees		8,172	9,514
Bank Fees		304	364
Committee Expenses		1,925	1,818
Committee Wages		20,300	29,595
Community Donations		1,200	-
Computer/Phone Maintenance		20,764	15,213
Couriers		4,511	4,679
Depreciation		148,095	211,829
Education/Seminars		-	4,622
Events, Sponsorship & Advertising		2,897,513	2,343,169
General Expenses		24,966	28,123
Governance		2,250	5,775
Insurance		6,255	1,826
Legal Fees		21,814	36,733
Loss on Sale of Fixed Assets		-	6,203
Membership Communication		16,826	9,239
Office Repairs & Maintenance		1,243	2,989
Office Services		17,432	13,107
Parking (Staff)		5,277	5,419
Payroll Processing		3,153	2,792
Pedicabs		16,542	21,204
Printing, Postage & Stationary		8,639	12,743
Rates & OPEX		11,363	27,942
Rent		98,504	78,640
Salary and Wages		701,083	445,594
Security		112,103	73,267
Subscriptions/Memberships		1,938	3,692
Telephone/Internet		13,407	15,548
Website Management		18,385	28,852
Total Expenses		4,597,952	3,721,563

The accompanying notes form part of these financial statements.

Statement of financial performance
for the year ended 30 June 2011

	Note	2011	2010
		\$	\$
Net Surplus (Deficit)		(42,418)	389,753

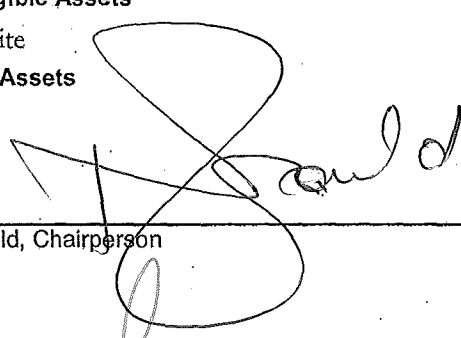
Statement of movements in equity for the year ended 30 June 2011

	2011	2010
	\$	\$
Equity at 1 July	1,614,266	1,224,513
Net Surplus (Deficit) for the Year	(42,418)	389,753
Total Equity at 30 June	<u>1,571,848</u>	<u>1,614,266</u>

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2011

	Note	2011	2010
		\$	\$
Equity			
Retained Earnings		1,571,848	1,614,266
Current Liabilities			
Accounts Payable		697,167	241,116
Income Received in Advance		32,143	153,125
		<u>729,310</u>	<u>394,241</u>
Total Equity & Liabilities		<u>2,301,158</u>	<u>2,008,507</u>
Current Assets			
Cash & Cash Equivalents		1,357,457	1,338,420
Prepayments & Other Receivables		274,882	73,508
Accounts Receivable		28,847	36,509
		<u>1,661,186</u>	<u>1,448,437</u>
Non Current Assets			
Property Plant and Equipment			
As per Schedule (at Book Value)	4	429,464	499,887
Intangible Assets			
Website	9	210,508	60,183
Total Assets		<u>2,301,158</u>	<u>2,008,507</u>



T Gould, Chairperson

27/10/11

Date



Board Member

27/10/2011

Date

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2011

1 Statement of Accounting Policies

These are the financial statements of Heart of the City Incorporated. Heart of the City Incorporated is an Incorporated Society established under the Incorporated Societies Act 1908. The financial statements have been prepared in accordance with generally accepted accounting principles.

Heart of the City Incorporated qualifies for differential reporting concessions as it has no public accountability and it is not large as defined in the Framework for Differential Reporting. Heart of the City Incorporated has adopted all available differential reporting exemptions except paragraph 5.1(b) of SSAP 22; Related Party Disclosures.

Statutory Base

Heart of the City Incorporated is registered under the Incorporated Societies Act 1908. The financial statements of Heart of the City Incorporated have been prepared in accordance with the requirements of the Financial Reporting Act 1993.

Measurement System

The measurement system adopted is that of historical cost.

Particular Accounting Policies

The following is a summary of the significant accounting policies adopted by Heart of the City Incorporated in the preparation of these financial statements.

Property, Plant and Equipment

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

Depreciation is recognised in the Statement of financial performance to write off the cost of an item of property, plant & equipment, less any residual value, over its expected useful life, at the rates listed below.

Gains and losses on disposal of property, plant and equipment are taken into account in determining the financial performance for the year.

	Rate	Method
Office Equipment	19.2% - 48%	DV
Computer Equipment	36% - 60%	DV
Fittings and Furniture	11.4% - 30%	DV
Promotional Assets	10% - 48%	DV

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Operating Leases

Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged as an expense in the periods in which they are incurred.

Accounts Receivable

Accounts receivable are valued at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

Notes to the financial statements for the year ended 30 June 2011

Goods and Services Tax

Financial information in these accounts is recorded exclusive of GST with the exception of receivables and payables, which include GST. GST payable or receivable at balance date is included in the appropriate category in the Statement of Financial Position.

Intangibles

The website is accounted for using the cost model whereby capitalised costs are amortised on a diminishing value basis over its estimated useful life, as this asset is considered finite. Residual values and useful lives are reviewed at each reporting date. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the asset which it relates. Other expenditure is recognised in profit or loss when incurred.

Accounts Payable

Trade and other payables represent liabilities for goods and services provided to Heart of the City Incorporated prior to the end of the financial year which are unpaid. The amounts are unsecured.

Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to a significant risk of changes in value.

Revenue

Revenue shown in the Statement of Financial Performance comprises the amounts received and receivable by way of grants and sponsorship.

Investment Income

Interest is accounted for as earned.

Income Received in Advance

Income received in advance relates to campaign income received where there are unfulfilled obligations for Heart of the City Incorporated to provide services in the future. These are recorded as revenue as the obligations are fulfilled.

Tax

From 1 July 1999 the entity was exempt from income tax under section CW 40(1) of the Income Tax Act 2007.

Changes in Accounting Policies

There have been no specific changes in accounting policies. All policies applied have been on a basis consistent with those used in previous years.

2	Operating Revenue	2011	2010
		\$	\$
	Grants Received	3,708,100	3,371,000
	Event and Sundry Income	189,036	148,772
	Big Little City Funding Campaign	600,099	548,364
	Net Dividend Received	1,280	1,280
	Interest Received	57,019	41,900
		<u>4,555,534</u>	<u>4,111,316</u>

Notes to the financial statements for the year ended 30 June 2011

3	Operating Expenses	2011	2010
		\$	\$
	Depreciation Office Equipment	1,270	901
	Depreciation Computer Equipment	9,987	7,105
	Depreciation Office Fittings & Furniture	9,473	10,216
	Amortisation Website	82,576	2,617
	Depreciation Promotional Assets	127,365	193,607
	Audit Fees	8,712	9,514
	Rent	144,644	78,640
	Loss on Sale of Assets	-	6,203
4	Property Plant and Equipment		
	Year Ended 30 June 2011	Cost	Accum Depn
		\$	\$
	Office Equipment	22,082	12,870
	Computer Equipment	58,947	48,197
	Office Fittings & Furniture	97,597	42,001
	Promotional Assets	932,380	578,474
		<u>1,111,006</u>	<u>681,542</u>
	Year Ended 30 June 2010		
	Office Equipment	14,077	11,600
	Computer Equipment	54,048	38,210
	Office Fittings & Furniture	91,300	32,528
	Promotional Assets	873,909	451,109
		<u>1,033,334</u>	<u>533,447</u>

Notes to the financial statements for the year ended 30 June 2011

5 Related Parties

The society has conducted transactions with related parties as follows:

Party	Relationship	Transaction
Terry Gould	Chairman	Honorarium
Michele Stanton	Deputy Chair (Resigned)	Honorarium
Jason Copus	Treasurer	Honorarium
Gary Langsford	Board Member	Landlord (Part owner), Honourarium
Peter Cammell	Board Member	Honorarium
Chris Cherry	Board Member	Honorarium
John Courtney	Board Member	Honorarium
Callum Mallet	Board Member	Honorarium
Marion Edwards	Board Member	Honorarium
Alan Matson	Board Member	Honorarium

Total rent paid to the 26 Lorne Street Limited where Gary Langsford (Board Member) is a part owner was \$98,866 (2010: \$75,000). No amounts are outstanding at year end.

No related party debts have been written off or forgiven during the year (2010: Nil).

6 Contingent Liabilities

There are no contingent liabilities at year end (2010: \$Nil).

7 Capital Commitments

There are no capital commitments at year end (2010: \$Nil).

8 Lease Commitments

Lease commitments from non-cancellable operating leases at balance date are:

	2011	2010
	\$	\$
Current	130,126	79,392
Non current	192,894	290,034
	<u>323,020</u>	<u>369,426</u>

Notes to the financial statements for the year ended 30 June 2011

9	Intangible Assets	2011	2010
		\$	\$
	Website at Cost	295,701	62,800
	Accumulated Amortisation	<u>(85,193)</u>	<u>(2,617)</u>
		<u>210,508</u>	<u>60,183</u>

10 Adoption of International Financial Reporting Standards

In December 2002 the New Zealand Accounting Standards Review Board (ASRB) announced that New Zealand International Financial Reporting Standards ("NZ IFRS") will apply to all New Zealand reporting entities for the periods commencing on or after 1 January 2007. However, Heart of the City Incorporated meets the NZ IFRS adoption deferral criteria and as permitted in ASRB Release 9, has elected to defer adoption of NZ IFRS.

11 Events Occurring After Balance Date

No significant events have occurred after balance date (2010: None).