

**The Karangahape Road Business Association, Incorporated**  
**Financial Statements**  
**For the Year ended 30th June 2011**

# The Karangahape Road Business Association, Incorporated

## **Annual Report for the Year Ended 30 June 2011**

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# Lennie & Associates

## Chartered Accountants

Level Two  
90 Symonds Street  
PO Box 128-246  
Remuera, Auckland 1541  
New Zealand

Telephone: +64 9 368 1212  
Facsimile: +64 9 368 1211  
email: service@lennie.co.nz

### THE KARANGAHAPE ROAD BUSINESS ASSOCIATION, INCORPORATED INDEPENDENT AUDITOR'S REPORT

To the members of The Karangahape Road Business Association, Incorporated

#### **Report on the Financial Statements**

We have audited the financial statements of The Karangahape Road Business Association, Incorporated ("KBA") on pages 2 to 9, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of movements in general funds and schedule of fixed assets and depreciation for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Executive Committee's Responsibility for the Financial Statements*

The Executive Committee of KBA ("Executive Committee") is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Executive Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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 and fair presentation of the financial statements 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 overall 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.

Other than in our capacity as auditor we have no relationship with, or interests in, KBA.

#### *Opinion*

In our opinion, the financial statements on pages 2 to 9 present fairly, in all material respects, the financial position of KBA as at 30 June 2011, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

#### **Report on Regulatory Requirements**

In accordance with Rule 18 of the Rules of KBA of 15 June 2005 we have obtained all the information and explanations we have required.

In our opinion proper accounting records have been kept by KBA as far as appears from an examination of those records.

Lennie & Associates  
25 November 2011  
Auckland

**The Karangahape Road Business Association, Incorporated**  
**Trading Account**  
**For the Year ended 30th June 2011**

	2011 \$	2010 \$
<b>REVENUE</b>		
Grants Received	7,065	-
Auckland City Council Quarterly Grant	310,000	294,840
Auckland City Council Irregular Grants	61,156	56,820
Auckland City Council Payments	<u>17,100</u>	<u>30,620</u>
Total Sales	395,321	382,280
<b>DIRECT COSTS</b>		
Precinct Manager	76,096	74,393
Promotions Programmes and Advertising	85,799	90,923
Security and Lighting	80,840	64,497
Strategic Plan	<u>12,592</u>	<u>2,747</u>
Total	255,328	232,560
<b>GROSS SURPLUS FROM TRADING</b>	<u><u>\$139,994</u></u>	<u><u>\$149,720</u></u>

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*NOTE: This Statement should be read in conjunction with the accompanying Independent Auditor's Report and the Notes to the Financial Statements.*

**The Karangahape Road Business Association, Incorporated**  
**Statement of Financial Performance**  
**For the Year ended 30th June 2011**

	2011 \$	2010 \$
<b>Gross Surplus from Trading</b>	139,994	149,720
<b>SUNDRY INCOME</b>		
Dividends Received	468	467
Interest Received	2,836	1,458
Non Assessable Income	6	7
Rent Received	36	1,458
Sundry Income	5,188	4,634
<b>Total Income</b>	<u>148,528</u>	<u>157,745</u>
<b>Less Expenses</b>		
Accident Compensation Levy	639	665
Accountancy Fees	5,453	1,419
Administration Fees	48,612	42,304
Audit Fees	7,966	6,591
Bank Charges	242	391
Events	36,510	18,368
Heritage Plan	5,000	7,414
Insurance	692	671
Interest - Overdraft	-	2
Interest Expense	-	2
Kiwisaver Employer Contributions	2,496	1,193
Legal Expenses	673	-
Light Power & Heating	1,045	972
Meetings	1,231	5,232
Overbridge Design Work	1,163	-
Office Expenses	9,019	9,687
Planning	212	-
Printing, Stamps & Stationery	592	279
Rent - Carparking	2,916	2,300
Rent - Office	12,444	12,444
Repairs & Maintenance	-	391
Safety Audit	-	1,987
Staff Training	636	790
Telephone, Tolls & Internet	3,693	3,435
Travel - International	1,844	-
Website Expenses	2,724	2,842
<b>Total Expenses</b>	<u>145,800</u>	<u>119,379</u>
Net Surplus / (Deficit) Before Depreciation	<u>2,728</u>	<u>38,366</u>
<b>Less Depreciation Adjustments</b>		
Depreciation as per Schedule	1,855	628
Depreciation - Loss on Sale	-	48
Net Depreciation Adjustment	<u>1,855</u>	<u>676</u>
Gift to Auckland City – Peter Lange Sculptural Seat	-	24,000

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*NOTE: This Statement should be read in conjunction with the accompanying Independent Auditor's Report and the Notes to the Financial Statements.*

**The Karangahape Road Business Association, Incorporated**  
**Statement of Financial Performance**  
**For the Year ended 30th June 2011**

	<u>2011</u>	<u>2010</u>
	\$	\$
NET OPERATING SURPLUS / (DEFICIT) BEFORE TAX	873	13,690
Tax Adjustments	691	277
<b>SURPLUS / (DEFICIT) AFTER TAX</b>	<b><u>182</u></b>	<b><u>13,413</u></b>

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**The Karangahape Road Business Association, Incorporated**  
**Statement of Movements in General Funds**  
**For the Year Ended 30 June 2011**

	2011 \$	2010 \$
<b>GENERAL FUNDS AT START OF PERIOD</b>	43,442	30,029
<b>SURPLUS &amp; REVALUATIONS</b>		
Net Surplus / (Deficit) After Tax	<u>182</u>	<u>13,413</u>
<b>Total recognised revenues &amp; expenses for the period</b>	182	13,413
<b>GENERAL FUNDS AT END OF PERIOD</b>	<u><u>\$43,624</u></u>	<u><u>\$43,442</u></u>

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*NOTE: This Statement should be read in conjunction with the accompanying Independent Auditor's Report and the Notes to the Financial Statements.*

**The Karangahape Road Business Association, Incorporated**  
**Statement of Financial Position**  
**As at 30th June 2011**

	2011 \$	2010 \$
<b>CURRENT ASSETS</b>		
Bank - Cheque Account	-	1,094
Bank - Savings account	31,839	55,260
Term Deposit	10,353	-
GST Refund Due	16,592	8,770
Taxation	49	144
Accounts Receivable	8,807	0
Payments in Advance	1,337	-
<b>Total Current Assets</b>	<u>68,976</u>	<u>65,269</u>
<b>NON-CURRENT ASSETS</b>		
Fixed Assets as per Schedule	<u>4,950</u>	<u>1,652</u>
<b>TOTAL ASSETS</b>	<u>73,926</u>	<u>66,921</u>
<b>CURRENT LIABILITIES</b>		
Bank - Cheque Account	961	-
Accounts Payable	5,463	2,573
Accrued Expenses	20,582	17,767
PAYE Tax Payable	3,175	3,017
Pay to be caught up	121	121
<b>Total Current Liabilities</b>	<u>30,302</u>	<u>23,478</u>
<b>TOTAL LIABILITIES</b>	<u>30,302</u>	<u>23,478</u>
<b>NET ASSETS</b>	<u>\$43,624</u>	<u>\$43,442</u>
Represented by;		
<b>GENERAL FUNDS</b>		
Retained Earnings	<u>43,624</u>	<u>43,442</u>
<b>TOTAL GENERAL FUNDS</b>	<u>\$43,624</u>	<u>\$43,442</u>

For and on behalf of the Committee ;

President Tuiroa Faleafa  
T. Faleafa

Treasurer RICHARD JOE

Date 24/11/11

[Signature]

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NOTE: This Statement should be read in conjunction with the accompanying Independent Auditor's Report and the Notes to the Financial Statements.

**The Karangahape Road Business Association, Incorporated**  
**Schedule of Fixed Assets and Depreciation**  
**For the Year Ended 30 June 2011**

Asset	Cost Price	Book Value 01/07/2010	Additions Disposals	Gain/Loss on Disposal	Capital Profit	--- Depreciation --- Mth Rate	\$	Accum Deprec 30/06/2011	Book Value 30/06/2011
<b>OFFICE EQUIPMENT</b>									
Bookcase	205	11				12 18.0% DV	2	196	9
White Board 1200x900	235	1				12 39.6% DV	0	234	1
Workstation	589	165				12 14.4% DV	24	448	141
Chair	320	65				12 18.0% DV	12	267	53
City Furniture - Office Furniture	2,245	757				12 18.0% DV	136	1,624	621
Intel LGA775 Core 2 Duo 1	1,199	73				12 60.0% DV	44	1,170	29
City Business Furniture - Desk	715	425				12 15.6% DV	66	356	359
AMD AM2 Dual Core Computer with 19" Screen	1,200	154				12 60.0% DV	92	1,138	62
Remote Speaker Microphone Security			636			10 40.0% DV	212	212	424
SRH3800 1W, 806-870MHz Security			3,560			10 40.0% DV	1,187	1,187	2,373
Microsoft Office Professional OEM			956			2 50.0% DV	80	80	876
<b>Sub-Total</b>	<b>6,708</b>	<b>1,651</b>	<b>5,152</b>				<b>1,855</b>	<b>6,912</b>	<b>4,948</b>
<b>TOTAL</b>	<b>6,708</b>	<b>1,651</b>	<b>5,152</b>				<b>1,855</b>	<b>6,912</b>	<b>4,948</b>

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*NOTE: This Statement should be read in conjunction with the accompanying Independent Auditor's Report and the Notes to the Financial Statements.*

# The Karangahape Road Business Association, Incorporated

## Notes to the Financial Statements

### For the Year ended 30th June 2011

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#### 1. STATEMENT OF ACCOUNTING POLICIES

##### Reporting Entity

The financial statements presented here are for the entity The Karangahape Road Business Association, Incorporated ("The Association").

The Association is an incorporated society registered under the Incorporated Societies Act 1908. The financial statements have been prepared according to generally accepted accounting practice.

##### Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

##### Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

(a) **Differential Reporting**

The Association is a qualifying entity in that it qualifies for Differential Reporting as it is not publicly accountable and is not large. The Association has taken advantage of all available differential reporting exemptions.

(b) **Fixed Assets & Depreciation**

The entity has the following class of fixed asset;

Office Equipment

All fixed assets are recorded at cost less accumulated depreciation.

Depreciation has been calculated on a diminishing value basis in accordance with rates set out in the Income Tax Act 2007 as follows:

Office Equipment 14.4% to 60.0%

(c) **Grants**

Grants are recognised in operating revenue unless specific conditions attach to a grant and repayment of the grant is required where these conditions are not met. If this arises the grant is treated as a liability until the conditions are met.

**The Karangahape Road Business Association, Incorporated**  
**Notes to the Financial Statements**  
**For the Year ended 30th June 2011**

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(d) **Goods & Services Tax**

The Statement of Financial Performance has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of accounts receivable and payable.

(e) **Investments**

Investments are carried at the lower of cost and net realisable value. Where in the Executive Committee's opinion there has been a permanent reduction in the value of the investments this has been brought to account in the current period.

(f) **Receivables**

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

**Changes in Accounting Policies**

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

2. **AUDIT**

These financial statements have been subject to audit, please refer to the accompanying Independent Auditor's Report.

3. **CONTINGENT LIABILITIES**

At balance date there are no known contingent liabilities (2010:\$0). The Association has not granted any securities in respect of liabilities payable by any other party whatsoever.

4. **COMMITMENTS**

There were no capital commitments at balance date (2010 \$Nil).

The Association has a lease commitment under an operating lease, which is subject to a three month notice period, as follows:

	30 June 2011	30 June 2010
	\$	\$
Current	3,111	3,111
Non-current	-	-
	<u>3,111</u>	<u>3,111</u>

5. **RELATED PARTIES**

All transactions with related parties were carried out on an arm's length basis and at commercial rates not dissimilar to those received by parties who are not related.

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