

# Financial Statements

Employers' and Manufacturers' Association (Northern)  
Incorporated  
For the year ended 30 June 2021

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# Directory

## Employers' and Manufacturers' Association (Northern) Incorporated For the year ended 30 June 2021

### Nature of Business

Provision of Advocacy Services, Employment Relations Advice, Training and Consultancy

### Business Address

145 Khyber Pass Road  
Grafton  
Auckland

### Postal Address

Private Bag 92066  
Victoria Street West  
Auckland 1142

### IRD Number

010-009-405

### Auditor

Grant Thornton New Zealand Audit Limited ,  
Level 4, Grant Thornton House  
152 Fanshawe Street  
Auckland 1140

### Bankers

ANZ Bank New Zealand Limited  
ASB Bank Limited  
Westpac New Zealand Limited  
Kiwibank Limited

### Solicitors

Stace Hammond  
Richard Upton Barrister

# Directory

## Employers' and Manufacturers' Association (Northern) Incorporated For the year ended 30 June 2021

### President

Andrew Hunt, Kinetics Group Limited

### Board Members

Andrew Phipps, University of Auckland  
Colin Birch, Smart Climate Solutions  
David Jack, Permark Industries Ltd  
David Welsh, Winstone Aggregates  
Derek Rankin, Rankin Treasury Advisory Ltd  
Frank Cui, Sure Capital Group  
Jugdis Parbhu, BDO Auckland  
Maggie Chen, Alpha Group Ltd  
Margaret Gracie, nominee of New Zealand Steel Ltd  
Murray Jamieson, MV Advisory Ltd  
Mike Riley, Dotterel Technology  
Richard Pearson, Enviro Waste Services Ltd  
Sara Lunam, nominee of Port of Tauranga

### Key Management Personnel

Brett O'Riley, Chief Executive Officer  
Alan McDonald, Head of Advocacy and Strategy  
Raymond Skoglund, Head of Growth and Engagement  
Geraldine Bromley, Chief Financial Officer  
Omima Alsafwani, Head of People and Support Services  
Matthew Dearing, Head of Legal Services  
Denise Moller, Head of Marketing and Digital Experience, resigned 27 August 2021



# Independent Auditor's Report

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Auckland 1140  
T +64 9 309 4892  
www.grantthornton.co.nz

## To the Members of Employers' and Manufacturers' Association (Northern) Incorporated

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Employers' and Manufacturers' Association (Northern) Incorporated (the "Association") on pages 7 to 27 which comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive revenue and expenses, statement of changes in net assets / equity and statement of cash flows 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 present fairly, in all material respects, the financial position of the Association as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. 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 Association in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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 Matter

The financial statements of the Association for the year ended 30 June 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 29 October 2020.

#### Other Information Other than the Financial Statements and Auditor's Report thereon

The Board members are responsible for the other information. The other information comprises the Directory, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connections with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Board members' Responsibilities for the Financial Statements**

The Board members are responsible on behalf of the Association for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance 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 members on behalf of the Association are responsible for assessing the Association'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 members either intend to liquidate the Association 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 economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

### **Restriction on use of our report**

This report is made solely to the Association's members, as a body. Our audit work has been undertaken so that we might state to the Association's members 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 Association and its members for our audit work, for this report or for the opinion we have formed.

**Grant Thornton New Zealand Audit Limited**

*Grant Thornton*

**Auckland**

**26 November 2021**

# Statement of Comprehensive Revenue and Expenses

Employers' and Manufacturers' Association (Northern) Incorporated  
For the year ended 30 June 2021

	NOTES	2021	2020
<b>Revenue from Exchange Transactions</b>			
Membership Subscriptions	2(i)	7,118,453	7,247,148
Business Central Income	2(i)	523,270	514,624
Employment Relations Consultancy, OSH, Legal Services and Publications	2(i)	3,648,159	3,362,774
Export NZ and Advocacy Income	2(i)	218,347	195,643
Other Income	3	2,330,278	636,408
Rent Received	2(i)	310,952	327,138
Training and Conferences	2(i)	3,295,822	3,479,821
<b>Total Revenue from Exchange Transactions</b>		<b>17,445,281</b>	<b>15,763,556</b>
<b>Revenue from Non-Exchange Transactions</b>			
Commission and Dividends Received		1,478	1,604
Government Grants		-	580,627
<b>Total Revenue from Non-Exchange Transactions</b>		<b>1,478</b>	<b>582,231</b>
<b>Total Revenue</b>		<b>17,446,759</b>	<b>16,345,787</b>
<b>Expenses</b>			
Administration and General Expenses		308,127	239,571
Audit Fee	6	27,000	40,661
Business Central Expenses		418,493	405,266
Business NZ Levy	19	871,796	653,847
Communications, Photocopying and Publishing		174,228	227,569
Contractors' Expenses		2,723,713	2,256,409
Employment	18	8,445,767	8,092,041
Export NZ Expenses		41,989	173,314
Information Technology Expenses		897,414	756,082
Members Functions, Promotions and Advertising		306,486	322,227
Occupancy		1,026,339	1,056,764
Training and Conferences Delivery Expenses		1,390,555	1,535,969
Travelling, Accommodation and Motor Vehicle Expenses		159,666	188,732
<b>Total Expenses</b>		<b>16,791,572</b>	<b>15,948,452</b>
<b>Net Profit from Continuing Operations</b>		<b>655,187</b>	<b>397,335</b>
<b>Finance Costs/(Income)</b>			
Interest Received	2(i) 2(j)	(383)	(1,228)
Interest - Loans		29,318	79,022
<b>Net Finance Costs/(Income)</b>		<b>28,936</b>	<b>77,794</b>

These financial statements are to be read in conjunction with the Notes to the Financial Statements and the Auditor's Report.

## Statement of Comprehensive Revenue and Expenses

	NOTES	2021	2020
<b>Other Revenue/(Expenses)</b>			
Equity Accounted Profit / (Loss) from Business New Zealand Incorporated	11	117,554	(23,874)
Gain / (Loss) on Fair Value of Investment Properties	10	-	(175,000)
Net Other Revenue/(Expenses)		<b>117,554</b>	<b>(198,874)</b>
<b>Net Surplus/(Loss) for the Year</b>		<b>743,805</b>	<b>120,667</b>

<b>Comprehensive Revenue and Expenses for the Year</b>			
Net Surplus/(Loss) for the Year		<b>743,805</b>	<b>120,667</b>
Other Comprehensive Revenue and Expenses			
Movements in Revaluation Reserve		-	(122,208)
Total Other Comprehensive Revenue and Expenses		-	(122,208)
<b>Total Comprehensive Revenue and Expenses for the Year</b>		<b>-</b>	<b>(1,541)</b>

These financial statements are to be read in conjunction with the Notes to the Financial Statements and the Auditor's Report.



# Statement of Changes in Net Assets / Equity

Employers' and Manufacturers' Association (Northern) Incorporated  
For the year ended 30 June 2021

	NOTES	REVALUATION RESERVE	ACCUMULATED REVENUE AND EXPENSES	TOTAL EQUITY
<b>Equity for the year ended 30 June 2021</b>				
Opening Balance		4,982,822	21,103,952	26,086,774
Net Surplus/(Loss) for the year		-	743,805	743,805
Gain / (Loss) on Revaluation of Property, Plant and Equipment	8	-	-	-
<b>Total Equity for the year ended 30 June 2021</b>		<b>4,982,822</b>	<b>21,847,757</b>	<b>26,830,579</b>
<b>Equity for the year ended 30 June 2020</b>				
Opening Balance		5,105,030	20,983,285	26,088,315
Net Surplus/(Loss) for the year		-	120,667	120,667
Gain / (Loss) on Revaluation of Property, Plant and Equipment	8	(122,208)	-	(122,208)
<b>Total Equity for the year ended 30 June 2020</b>		<b>4,982,822</b>	<b>21,103,952</b>	<b>26,086,774</b>

These financial statements are to be read in conjunction with the Notes to the Financial Statements and the Auditor's Report

# Statement of Financial Position

Employers' and Manufacturers' Association (Northern) Incorporated  
As at 30 June 2021

	NOTES	2021	2020
<b>Equity</b>			
<b>Total Equity</b>		<b>26,830,579</b>	<b>26,086,774</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Bank	13	2,791,493	3,637,752
Receivables from Exchange Transactions	7	4,486,247	4,400,548
Inventories		9,067	15,034
<b>Total Current Assets</b>		<b>7,283,807</b>	<b>8,053,334</b>
<b>Non-Current Assets</b>			
Investment in Business NZ Incorporated	11	641,486	523,932
Property, Plant and Equipment	8	26,893,065	27,267,963
Investment Properties	10	2,600,000	2,600,000
Intangibles	9	176,732	54,340
<b>Total Non-Current Assets</b>		<b>30,311,283</b>	<b>30,446,235</b>
<b>Total Assets</b>		<b>37,595,090</b>	<b>38,499,569</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	21	1,777,526	948,802
Subscription and Fees in Advance		7,090,375	6,340,865
GST Payable		791,420	1,055,433
Annual Leave Accrual		577,398	539,903
Loan Credit Facility	14	527,793	3,527,792
<b>Total Current Liabilities</b>		<b>10,764,511</b>	<b>12,412,795</b>
<b>Total Liabilities</b>		<b>10,764,511</b>	<b>12,412,795</b>
<b>Net Assets</b>		<b>26,830,579</b>	<b>26,086,774</b>

For and on behalf of the Board, which authorised the issue of these Financial Statements:

DocuSigned by:

*Andrew Hunt*

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Andrew Hunt  
President

Date 26/11/2021

DocuSigned by:

*Brett O'Riley*

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Brett O'Riley  
Chief Executive Officer

Date 26/11/2021

These financial statements are to be read in conjunction with the Notes to the Financial Statements and the Auditor's Report.

# Statement of Cash Flows

## Employers' and Manufacturers' Association (Northern) Incorporated For the year ended 30 June 2021

	2021	2020
<b>Cash Flows From/(To) Operating Activities</b>		
Receipts from Subscriptions and Members' Services	16,399,754	13,929,187
Receipts of Property Rentals	310,952	327,138
Government Grants	-	580,627
Contract Revenue	1,500,000	1,500,000
Interest, Commission and Dividends Received	1,857	2,831
Payments to Suppliers and Employees	(14,424,263)	(14,906,991)
Business NZ Levy Paid	(871,796)	(653,847)
National Subscription Paid to Other Regional Associates	(92,645)	(92,649)
Net GST, FBT and ACC Levy	(344,661)	110,640
Bank Fees and Interest Paid	(49,470)	(95,316)
<b>Net Cash Inflows from Operating Activities</b>	<b>2,429,728</b>	<b>701,620</b>
<b>Cash Flows From/(To) Investing Activities</b>		
Purchase of Property, Plant and Equipment	(113,673)	(188,629)
Proceeds from Sale of Property, Plant and Equipment	-	1,957
Purchase of Intangible Assets	(162,314)	(7,888)
<b>Net Cash (Outflow) from Investing Activities</b>	<b>(275,987)</b>	<b>(194,560)</b>
<b>Cash Flows From/(To) Financing Activities</b>		
Proceeds from/repayment of Term Loan	(3,000,000)	-
<b>Net Cash (Outflow) from Financing Activities</b>	<b>(3,000,000)</b>	<b>-</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(846,259)	507,060
Cash and Cash Equivalents at beginning of period	3,637,752	3,130,692
Cash and Cash Equivalents at end of period	<b>2,791,493</b>	<b>3,637,752</b>
<b>Reconciliation of Net Cash Flows from Operating Activities to Surplus / (Loss)</b>		
Surplus/(Loss)	<b>581,880</b>	<b>120,667</b>
Adjustments for:		
Bad Debts Provision	6,989	107,831
Depreciation	466,083	529,806
Amortisation	62,218	39,951
(Gain)/Loss on Disposal of Assets	191	8,214
Amortisation – Business NZ Loan	-	5,000
(Gain)/Loss on Fair Value of Investment Properties	-	175,000
(Gain)/Loss from Investment in Business NZ	(117,554)	23,874
<b>Change in Assets and Liabilities</b>		
Decrease/(Increase) In Receivables	(224,462)	(918,335)
Decrease/(Increase) In Trade and Other Payables	1,106,254	(325,484)
Decrease/(Increase) In Inventory	5,966	(859)
Decrease/(Increase) In Income in Advance	806,177	712,003
Decrease/(Increase) In Net GST Payable	(264,014)	223,952
<b>Net Cashflow from Operating Activities</b>	<b>2,429,728</b>	<b>701,620</b>

These financial statements are to be read in conjunction with the Notes to the Financial Statements and the Auditor's Report.

# Notes to the Financial Statements

## Employers' and Manufacturers' Association (Northern) Incorporated

### For the year ended 30 June 2021

#### 1. Reporting Entity

The financial statements of Employers' and Manufacturers' Association (Northern) Incorporated ('the Association') for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board on the date stated in the Statement of Financial Position.

Employers' and Manufacturers' Association (Northern) Incorporated is registered in New Zealand under the Incorporated Societies Act 1908. The financial statements of the Association are a general purpose report, which have been prepared in accordance with generally accepted accounting practices.

The Association's primary function is to support its member organisations in growing and developing their business through Employment Relations advice and consultancy, occupational health and safety and workplace safety advice and training, skills training and education courses, events and networking opportunities and making submissions on proposed legislations and organising occasional campaigns to improve the environment in which to do business.

The Association has offices in Auckland, Waikato and the Bay of Plenty representing over 7,300 member organisations to the north of Taupo.

#### 2. Summary of Significant Accounting Policies

##### **Basis of Preparation**

##### **Statement of Compliance**

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Association is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board of Directors has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions. Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

##### **Changes in Accounting Policy**

All accounting policies remain on a consistent basis with the prior year.

##### **Basis of Measurement**

The financial statements are prepared on the historical cost basis, except for investment properties and owner-occupied land and buildings which have been measured at fair value.

##### **Presentation Currency**

These financial statements are presented in New Zealand dollars (\$), rounded to the nearest dollar.

##### **COVID-19 Pandemic Impact**

The continued outbreak of the COVID-19 pandemic, quarantine measures imposed by New Zealand and other governments as well as the travel and trade restrictions imposed by New Zealand and other countries in 2020 and 2021 has caused disruption to business and economic activity.

Management have undertaken a going concern review considering reasonable possible changes in trading performance due to COVID-19. Management are therefore satisfied that EMA will continue to operate for at least 12 months from the approval date of the financial statements. Accordingly, EMA continues to adopt the going concern basis in preparing the financial statements.

## Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) Property, Plant and Equipment

All items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses except for land and buildings as noted below.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised as surplus or deficit in that Statement of Comprehensive Revenue and Expenses.

Patrick Ryan (CBRE), an independent valuer made the following valuations of land and buildings owned by Employers and Manufacturers Association (Northern) Incorporated as at 24 June 2020;

Property	Value (\$)
145 Kyber Pass Road, Grafton, Auckland	16,450,000
159 Khyber Pass Road, Grafton, Auckland	3,310,000
11 Auburn Street, Grafton, Auckland	6,800,000

Land and Buildings have been accounted for at fair value in line with the above valuations with the movement being recognised as other comprehensive income taken to the Asset Revaluation Reserve within Equity. The Association will revalue owner-occupied land and building assets periodically to ensure the fair value recorded within the financial statements remain up to date. If evidence suggests that the value of the properties change significantly then a revaluation is performed. This is reviewed every two years for land and building assets. The fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms' length transaction at the date of valuation. The fair value estimate is considered a level 3 estimate within the fair value hierarchy.

### Key Assumptions

- Discounted cash flow model, direct comparison and capitalisation approach
- Principal occupancy term is 8 years
- Capitalisation rate: 11 Auburn Street 5.00%, 145 Khyber Pass Road 5.625%
- Terminal yield date of 10 years
- Yield at terminal date of 5.75% (145 Khyber Pass Road only)
- Discount rate of 7.00% (145 Khyber Pass Road only)

### Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. Ongoing repairs and maintenance is expensed as incurred.

### Depreciation

Depreciation is charged based on an assets estimated useful life. The Board deem that these rates are a suitable proxy for estimating the depreciation and therefore the useful lives of assets. Land is not depreciated. The estimated useful lives and depreciation rates are:

Asset	Useful Life	Rate and Method
Buildings	100 years	1% SL
Property Improvements	2-20 years	8-50% DV
Furniture and Equipment	2-13 years	10-67% DV and 21% SL
Computer Hardware	3 years	25-67% DV
Motor Vehicles	5 years	30% DV and 21% SL

Freehold land is not depreciated and Work in Progress is only depreciated when it is ready for use and transferred into an asset category.

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

Property improvements are classified as assets made to buildings held which cannot be easily added or disposed of.

Furniture and equipment are classified as assets which are easily added or disposed of such as plant, office equipment, partitions, classrooms, telephone equipment and furniture and fittings.

## **(b) Intangible Assets**

### **Software**

The cost of acquiring an intangible asset is amortised over the period of its useful life from the date of purchase. All intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. These assets have been defined as having a finite life and are amortised over the period of their useful life using the following rates:

Software and development costs	2 - 3 years	36-50% DV
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Significant costs associated with software have a benefit or relationship to more than one accounting period and are deferred and amortised over the periods of their expected benefit.

## **(c) Financial Assets and Financial Liabilities**

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the financial instrument.

The Association derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial asset that is created or retained by the Association is recognised as a separate asset or liability.

The Association derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Association also derecognises financial assets and financial liabilities when there have been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Association has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are cash and cash equivalents and trade and other receivables. Financial liabilities consist of payables, leave accrual and the bank loan. All financial instruments are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment (financial assets) and interest expense (financial liabilities) are recognised in surplus or deficit.

## **(d) Impairment of Financial Assets**

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be received. Objective evidence that financial assets are impaired includes default or delinquency by adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

In addition, for an equity security classified as an available-for-sale financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Refer to Note 4 for Financial Risk Management Objectives and Policies

## **(e) Receivables from Exchange Transactions**

Receivables from exchange transactions are measured at their cost less impairment losses. Receivables from exchange transactions are non-interest bearing and are generally on 30 - 60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

**(f) Inventories**

Inventories are measured at the lower of cost, determined on a "first-in first-out" basis, or net realisable value.

**(g) Impairment**

The carrying amounts of the Association's assets other than inventories are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Revenue and Expenses.

Estimated recoverable amount of investments and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**(h) Payables**

These amounts represent liabilities for goods and services, provided to the Association prior to the end of the period, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. The carrying value of is assumed to approximate their fair value.

**(i) Revenue Recognition**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

**Revenue from exchange transactions****Membership Subscriptions Income**

Income is recognised in the year it relates to. Subscriptions are billed on an annual basis. Any portion of the income relating to a period outside of the financial year is treated as unearned income and transferred to the Subscriptions in Advance account in the Statement of Financial Position.

**Training and Conference Income**

Training courses, conference and events are generally billed in advance. All billings are posted to unearned revenue as Fees in Advance in the Statement of Financial Position when cash is received and are recognised as revenue only at the time that the courses or conferences take place.

These financial statements do not include the value associated with bookings that have been made but no payment has been received.

**Advertising and Sponsorship Income**

Advertising and sponsorship income is generally billed in the month of activity. Where income is billed in advance, it is posted to the unearned sponsorship account in the Statement of Financial Position and is only recognised when the activity takes place.

**Rental Income**

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

**Contract Revenue**

The Association has been contracted to manage and operate a specific business helpline which was set up to provide a response to the COVID-19 pandemic. In addition, the Association has been contracted to deliver part of the Industry 4.0 Manufacturing Programme. These contracts are considered to be exchange revenue as the Association are committed to provide a service with consideration being received for the provision of this service. The consideration received under these contracts are initially recognised as a liability. Revenue is recognised as the Association provides the service. The Association has an obligation to return any unspent funds.

**Employment Relations Consultancy, OSH, Legal Services and Publications; Export NZ and Advocacy and Business Central Income**

Employment Relations Consultancy, Occupational Safety and Health, Legal Services and Publications, Export NZ and Advocacy and Business Central Income is recognised on an entitlement to bill method. Revenue relates to services rendered under normal commercial arrangements.

**Revenue from non-exchange revenue**

Non exchange transactions are those where the Association receives an inflow of resources (i.e. cash and other tangible or intangible items), but provides no (or nominal) direct consideration in return.

**Government Grants**

As direct result of the COVID-19 pandemic, the Association's revenue was impacted, and the COVID-19 wage subsidy was applied for and granted in 2020 amounting to \$580,627. This is contained under Government Grants within revenue from non-exchange transactions.

**(j) Finance Income and Expenses**

Finance income comprises interest income, dividend income, and changes in the fair value of financial assets at fair value through the Statement of Comprehensive Revenue and Expenses. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Association's right to receive payment is established, which in the case of quoted securities is the "ex-dividend" date.

Finance expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through the Statement of Comprehensive Revenue and Expenses, and impairment losses recognised on financial assets (except for trade receivables). All borrowing costs are recognised as profit or loss using the effective interest method.

**(k) Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences as at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction affects neither the accounting profit nor taxable profits or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are not recognised as the organisation does not foresee utilisation and benefit in the near future.



**(l) Goods and Services Tax (GST)**

With the exception of trade payables and receivables, all items are stated exclusive of GST.

**(m) Investments in Associates**

The Association's investment in Business New Zealand is accounted for using the equity method of accounting in the financial statements. Associates are entities over which the Association has significant influence and that are neither subsidiaries nor joint ventures. The Association generally deems it has significant influence if it has over 20% of the voting rights.

Under the equity method, investments in associates are carried in the Statement of Financial Position at cost plus post-acquisition changes in the Association's share of net assets of the associates.

The Association's share of its associates' post-acquisition profits or losses is recognised in the Statement of Comprehensive Revenue and Expenses, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Association's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Association does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of Business New Zealand and the Association are identical and the associates' accounting policies conform to those used by the Association for like transactions and events in similar circumstances.

**(n) Investment Properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the Statement of Financial Position date. Gains or losses arising from changes in the fair values of investment properties are recognised in the Statement of Comprehensive Revenue and Expenses in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statement of Comprehensive Revenue and Expenses in the year of retirement or disposal.

**(o) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

*(i) Association as a lessor*

Leases in which the Association retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

*(ii) Association as a lessee*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Revenue and Expenses on a straight line basis over the period of the lease.

**(p) Employee Leave Benefits**

Wages, salaries, and annual leave:

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

**3. Other Income**

	<b>2021</b>	<b>2020</b>
Contract Revenue	1,905,085	522,302
Other Miscellaneous Income	425,193	114,106
<b>Total Other Income</b>	<b>2,330,278</b>	<b>636,408</b>

**4. Financial Risk Management Objectives and Policies**

The Association's principal financial instruments comprise of receivables, payables, and cash and short-term deposits.

The Association's risk management objectives are to ensure medium term cash flows and costs can be met, to provide a strong Statement of Financial Position so that member needs can be serviced and to avoid undue financial risks.

The Association achieves its risk management objectives through its risk management policies. These are to set subscriptions at a level that will cover operational costs, monitoring the financial status of counterparties and regularly monitoring business cash flows.

**Risk Exposure and Responses***Interest Rate Risk*

The Association's exposure to market interest rates relates primarily to the Association's cash and cash equivalents.

<b>Financial Assets / Financial Liabilities</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	2,791,493	3,637,753
ANZ Bank Loan	(527,793)	(3,527,792)
<b>Net exposure</b>	<b>2,263,701</b>	<b>109,961</b>
	<b>2021</b>	<b>2020</b>
+1% (100 basis points)	22,664	1,099
-1% (100 basis points)	(22,664)	(1,099)

The movements show the estimated impact of interest rate movements on cash and interest bearing loans. The effect of the rate movement would increase or decrease the interest income / expense recorded in the Statement of Comprehensive Income and Expenses each year.

#### *Foreign Currency Risk*

The Association does not operate outside of New Zealand and therefore is not affected by movements in foreign currency exchange rates.

#### *Credit Risk*

Credit risk arises from the financial assets of the Association, which comprise cash and cash equivalents, trade and other receivables. The Association's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Association does not hold any credit derivatives to offset its credit exposure.

The Association trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Association's policy to securitise its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Association's exposure to bad debt is not significant.

There are no significant concentrations of credit risk within the Association and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

#### *Liquidity Risk*

Liquidity risk arises from the financial liabilities of the Association and the Association's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Association's policy is to hold sufficient cash to cover obligations as they arise. The Association holds a pre-approved bank loan as at the year-end date with a facility of up to \$8 million over the property at 145 Khyber Pass Road, Newmarket, Auckland with a current limit in place of \$5 million.

## 5. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the result of which forms the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

**(i) Significant Accounting Judgements***Impairment of Non-Financial Assets*

The Association assesses impairment of all assets at each reporting date by evaluating conditions specific to the Association and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. A loss on valuation was recognised on owner-occupied buildings and land assets in the prior year.

*Investment in Associates*

The Association applies the equity method of accounting for its investment in Business New Zealand Incorporated. Management consider that the Association has significant influence over the investment entity and therefore this method of accounting is appropriate.

**(ii) Significant Accounting Estimates and Assumptions***Valuation of Investment Properties and Owner-Occupied Buildings*

The Association has entered into commercial property leases on its investment property portfolio. The fair value of these properties is determined by an appropriately qualified independent valuer by reference to an active market.

The Association has valuations undertaken in relation to Land and Buildings held as Property Plant and Equipment. The fair value of these properties is determined considering valuations prepared by an appropriately qualified independent valuer by reference to an active market.

In the prior year, the valuation states that it is reported on the basis of material valuation uncertainty due to Novel Coronavirus (COVID-19). The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, is causing heightened volatility in both local and global market conditions. Given the heightened uncertainty and unknown impact that COVID -19 might have on real estate markets in the future, values and incomes may change more rapidly and significantly than during standard market conditions.

The Association continues to review evidence to ensure revaluations are performed when required. If evidence suggests that the value of the properties change significantly then a revaluation is performed. This is reviewed every two years for owner-occupied buildings and every year for investment properties.

*Estimation of Useful Lives of Assets*

The estimation of useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life.

**6. Remuneration of Auditors**

	2021	2020
Audit Fee	27,000	40,661
<b>Total Remuneration of Auditors</b>	<b>27,000</b>	<b>40,661</b>

The auditor of the Association for 2021 is Grant Thornton New Zealand Audit Limited (2020: RSM Hayes Audit).

**7. Receivables**

	2021	2020
Receivables from Exchange Transactions	4,648,223	4,558,534
Provision for Bad Debts	(164,976)	(157,986)
<b>Total Receivables</b>	<b>4,483,247</b>	<b>4,400,548</b>

Receivables past due but not considered impaired are \$352,293 (2020: \$314,147). The Association has been in direct contact with the relevant debtors and is satisfied that the amount is recoverable.

## 8. Property, Plant and Equipment

## Year ended 30 June 2021

	Freehold Land	Freehold Buildings	Building Improvement	Furniture and Equipment	Computer Hardware	Motor Vehicles	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Net book value at 1 July 2020	6,517,491	19,319,996	749,284	481,396	85,368	45,711	68,718	27,267,964
Additions	-	-	42,744	60,590	10,339	-	-	113,673
Asset/ WIP Transfers	-	-	-	-	-	-	(22,297)	(22,297)
Disposal - Cost	-	-	-	(62,043)	-	-	-	(62,043)
Disposal - Accumulated Depreciation	-	-	-	61,852	-	-	-	61,852
Depreciation charge for the year	-	(201,356)	(86,928)	(117,417)	(46,669)	(13,713)	-	(466,083)
<b>Net book value at 30 June 2021</b>	<b>6,517,491</b>	<b>19,118,640</b>	<b>705,100</b>	<b>424,378</b>	<b>49,038</b>	<b>31,998</b>	<b>46,421</b>	<b>26,893,066</b>
	Freehold Land	Freehold Buildings	Building Improvement	Furniture and Equipment	Computer Hardware	Motor Vehicles	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost / Valuation	6,517,491	20,133,998	1,325,400	1,534,756	410,104	292,046	46,421	30,260,216
Accumulated depreciation	-	(1,015,358)	(620,300)	(1,110,378)	(361,066)	(260,048)	-	(3,367,150)
Net carrying amount	<b>6,517,491</b>	<b>19,118,640</b>	<b>705,100</b>	<b>424,378</b>	<b>49,038</b>	<b>31,998</b>	<b>46,421</b>	<b>26,893,066</b>

The Association revalued the land and buildings effective 24 June 2020 and have carried this value through to balance date. The Association revalues these properties every two years in line with the policy of the Board. The Association believes the revaluation better reflects the non-financial assets of the Association.

Refer to accounting policy note (a) for key assumptions utilised by the valuers in the valuation completed on the 24 June 2020.

## Year ended 30 June 2020

	Freehold Land	Freehold Buildings	Building Improvement	Furniture and Equipment	Computer Hardware	Motor Vehicles	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Net book value at 1 July 2019	7,239,375	18,915,663	797,090	569,650	133,989	69,397	16,354	27,741,520
Additions	-	-	45,941	61,358	28,966	-	52,877	189,142
Gain on Revaluation	-	599,676	-	-	-	-	-	599,676
Loss on Revaluation	(721,884)	-	-	-	-	-	-	(721,884)
Asset/ WIP Transfers	-	-	-	-	-	-	-	-
Disposal - Cost	-	-	-	(48,199)	(5,730)	-	(513)	(54,442)
Disposal - Accumulated Depreciation	-	-	-	38,029	5,731	-	-	43,758
Depreciation charge for the year	-	(195,343)	(93,747)	(139,442)	(77,588)	(23,686)	-	(529,806)
<b>Net book value at 30 June 2020</b>	<b>6,517,491</b>	<b>19,319,996</b>	<b>749,284</b>	<b>481,396</b>	<b>85,368</b>	<b>45,711</b>	<b>68,718</b>	<b>27,267,964</b>
	Freehold Land	Freehold Buildings	Building Improvement	Furniture and Equipment	Computer Hardware	Motor Vehicles	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost / Valuation	6,517,491	20,133,998	1,282,656	1,536,209	399,766	292,046	68,718	30,230,884
Accumulated depreciation	-	(814,002)	(533,372)	(1,054,813)	(314,398)	(246,335)	-	(2,962,920)
Net carrying amount	<b>6,517,491</b>	<b>19,319,996</b>	<b>749,284</b>	<b>481,396</b>	<b>85,368</b>	<b>45,711</b>	<b>68,718</b>	<b>27,267,964</b>

## 9. Intangible Assets -Software

	2021	2020
Carrying Amount		
Opening Balance	54,340	86,403
Additions	184,611	7,888
Amortisation Charge	(62,218)	(39,951)
<b>Closing Balance</b>	<b>176,732</b>	<b>54,340</b>
Reconciliation:		
Cost	829,996	645,385
Accumulated Amortisation - Software	(653,263)	(591,045)
<b>Net Balance</b>	<b>176,732</b>	<b>54,340</b>

## 10. Investment Properties

Investment Properties	2021	2020
Opening Balance	2,600,000	2,775,000
Gain/(Loss) from Fair Value Adjustments	-	(175,000)
Total Investment Properties	2,600,000	2,600,000
Total Investments	<b>2,600,000</b>	<b>2,600,000</b>

The opening balance of \$2,600,000 is not materially different to the valuation performed by Nick Hazelwood of CBRE Limited, whereby there is a range from \$2,525,000 to \$2,600,000. Management has estimated, considering the valuations prepared, that \$2,600,000 materially represents the property's fair value at 30 June 2021.

The following table outlines the valuation impact of changes to assumptions, keeping all other valuation inputs constant:

	Sensitivity	Valuation Impact
<b>Capitalisation Rate</b>	0.25% increase	\$175,000 decrease
	0.25% decrease	\$175,000 increase
<b>Direct Comparison Approach</b>	\$50 increase per square metre	\$50,000 increase
	\$50 decrease per square metre	\$50,000 decrease

The fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms' length transaction at the date of valuation. The fair value estimate is considered a level 3 estimate within the fair value hierarchy.

### Key Assumptions

- Direct Comparison Approach and Capitalisation Approach (2020: Direct Comparison Approach and Capitalisation Approach)
- Capitalisation Rate of 5.625% (2020: 5.75%)
- Value per square metre of \$4,250 (2020: \$4,000)
- Weighted average lease term of 0.50 years (2020: 0.48 Years)

## 11. Investment in Business NZ Incorporated (Associate)

(a) Movements in the carrying amount of the Association's investment in Associates		
	2021	2020
Share of Profit/(Loss) after Income Tax	117,554	(23,874)
Closing Balance	<b>117,554</b>	<b>(23,874)</b>
<b>Extract from Association's Statement of Financial Position</b>		
Assets		
Current Assets	8,116,227	8,066,702
Non-Current Assets	384,663	360,399
<b>Total Assets</b>	<b>8,500,890</b>	<b>8,427,101</b>
Liabilities		
Current Liabilities	7,242,409	7,399,240
<b>Total Liabilities</b>	<b>7,242,409</b>	<b>7,399,240</b>
Net Assets	1,258,481	1,027,861
<b>Share of Associates' Net Assets</b>	<b>642,486</b>	<b>523,932</b>
<b>Extract from the associates' Statement of Comprehensive Income</b>		
Revenue	8,884,882	8,081,265
Net Profit/(Loss)	230,620	(46,268)

The principal place of business is located at 3-11 Hunter Street, Wellington. The proportion of ownership interest or participating share held by the Association is 51.6%.

The Association does not have control over Business NZ Incorporated as it is one of four founding members and has 5 of its board members appointed to the Business NZ's 12- member Executive Council. Accordingly, Business NZ is considered an Associate.

## 12. Income Tax Expense

	2021	2020
Net Profit / (Loss) Before Tax		
Net Profit / (Loss) Before Tax	743,690	120,667
<b>Taxable Income / (Loss)</b>	<b>743,690</b>	<b>120,667</b>
At statutory income tax rate of 28%		
Tax Payable / (Refundable) at 28%	208,233	33,787
<b>Income Tax Expense</b>	<b>208,233</b>	<b>33,787</b>
Additions to Taxable Profit		
Depreciation claimed on Building	15,632	15,075
Non-taxable activities	318,484	291,552
Tax losses not recognised/(utilised)	22,816	130,502
Other	(15,626)	70,261
<b>Total Additions to Taxable Profit</b>	<b>341,306</b>	<b>507,390</b>

	2021	2020
Deductions from Taxable Profit		
Non-taxable activities		
Other apportioned expenses	549,539	541,177
<b>Total Deductions from Taxable Profit</b>	<b>549,539</b>	<b>541,177</b>
Income Tax Expense	-	-
Recognised deferred tax assets and liabilities		
Deferred tax liability/(asset)		
Provision for doubtful debts	(27,396)	(34,689)
Provisions for Employee Entitlements (including ACC)	(28,306)	(35,043)
Fair-valued investment properties		-
Deferred tax liability/(asset) relating to timing differences	(55,702)	(69,732)
Future income tax benefit on losses	55,702	69,732
Net deferred tax liability/(asset)		-
<b>Total Losses to Carry Forward</b>	<b>(4,152,153)</b>	<b>(4,207,855)</b>

Deferred tax is not recognised on unused losses as the organisation does not foresee utilisation and benefit in the near future.

### 13. Cash and Bank

	2021	2020
Cash and Cash Equivalents		
ANZ Bank New Zealand	2,764,853	3,608,570
ASB Bank Limited - Call 51	19,120	19,590
Kiwibank Limited - Call	4,691	4,673
Petty Cash	-	2,122
Westpac New Zealand Limited	2,749	2,797
<b>Total Cash and Cash Equivalents</b>	<b>2,791,493</b>	<b>3,637,752</b>

Cash and Cash Equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values.

### 14. Current Liabilities

	2021	2020
ANZ Bank Loan	527,793	3,527,792
<b>Total Current Liabilities</b>	<b>527,793</b>	<b>3,527,792</b>

**Repayment Terms:** Rolling Credit Facility loan with a limit of \$5,000,000.

**Effective Rate:** BKBM + 1.85% p.a.

**Security:** Secured over the property at 145 Khyber Pass Road, Newmarket, Auckland.

- Credit card facility up to \$100,000 (unused)
- Registered first ranking General Security over all present and after-acquired property of EMA
- There is also a security interest over all present and future assets and undertakings (including goodwill) of the borrower.
- Registered first ranking mortgage over 159-175 Khyber Pass Road, Auckland
- Covenants attached to borrowings were satisfied during the year.



## 15. Commitments for Expenditure

	2021	2020
Operating Lease Commitments		
Not later than one year	112,912	96,342
Later than one year but not later than 5 years	188,441	233,189
<b>Total Operating Lease Commitments</b>	<b>301,353</b>	<b>329,531</b>

(i) Non-cancellable operating leases comprised rental premises leases  
Refer to Note 22 for capital commitments.

## 16. Contingent Liabilities

The Association has no contingent liabilities as at 30 June 2021. (2020: Contingent Liabilities Nil.)

## 17. Key Management Personnel

	2021	2020
Number of key management personnel (FTE)	7	9
Compensation for Key Management Personnel		
Short-term employee benefits	1,469,176	1,680,423
<b>Total Compensation for Key Management Personnel</b>	<b>1,469,176</b>	<b>1,680,423</b>

As at 30 June 2021 \$80,269 bonuses were accrued (2020: \$Nil)  
The accrued bonus payments are included in the employee benefits disclosed above.

## 18. Expenses

	2021	2020
Direct operating expense related to investment properties	70,081	115,376
Interest on bank loans and overdrafts	29,318	79,022
Depreciation, revaluation gain/loss and amortisation included in the Statement of Comprehensive Income and Expenses		
Depreciation	466,083	529,806
Revaluation (gain)/loss	-	122,208
Amortisation of Intangibles	62,218	39,951
<b>Total</b>	<b>528,302</b>	<b>691,965</b>
Minimum lease payments - operating lease	93,300	107,100
Employee benefit expense		
Wages and salaries	8,107,212	7,686,426
Other employee benefits expense	338,555	405,615
<b>Total Employee benefit expense</b>	<b>8,445,767</b>	<b>8,092,041</b>

## 19. Related Party Transactions

Details relating to key management personnel, including remuneration paid, are included in note 17.

All Board members and some of their Associated companies are members of the Association. Transactions with entities related through common ownership/directorship to EMA Board members include subscriptions, training income, and courses related costs. The following table outlines transactions with entities related to EMA board members in the current year:

	<b>2021</b>	<b>2020</b>
Activity during the year		
Subscription Income	26,175	31,588
Courses and sponsorship Income	36,569	39,264
Course related costs	(46,790)	(24,664)
Consultancy, carpark, meeting room hire, catering	3,710	18,153
Balances outstanding at year end:	<b>2021</b>	<b>2020</b>
Receivables	35,708	30,345
Payables	(4,284)	-

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash.

### (a) Transactions with Related Parties

#### (i) Business New Zealand Incorporated (Business NZ)

The Association is one of four founding members and has 5 of its board members appointed to the Business NZ's 12- member Executive Council. Accordingly, Business NZ is considered an Associate.

The Association pays an annual levy to Business NZ and the sum for this year are fully disclosed in the Statement of Comprehensive Revenue and Expenses.

#### (ii) Auckland Agricultural, Pastoral and Industrial Shows

The Association has Board members in common with the Auckland Agricultural, Pastoral and Industrial Shows board, an entity that manages the Auckland Showgrounds. The Board representation arises out of legal requirements placed on the Auckland Manufacturers Association (AMA) by the Auckland Agricultural, Pastoral and Industrial Shows Board Act 1972 (the Act). The EMA does not recognise any asset or liability or financial performance as a result of this commonality of Board membership, as no benefits arise as a result of limitations imposed by the Act. On 22 June 2021, The ASB Showgrounds put themselves into Voluntary Liquidation. This has no impact on the EMA.

## 20. Categories of Financial Assets and Financial Liabilities

	2021	2020
<b>Assets</b>		
Cash and Cash Equivalents	2,791,493	3,637,752
<b>Total Cash and Cash Equivalents</b>	<b>2,791,493</b>	<b>3,637,752</b>
<b>Loans and Receivables</b>		
Receivables from Exchange Transactions	4,648,223	4,400,548
Total Current Receivables	4,648,223	4,400,548
<b>Total Loans and Receivables</b>	<b>4,648,223</b>	<b>4,400,548</b>
<b>Total Assets</b>	<b>7,439,716</b>	<b>8,038,300</b>
<b>Liabilities</b>		
Annual Leave Accrual	577,398	539,903
Payables	1,726,403	948,802
ANZ Bank Loan	527,793	3,527,792
<b>Total Liabilities at amortised cost</b>	<b>2,831,593</b>	<b>5,016,497</b>

## 21. Payables

	2021	2020
Accounts Payable	1,736,160	810,234
Other Accruals	41,367	138,568
<b>Total Payables</b>	<b>1,77,526</b>	<b>948,802</b>

## 22. Events Occurring After Balance Date

Subsequent to balance date the Association has entered into a Limited Liability Joint Venture. The General Partner is China Business Centre LP Limited, with the Limited Partners being the EMA, Shuo Cui (Frank Cui – Board Member), and Li Xu. The EMA will hold 50% voting rights and has made an initial contribution of \$40,000 on 1 October 2021. The EMA has committed to further capital contributions of \$80,000.

In October 2021, the EMA engaged a third party to develop software IP. The capital commitment for Phase 1 of this project has been estimated to be \$255,000 plus disbursements plus GST