

# 2018 ANNUAL REPORT

**employers**   
OTAGO SOUTHLAND

*The voice of the region at BusinessNZ*

# TĒNĀ KOUTOU

Welcome to the Otago Southland Employers' Association Annual Report 2018.

This document provides an overview of our organisation's activities over the last year and a snapshot of our financial position.

The OSEA is a service-based organisation, offering a diverse portfolio of services – from employment law advice to health and safety consultancy, events and networking, business mentoring, Callaghan Innovation research and development grants and NZTE capability development vouchers at your place, to training facilities at ours, or in-house if you would prefer. In everything we do we aim to provide our members with the best possible experience. We hope this document, in a small way, reflects this approach.

## Virginia Nicholls

Chief Executive Officer

**Cover photo:** Photography by D Milton Browne©2018.

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A national voice for business and employers when policies and regulations affecting business are formulated. We are a founding member of BusinessNZ.



# PRESIDENT AND CEO REPORT 2018

There's nothing like end-of-year numbers to encourage reflection on the previous twelve months. We're pleased to report a good 2017/18 result. Our income was similar to last year at \$1,925,407, but our subscription revenue increased and our expenses, at \$1,725,915, were less. This left us a surplus of \$199,491.

The numbers are great, but what's much more important is that this surplus enables us to be a sustainable organisation that can invest further in member services – the advocacy, advice and training services that we're all about.

In the 2017/18 year we hosted 26 free member events ranging from employment relations briefings, politicians and government department briefings to presentations from business leaders.

We provided 189 training days, with many members choosing us for training in employment and human resource matters, health and safety, management and leadership, personal skills, business development and governance.

Our employment lawyers provided more free legal advice than ever before, covering performance and disciplinary issues, individual and collective employment agreements, personal grievances, employment consultancy, holiday and leave queries. The team also conducted briefings on the Employment Relations (Amendment) Bill.

The ERA Bill was clearly a major concern for our members, so we joined together with our BusinessNZ family – the EMA, Business Central and the Canterbury Employers' Chamber of Commerce – to develop the "Fix the Bill" campaign. This highlighted serious issues in the changes proposed and asked the Government to explain how such old world thinking will help us develop the modern, nimble and high-performing economy New Zealanders want.

As part of this campaign we set up a website to make it easier for business to email the Government directly. We'd like to thank the members who sent emails expressing concerns.

The ERA Bill is not the only legislation proposed. Further legislation in the pipeline addresses fair pay agreements, contractors as employees, equal pay, pay equity, a review of the Holidays Act, the so-called 'Hobbit Law', and the Employment Relations (Triangular Employment) Bill.



The changes proposed by the Government in these areas represent a significant reshaping of the employment relations landscape that has been the platform for New Zealand's solid economic performance over the past decade. We're concerned with the nature and rate of change the Government is planning and will continue to advocate on your behalf for a more considered approach.

On top of our advocacy about wholesale changes to New Zealand's employment relations, we've continued to provide a voice for business across the region in an effort to improve the environment in which we all operate. This includes highlighting issues such as changes to immigration law, skill shortages, commenting on the manufacturing and service sectors, minimum wage, business confidence, exporter concerns, oil and gas, and identifying what the business sector would like from schools and tertiary institutions.

Our "family connection" with BusinessNZ has continued to serve us well. BusinessNZ not only gives us access to experts and advocates who interface with politicians, political parties, and Government officials. They also connect us with Export NZ, Manufacturing NZ, the BusinessNZ Energy Council, the Sustainable Business Council and Buy NZ Made. These links enable us to communicate Otago and Southland issues to them while enabling us to keep up with developments around the country.

Of course we've kept up our work with the Otago Regional Business Partnership, including Business Mentoring, Callaghan Innovation research and development grants and NZTE capability development vouchers. We'd also like to acknowledge members who have volunteered their time and expertise to mentor other businesses across our region over the past year.

None of this work would have been possible without the hardworking OSEA staff and our dedicated board. On that note, we'd like to take this opportunity to thank Warwick Hawker, who resigned this year, and welcome new board members Emily Richards and Will Martin.

Finally, we'd like to thank you – our members. We exist to support you, but without your support we would not exist. We look forward to continuing our work on your behalf into 2019 and beyond.



**Andrew Leys**  
President



**Virginia Nicholls**  
Chief Executive Officer

# BOARD MEMBERS

## EXECUTIVE

### PRESIDENT

**Andrew Leys** Hospice Southland

### VICE PRESIDENT

**Stuart McLauchlan** GS McLauchlan & Co

**Michael Turner** Polson Higgs

### DIRECTORS

**Kate Skeggs** Bank of New Zealand

**Sharon Paterson** Waikaka Station Ltd

**Will Martin** University of Otago

**Joanne Conroy** APL Property

**Lesley Brook** Otago Polytechnic

**Hamish Sutherland** Zeagold Foods

**Emily Richards** Human Connections Group

### LIFE MEMBERS

**Stan W B Duncan** Q.S.O

**Michael Ferrari** MNZM

**Phillip Broughton** Polson Higgs

### BUSINESS NEW ZEALAND COUNCIL

**Andrew Leys** Hospice Southland

**Michael Turner** Polson Higgs (alternative)

### RESIGNED BOARD MEMBERS

**Warwick Hawker** (resigned Oct 2017)

## ANDREW LEYS President

Hospice Southland

Andrew recently moved back to Invercargill to take up the position of Chief Executive of Hospice Southland. Previously, Andrew held the position of CEO for Credit Union South. In 2001 Andrew's achievements were recognised by the World Council of Credit Unions when he was the inaugural winner of the WOCCU Young Credit Union Professional Award. Other appointments include director of the NZ Association of Credit Unions, and President of the Chamber of Commerce Southland.



## STUART MCLAUHLAN

GS McLauchlan & Co

Stuart is a chartered accountant, partner of GS McLauchlan & Co. He is a fellow of Chartered Accountants Australia and New Zealand and a chartered fellow of the Institute of Directors. Stuart is currently chairman of Scott Technology Ltd, PHARMAC, UDC Finance Ltd and Dunedin International Airport Ltd, as well as being a director of a number of private companies. He is the governor of the New Zealand Sports Hall of Fame, the Chairman of the Otago Community Hospice and a director of Ngai Tahu Tourism and NZ on Air.



**MICHAEL TURNER**

Polson Higgs

Michael is a Fellow Chartered Accountant (FCA) with the Accounting and Business Advisory firm Polson Higgs working with large and small businesses mainly in the tax area. He has been advising clients for 28 years and has been a Partner for the last 18 years. He is passionate about business and in particular how to minimize the impact of taxation on business.

**SHARON PATERSON**

Waikaka Station Ltd

Sharon is a director / owner in a Family Sheep and Beef farm Waikaka Station Ltd. Married with 2 grown married sons. She worked for six years in the corporate world as a Rural Manager on the road for an Insurance company. Currently she is secretary/event manager for Southern Field Days, the second largest agricultural based field days in New Zealand.

**KATE SKEGGS**

Bank of New Zealand

Kate is a Commercial Partner with Bank of New Zealand, based in Queenstown and working with clients in the Central Otago Southern Lakes region. Kate has been in the banking industry since 2004 when she graduated from the University of Otago with Commerce and Science degrees. Kate is also on the Board of Invest South.

**WILL MARTIN**

University of Otago

Will is currently Legal Advisor at the University of Otago. Prior to this he worked with a Queen's Counsel and as a lawyer at a commercial firm, prior to joining the Otago Southland Employers' Association as a lawyer and then Business Manager.



In other voluntary roles, Will was a volunteer at the Community Law Centre for 15 years, and was an officer in the Navy Reserve for 12 years, reaching the rank of Lieutenant. He is also a former chair of the Dunedin RSA Welfare Trust, and currently a Dunedin Area Committee member of the Order of St John.

**JOANNE CONROY**

APL Property

Joanne is based in Queenstown, where she has lived since 1984. She has worked mostly in the property industry with a focus on commercial and government property. Joanne owned APL Property Queenstown and although she has sold the business she continues to provide Property Advisory to the Company. She has a number of Governance positions including as Chair of the South Island Trust Board of St John, Member of the Priory Trust Board of St John, Trustee of the Queenstown Lakes Community Housing Trust and has Directorships with Dunedin Venues management and Westland Holdings Limited. Joanne joined the Board at the beginning of 2016.

**LESLEY BROOK**

Otago Polytechnic

Lesley is employed in the Research and Postgraduate office of Otago Polytechnic, with a focus on delivering research by staff and students that benefits industry and the wider community. Previously Lesley was a lawyer for 22 years, leaving practice in September 2014 after 13 years as a partner in the firm Anderson Lloyd. During that period she practiced continuously in employment law, amongst other things. She has previously served on the Council of Telford Rural Polytechnic, until its merger with Lincoln University, and is currently on the Audit and Risk Committee of the Cancer Society (Otago/Southland).

**HAMISH SUTHERLAND**

Zeagold Foods

Hamish is the General Manager of Zeagold Foods, the egg division of Mainland Poultry. Zeagold is now ranked within the top 30 suppliers of branded goods to supermarkets in New Zealand. He moved south from Auckland at the inception of Mainland Poultry 18 years ago. Prior to commencing at Mainland, Hamish was the General Manager Marketing for Goodman Fielder Milling and Baking.

**EMILY RICHARDS**

Human Connections Group &amp; Stepping Stone Career Coaching

Emily is the Director of Human Connections Group & Stepping Stone Career Coaching. Emily has worked globally in the recruitment industry since the late 90's in the UK, Australia and New Zealand. In 2013, Emily founded Human Connections Group a Recruitment & Human Resources Consultancy based in Dunedin and in 2014 founded Stepping Stone Career Coaching supporting job seekers to realise and achieve their career aspirations. Her experience in managing and owning recruitment agencies gives her an insight into what employers really want from a recruitment partner and she works closely with SME's throughout Otago and Southland. Her support of the OSEA has been longstanding both as a member and since 2017 as part of the board, she brings her commercial experience and market knowledge of the recruitment industry both from an employer and an employee perspective.



# STAFF PROFILES

## CHIEF EXECUTIVE

**Virginia Nicholls** LLB, BCom, DipHSc, DipTchg, FCIM

## MANAGING SOLICITOR

**Diana Hudson** LLB

## BARRISTERS AND SOLICITORS

**David Browne** LLB

**Angela MacKenzie** LLB, BCom

## MEMBER ADVISOR

**Grant Walker** LLB

## ADMINISTRATION MANAGER

**Nadia Gauchet**

## RECEPTIONIST / MEMBERSHIP SERVICES

**Anne-Marie McKay**

## TRAINING / HEALTH & SAFETY

**Tracey Scurr** MBA

**Loretta Holland**

**Leanne Humphrey**

**Ann Clearwater**

## BUSINESS DEVELOPMENT

**John Rigby** Dip Business

## VIRGINIA NICHOLLS

Chief Executive Officer

Virginia oversees all aspects of OSEA operations including representing BusinessNZ in Otago and Southland.

She brings experience in small, medium and large businesses across the manufacturing, education, tourism and the not-for-profit sectors. This includes senior management roles in fast moving consumer goods-based companies and tertiary education.



## DIANA HUDSON

Managing Solicitor

Diana heads our in-house legal team and has extensive legal and practical experience in employment law, health and safety and human resources. A Chartered Director with the Institute of Directors and a qualified mediator, she returned to work with us in 2008 after being HR and Compliance Manager for a national company.





**DAVID BROWNE**

Solicitor

David earned his law degree from the University of Otago in 2009 and joined our legal team in 2014. He hails from the state of Virginia on the east coast of the US. He is pleased to now call Aotearoa his home.

**ANGELA MACKENZIE**

Solicitor

Angela is our Solicitor based in Invercargill. She has been practicing law, primarily in the areas of employment and family, since 2004 with a stint of dairy farming and banking in between. She enjoys working with our members to find practical solutions to the wide range of employment-related matters they face as well as facilitating the range of employment and HR training that we have to offer. Angela is about to welcome her first child and will take a period of parental leave until the end of April 2019.

**GRANT WALKER**

Consultant Advisor

Grant is a member advisor at OSEA. During 20 years working and advising and running training on employment matters he has gained invaluable experience and knowledge in resolving personal grievances, collective bargaining with unions, holiday and leave issues, drafting employment documentation and practical human resources management issues. He has worked as a lawyer in these areas and also as a business lawyer as a partner in a legal firm. He also had governance roles in not for profit organisations especially in the mental health area and maintains an interest and involvement in this area. Grant has also trained and worked in the areas of group facilitation and interpersonal communication. Grant previously worked for OSEA as an employment lawyer and has now re-joined us as an Advisor in 2017.

**NADIA GAUCHET**

Administration Manager

Nadia manages administration including our accounting and financial services here at the OSEA. Nadia previously has previously held administration and finance management positions and has a number of years administration experience.



**ANNE-MARIE MCKAY**

Receptionist / Member Services

Anne-Marie is the first point of contact for most people with the Association. She has an effective background in administration and her outstanding service is well respected amongst members.



**LEANNE HUMPHREY**

Professional Development Co-ordinator

Leanne event manages our training programmes and events. She is based in the Invercargill office and works part time. Leanne has a number of years' experience in event management and joined OSEA in September 2017. She has a keen interest in keeping life simple with the theory that we never stop learning.



**TRACEY SCURR**

Health & Safety and Training Manager

Tracey joined us in May 2018 and is responsible for the Health & Safety and Training team who operate from both our Dunedin and Invercargill premises. She brings professional experience in human resources and change management, and health and safety skills from three decades co-leading a contracting operation in three high-risk sectors. She holds a Master of Business Administration degree from Massey University.



**ANN CLEARWATER**

Training & Events Co-ordinator

Ann is our Dunedin based Training & Events Coordinator. With a background in IT, customer support, marketing and sales, Ann brings a wealth of knowledge and experience to the Training and Events role. Ann will be specialising in Health & Safety and Dunedin Training Events so get in touch with her for all your training needs.



**LORETTA HOLLAND**

Health and Safety Advisor

Loretta is part of our Health and Safety team and is the point of contact for enquiries regarding health and safety in the workplace. She joined us in June 2012 and is based in our Dunedin office.



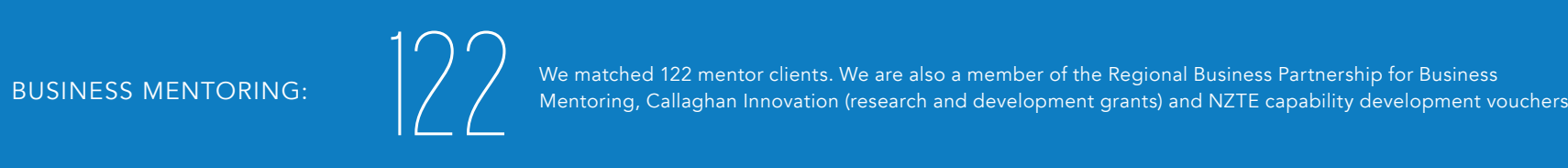
**JOHN RIGBY**

Business Development Manager

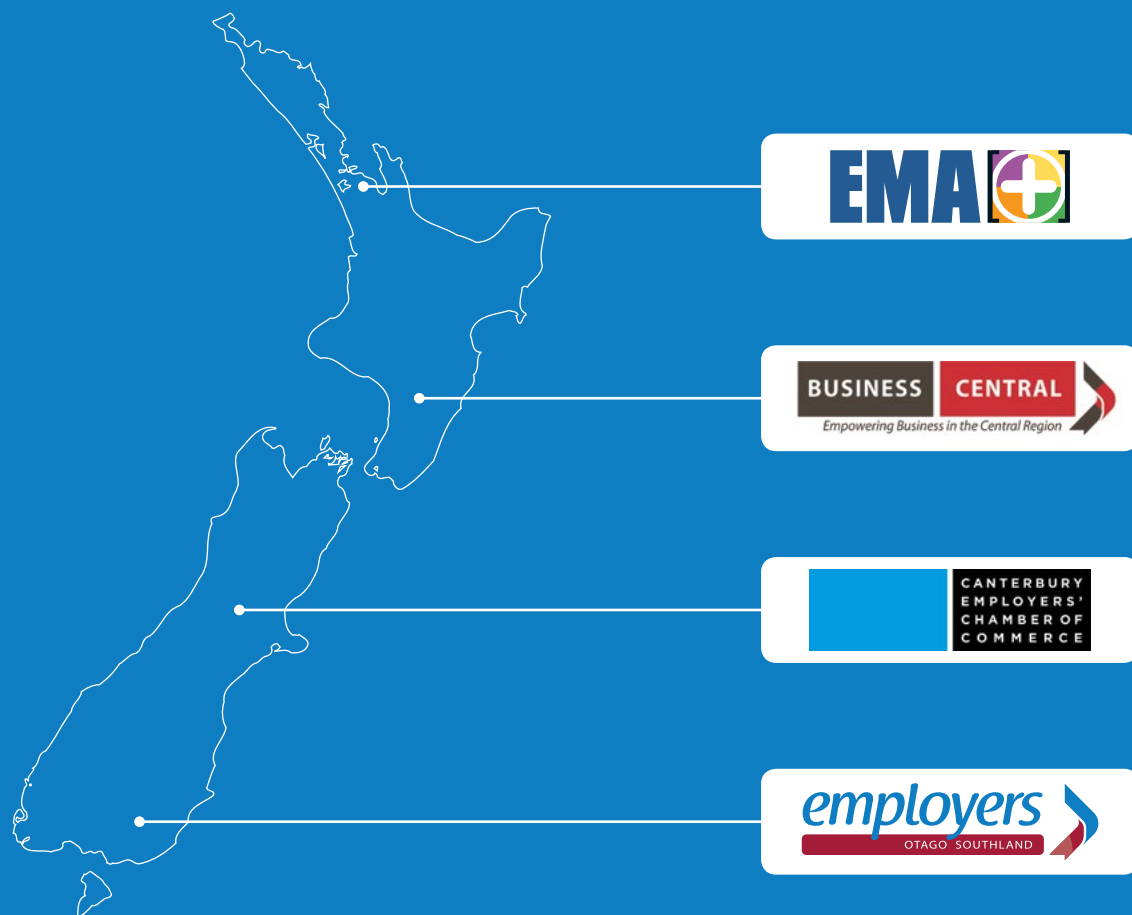
John manages member relationships as well as our relationships with Export NZ, Business Mentors NZ, Callaghan Innovation research and development grants and NZTE capability development vouchers, and our other important business partners throughout Otago and Southland.



# KEY FACTS:



# OUR SISTER ORGANISATIONS:



## BusinessNZ family:

The BusinessNZ family has its origins in four regional organisations of member businesses that together cover the entire country.

Employers and Manufacturers Association (EMA) Northern, Business Central (BC), Canterbury Employers' Chamber of Commerce (CECC) and the Otago Southland Employers' Association (OSEA) have been serving their member businesses for over a hundred years with legal advice, human resources and other services.

The regional presence is the strength behind BusinessNZ's advocacy on behalf of all New Zealand business. By joining the regional business organisation in their area, members automatically become a member of BusinessNZ.

# FINANCIAL REPORT

OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
<b>REVENUE</b>			
Subscriptions		640,843	598,133
Less Business New Zealand Levy		(134,346)	(124,011)
Less Members' vouchers redeemed		(14,046)	(17,873)
		<b>492,451</b>	<b>456,249</b>
Secretarial and industrial fees		493,375	395,534
Training fees		880,090	1,024,514
Other income		8,830	9,351
Rental and outgoings		42,965	32,063
Interest income		7,696	2,517
<b>TOTAL REVENUE</b>		<b>1,925,407</b>	<b>1,920,228</b>
<b>LESS EXPENSES</b>			
Occupation expenses	2	109,002	111,032
Membership services		113,567	152,965
Administration expenses	2	1,447,427	1,521,199
Depreciation expense	5	55,919	68,009
<b>TOTAL EXPENSES</b>		<b>1,725,915</b>	<b>1,853,205</b>
<b>NET SURPLUS BEFORE INCOME TAX</b>		<b>199,491</b>	<b>67,023</b>
Less Income tax expense	9	-	-
<b>NET SURPLUS AFTER INCOME TAX</b>		<b>\$ 199,491</b>	<b>\$ 67,023</b>

OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED

## STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
Equity at the beginning of the year	1,064,559	997,536
Net surplus after taxation	199,491	67,023
Total recognised revenues and expenses for the year	<b>199,491</b>	<b>67,023</b>
<b>Equity at the end of the year</b>	<b>1,264,050</b>	<b>1,064,559</b>

This statement should be read in conjunction with the Notes to the Accounts on pages 17 - 23.

OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED  
**STATEMENT OF FINANCIAL POSITION** AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
<b>MEMBERS FUNDS</b>			
General funds	3	401,478	201,987
Development fund		55,335	55,335
Property revaluation reserve	4	807,237	807,237
<b>MEMBERS FUNDS</b>		<b>\$ 1,264,050</b>	<b>\$ 1,064,559</b>
<i>REPRESENTED BY:</i>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	1,034,171	1,061,722
<b>CURRENT ASSETS</b>			
Cash on hand		237	200
ANZ Bank current account		228,204	228,678
ANZ Bank short term deposits		303,428	-
ANZ Bank call account		6	31,831
Trade and other receivables	6	225,688	218,749
Prepayments		2,864	2,966
		<u>760,427</u>	<u>482,424</u>
<b>TOTAL ASSETS</b>		<b>1,794,598</b>	<b>1,544,146</b>
<i>LESS LIABILITIES</i>			
<b>CURRENT LIABILITIES</b>			
Goods and Services Tax payable		48,960	21,019
Sundry payables and accruals	7	250,219	209,159
Subscriptions fees received in advance		148,834	147,052
Course fees received in advance		13,328	22,953
Finance leases - current portion	8	41,229	33,149
		<b>502,570</b>	<b>433,332</b>
<b>NON CURRENT LIABILITIES</b>			
Finance leases - non current portion	8	27,977	46,255
		<b>27,977</b>	<b>46,255</b>
<b>TOTAL LIABILITIES</b>		<b>530,547</b>	<b>479,587</b>
<b>NET ASSETS</b>		<b>\$ 1,264,051</b>	<b>\$ 1,064,559</b>

Authorised for issue  
 on behalf of the board  
 on 29 August 2018.



President



Chief Executive

This statement should  
 be read in conjunction  
 with the Notes to the  
 Accounts on pages 17  
 - 23.

## OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED

**STATEMENT OF CASH FLOWS** FOR THE YEAR ENDED 30 JUNE 2018

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>CASH WAS PROVIDED FROM:</b>		
Subscriptions from members	642,625	617,505
Receipts from trade groups and customers	1,397,536	1,409,037
Interest received (net of withholding tax)	4,809	2,580
	<b>2,044,970</b>	<b>2,029,122</b>
<b>CASH WAS APPLIED TO:</b>		
Payment of Business New Zealand Levy	(134,346)	(124,011)
Payments to suppliers and employees	(1,600,893)	(1,764,152)
	(1,735,239)	(1,888,163)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>309,731</b>	<b>140,959</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>CASH WAS APPLIED TO:</b>		
New Bank Term deposits	(303,428)	-
Purchase of property, plant & equipment	(28,368)	(6,077)
<b>NET CASH FLOW (TO) INVESTING ACTIVITIES</b>	<b>(331,796)</b>	<b>(6,077)</b>

Continued over &gt;&gt;

This statement should be read in conjunction with the Notes to the Accounts on pages 17 - 23.

OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED

**STATEMENT OF CASH FLOWS** FOR THE YEAR ENDED 30 JUNE 2018 cont'd

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>CASH WAS PROVIDED FROM:</b>		
Finance leases	32,623	6,077
<b>CASH WAS APPLIED TO:</b>		
Reduction in finance leases	(42,821)	(42,689)
<b>NET CASH FLOW FROM/(TO) FINANCING ACTIVITIES</b>	<b>(10,198)</b>	<b>(36,612)</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>(32,263)</b>	<b>98,270</b>
<b>ADD OPENING CASH BROUGHT FORWARD</b>	<b>260,709</b>	<b>162,439</b>
<b>CLOSING CASH CARRIED FORWARD</b>	<b>\$ 228,446</b>	<b>\$ 260,709</b>
<b>MADE UP OF:</b>		
Cash on hand	237	200
ANZ Bank current account	228,204	228,678
ANZ Bank call account	6	31,831
	<b>\$ 228,447</b>	<b>\$ 260,709</b>

This statement should be read in conjunction with the Notes to the Accounts on pages 17 - 23.

Note that the closing cash excludes bank deposits which are for terms greater than 90 days.



OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED  
**NOTES FOR THE YEAR ENDED 30 JUNE 2018**

## 1. STATEMENT OF ACCOUNTING POLICIES

### REPORTING ENTITY

These special purpose financial statements are for the Otago Southland Employers' Association Incorporated which is incorporated under the Incorporated Societies Act 1908.

The special purpose financial report was authorised for issue by the Board on 22 August 2018.

### STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Financial Performance, Statement of Financial Position, and Statement of Cash Flows on a historical cost basis are followed by the association, unless otherwise stated in the Specific Accounting Policies.

The Information is presented in New Zealand Dollars. All values are rounded to the nearest dollar. The financial statements have been prepared on the assumption that the Association is a going concern.

### SPECIFIC ACCOUNTING POLICIES

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

#### A) Revenue

Revenue comprises the amount received and receivable of services supplied to customers in the ordinary course of business after deduction of the Business New Zealand levy and members vouchers redeemed.

#### B) Subscriptions

Subscriptions are recognised in the accounting period in the which the service for those subscriptions are rendered.

#### C) Income Tax

The Association is liable to pay tax on any non-member income.

#### D) Depreciation

Property, plant and equipment are depreciated at the following depreciation rates:

	Depreciation Rates	
Buildings	0.0 - 11.4%	Straight line
Buildings – air conditioner	10.0%	Diminishing value
Office furniture and fittings	9.5 - 60.0%	Diminishing value
Office machines	20.0 - 80.4%	Straight line & diminishing value
Motor vehicles	36.0%	Diminishing value

OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED  
**NOTES FOR THE YEAR ENDED 30 JUNE 2018** cont'd

**1. STATEMENT OF ACCOUNTING POLICIES (Cont'd)**

**E) Property, Plant and Equipment**

The cost of purchased assets is the value of the consideration given to acquire and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Land and Buildings are revalued as determined by the Board.

**F) Leased Assets**

Leases under which the Association assumes substantially all the risk and rewards incidental to ownership have been classified as finance leases and are capitalised. The asset and corresponding liability are recorded at inception of the lease at the fair value of the leased asset, at amounts equivalent to the discounted present value of minimum lease.

**G) Trade and other Receivables**

These are stated at the estimated realisable value after providing against debts where collection is doubtful.

**H) Goods and Services Tax**

The Association is registered for GST. All revenue and expense transactions are recorded net of GST. Where applicable, all assets and liabilities have been stated net of GST with the exception of receivables and payables which are stated inclusive of GST.

**I) Bank Deposits**

Bank deposits with maturities of 90 days or more are included as investing activities in the Statement of Cash Flows.

**J) Changes in Accounting Policies**

There have been no material changes in accounting policies during the year.

OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED  
**NOTES FOR THE YEAR ENDED 30 JUNE 2018** cont'd

**2. EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Occupation expenses comprise:</b>		
Rental	47,194	45,830
Repairs & maintenance	10,556	15,496
Rates	10,294	10,202
Insurance - building	5,206	5,206
Power	17,260	14,791
Cleaning & gardening	18,492	19,507
	<b>109,002</b>	<b>111,032</b>
<b>Administration expenses include:</b>		
Audit/Review fees	2,900	4,830
Accounting fees	9,813	18,653
Bad debts	-	8,064
Gain on disposal of assets	-	(2,120)
Motor vehicle expenses	24,451	29,164
Insurance - other	7,683	5,024
Salaries and employment related expenses	929,533	961,760
Subcontractors	315,464	306,946
Other expenses	157,583	188,878
	<b>1,447,427</b>	<b>1,521,199</b>

OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED  
**NOTES FOR THE YEAR** ENDED 30 JUNE 2018 cont'd

**3. GENERAL FUNDS**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Opening Balance	201,987	134,964
Plus operating Surplus after income tax	199,491	67,023
<b>Closing Balance</b>	<b>\$ 401,478</b>	<b>\$ 201,987</b>

**4. PROPERTY REVALUATION RESERVE**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Property revaluation reserve	\$807,237	\$807,237

The property revaluation reserve relates to land and buildings, which were revalued in 2011.

OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED  
**NOTES FOR THE YEAR ENDED 30 JUNE 2018** cont'd

**5. PROPERTY, PLANT AND EQUIPMENT**

	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>
	<b>Cost or Reval'n</b>	<b>Dep'n Expense</b>	<b>Acc'd Dep'n</b>	<b>Book Value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Freehold Land at valuation	360,000	-	-	360,000
Buildings at valuation	670,000	13,387	102,703	567,297
Office furniture and fittings at cost	135,101	9,778	79,431	55,670
Motor vehicles at cost	27,920	198	27,568	352
Leased assets at cost	193,132	31,127	146,441	46,691
Non-leased assets at cost	80,975	1,429	76,814	4,161
	<b>\$ 1,467,128</b>	<b>\$ 55,919</b>	<b>\$ 432,957</b>	<b>\$ 1,034,171</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
	<b>Cost or Reval'n</b>	<b>Dep'n Expense</b>	<b>Acc'd Dep'n</b>	<b>Book Value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Freehold Land at valuation	360,000	-	-	360,000
Buildings at valuation	670,000	13,387	89,316	580,684
Office furniture and fittings at cost	135,101	11,583	69,653	65,448
Motor vehicles at cost	27,920	310	27,370	550
Leased assets at cost	158,687	38,349	112,883	45,804
Non-leased assets at cost	80,975	4,380	71,739	9,236
	<b>\$ 1,432,683</b>	<b>\$ 68,009</b>	<b>\$ 370,961</b>	<b>\$ 1,061,722</b>

The land and buildings are revalued periodically and were revalued to fair value of \$1,030,000 on 30 June 2011.

The values were determined by an independent registered valuer from TelferYoung (Otago) Limited.

The most recent rateable valuation of the freehold land and buildings is \$910,000.

OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED  
**NOTES FOR THE YEAR ENDED 30 JUNE 2018** cont'd

**6. TRADE AND OTHER RECEIVABLES**

	<b>2018</b>	<b>2017</b>
Trade debtors	222,801	218,749
Interest accrued – bank deposits	2,887	-
	<b>\$ 225,688</b>	<b>\$ 218,749</b>

**7. SUNDRY PAYABLES AND ACCRUALS**

	<b>2018</b>	<b>2017</b>
Trade creditors	130,861	84,008
Sundry creditors	2,576	2,468
Holiday pay and salary accruals	91,239	88,893
Other accruals	25,543	33,792
	<b>\$ 250,219</b>	<b>\$ 209,161</b>

**8. FINANCE LEASES**

The Association has lease commitments for a computer server to Willis White & Company Limited until July 2020 (monthly repayment of \$906), for Photocopiers to CSG Finance (NZ) Limited until December 2019 (Monthly repayments of \$2,384), and Fuji Xerox until July 2020 (monthly repayment \$145).

	<b>2018</b>	<b>2017</b>
Within one year	41,229	33,149
Later than one year but not later than five years	27,977	46,255
Later than five years	-	-
<b>Total</b>	<b>\$ 69,206</b>	<b>\$ 79,404</b>

OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED  
**NOTES FOR THE YEAR ENDED 30 JUNE 2018** cont'd

#### **9. INCOME TAX**

There is no income tax payable, because there was a loss from non-members of \$45,573 (2017: \$57,304). At 30 June 2018 there are income tax losses of \$457,396 carried forward to offset future non-member taxable income (2017: \$411,823).

#### **10. RELATED PARTIES**

There have been no material related party transactions during the year (2017: Nil). There have been no directors' fees paid during the year (2017: Nil). There have been no honorariums paid during the year (2017: Nil).

#### **11. BUSINESS NEW ZEALAND**

The Otago Southland Employers Association Incorporated is a founding member of Business New Zealand (after the purchase of the assets of the NZ Employers Federation and the Manufacturers Federation on the 25 October 2001). This membership entitles the Association to a promissory note non-refundable 7.48%, approximately \$73,500. The Association is entitled to the funds only on the dissolution of Business New Zealand. There are no equity risks attaching to this membership in the form of any guarantees or commitments. However, under the arrangements the Association pays an annual levy on subscriptions which is recognised as an expense offset against subscriptions received from members.

#### **12. CONTINGENCIES**

There are no contingent assets, contingent liabilities or capital commitments at 30 June 2018 (2017: Nil).

#### **13. SUBSEQUENT EVENTS**

There were no events subsequent to 30 June 2018 that required adjustments to or disclosures in these financial statements.

# INDEPENDENT ASSURANCE PRACTITIONER'S REVIEW REPORT

TO THE BOARD OF  
**OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION INCORPORATED**



## **REPORT ON THE FINANCIAL STATEMENTS**

We have reviewed the accompanying financial statements of Otago Southland Employers' Association Incorporated, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of movements in equity and statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

### **Board Members' Responsibility for the Financial Statements**

The Board is responsible for the preparation and presentation of the financial statements in accordance with the stated accounting policies adopted by the Association and for such internal controls as the Board considers are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Assurance Practitioners' Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review

Engagements (New Zealand) (ISRE (NZ))2400, *Review of Historical Financial Statements Performed by an Assurance Practitioner who is the not the Auditor of the Entity*. ISRE (NZ) 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE (NZ) 2400 is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries of management and others within the entity as appropriate, applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these financial statements.

Other than in our capacity as assurance practitioner conducting this review we have no relationship with, or interests in, Otago Southland Employers' Association Incorporated.



## INDEPENDENT ASSURANCE PRACTITIONER'S REVIEW REPORT cont'd

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements for the year ended 30 June 2018 do not present, in all material respects, the financial position of Otago Southland Employers' Association Incorporated as at 30 June 2018 and its financial performance and cash flows for the year then ended, in accordance with the stated accounting policies of the Association.

### RESTRICTION ON DISTRIBUTION OR USE

This report is made solely to the Board, as a body. Our review work has been undertaken so that we might state to the Board those matters which we are required to state to them in a review 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 the Board, as a body, for our review procedures, for this report or for the conclusion we have formed.

*Audit Professionals*

**Chartered Accountants**  
30 August 2018

**Dunedin**

# PAST PRESIDENTS

## OTAGO SOUTHLAND EMPLOYERS' ASSOCIATION

1890 - 1901	J.M. Ritchie	1963 - 1965	W.H. Tucker
1901 - 1904	K. Ramsay	1965 - 1967	D.R. Hunter
1904 - 1910	J.C. Thomson	1967 - 1969	C.J. Read
1910 - 1912	R. Chisholm	1969 - 1971	R.W. Crombie
1912 - 1914	J.W. Henton	1971 - 1973	P.W. Fels
1914 - 1920	F.W. Mitchell	1973 - 1974	E.N. Wilkinson
1920 - 1923	H.F. Sincock	1974 - 1976	D.R. Stewart
1923 - 1926	E. Cameron	1976 - 1978	G.C. Allen
1926 - 1928	W.R. Hayward	1978 - 1980	S.W.B. Duncan
1928 - 1932	F.W. Mitchell	1980 - 1981	G.C. Allen
1932 - 1935	W.A. Flavell	1981 - 1983	S.S. Holden
1935 - 1939	A.J. Allen	1983 - 1984	J.B. Souter
1939 - 1942	G.A. Laurenson	1984 - 1986	P.M. Sawers
1942 - 1943	P.E. Clark	1986 - 1989	N.D. Braithwaite
1943 - 1946	W.E. Earnshaw	1989 - 1991	D.J. Bretherton
1946 - 1948	J. Grant	1991 - 1992	I.M. Shirley
1948 - 1950	L.C. Stephens	1992 - 1993	R.D. Guthrie
1950 - 1951	C.R. Nicolson	1993 - 1995	G.M. Mark
1951 - 1953	W.H. Tucker	1995 - 1998	P. Cooney
1953 - 1955	A.O. Hawkins	1998 - 1999	A. Banks
1955 - 1957	N.C. Gamble	1999 - 2003	M. Ferrari
1957 - 1959	W.M. Smith	2003 - 2012	P. Broughton
1959 - 1961	S.F. Chalmers	2012 - 2014	R. Anton
1961 - 1963	W.A. Williamson	2014 - today	A. Leys



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