



PACIFIC BUSINESS TRUST
ANNUAL REPORT
2009-2010

www.pacificbusiness.co.nz

Contents

2	Chair's Report
4	Chief Executive's Report
5	Pacific Business Trust Background
5	Pacific Business Trust Vision & Mission Statement
6	Pacific Business Trust Services Report
10	Audit Report
12	Statement of Responsibility
13	Statement of Comprehensive Income
14	Statement of Financial Position
15	Statement of Cash Flows
16	Statement of Changes in Equity
17	Statement of Significant Accounting Policies
33	Service Performance delivered through Purchase Agreement with the Ministry of Pacific Island Affairs
37	Directory



Chairs Report



Kia ora, Talofa lava, Ni sa bula vinaka, Malo e lelei, Taloha ni, Fakaalofa lahi atu, Malo ni, Kam na mauri, Ia orana, Halo olaketa, Kia orana kotou katoatoa, Greetings to you all,

As Chair of Pacific Business Trust, people often ask me for my views on Pacific Leadership, and I am sure that there are many ways to describe this. While it also depends on who you are talking to, for me it is simply defined as someone who is prepared and available to take

the lead by setting a pathway for others to follow, based on a clear vision, steeped in our Pacific values, focused on serving others, while also being prepared to carry any risks associated with this. It is my hope that Pacific Business Trust actually does provide some of this leadership in our Pacific communities, but also enables and supports other leaders who are keen to make a difference in their businesses and communities.

As we entered into the 2009-2010 corporate year the Trust was responding to the economic recession that was affecting all New Zealanders and specifically responding to the needs of Pacific people and Pacific businesses, through a series of strategic decisions made by the Board. Firstly, the Trust reconfirmed its commitment to our current businesses and to supporting new start up businesses. We provided such support to 60 small businesses during their start up phase whilst providing ongoing support through business workshops and network evenings focusing on business survival and ongoing business coaching and mentoring.

The second strategic decision made and implemented was to start up business training courses in September 2009, in partnership

with Te Wananga o Aotearoa, Pacific Peoples Advancement Trust and the Tindall Foundation. This decision saw nearly 100 people enter our first intake of First Steps to Business (Level 2) and Certificate in Small Business Management (Level 4). It was very satisfying to see the board's vision brought to fruition, in the form of our first NZQA qualified business graduates. There will be many more to come.

The third major decision by the Trust was to defer the Pacific Business Awards for one year to 2010, as we felt that while our businesses were recovering from the recession this was not the appropriate time to hold the Awards. Also, the change in date would enable us to celebrate our 25th anniversary as a Trust in conjunction with the Awards.

While we continue to adapt to the changing needs of our economy, businesses and community, there are always areas that provide us with challenges to overcome. We had major changes in management personnel during this corporate year with the previous Chief Executive Richard Reid moving on and I would like to take the opportunity to thank Richard for his contributions to the work of the Trust. Long standing member of our management team Ron Viviani went on to set up his own business, while Business Development Manager Ray Tuala went on to become the Executive Director with Care Waitakere. We wish them all the best for their futures. As Chair I stepped into the Executive Leadership role on behalf of the Board for a short time to provide some stability in the transition period while we recruited a new Chief Executive. During this time the Trust's work continued, including successful celebrations for young Pacific entrepreneurs at the college level through the Pacific Business Challenge in 2009 with eleven teams across ten Auckland secondary schools participating in partnership with MIT and AUT. We also saw Young Pacific students and teams participate well in the Young Enterprise Scheme throughout New Zealand.

It is important to note that while Pacific Business Trust was focused on responding to the changes and needs of our economic



environment with continuing business support services and new education services we also successfully completed other pieces of new work including the piloting of a Pacific workforce initiative with Pacific Steel Ltd and piloting a governance and management support role with a community based organisation. However, by breaking new ground it is only the early phase of understanding these pilots before we can provide more services in these areas. The extent and range of work conducted by the Trust during this period is reflected in our financial performance which resulted in \$49,643 (2.43%) loss; this is a good achievement given the transition and recruitment of personnel, ongoing core services and introduction of new services and pilots during the 2009/2010 corporate year. It is also a significant improvement on the previous year's result. Pacific Business Trust continues to sustain its strong financial position with total equity \$4,768,349.

To sum up, the Trust has had a huge year – huge in terms of workload, effort and the changes that have been required of us, as determined by the people we serve and from our own strategic decisions. We may not have been in the limelight as much as we could have been, but we rolled up our sleeves and got on with the work. To this end I would like to thank my board, our Chief Executive, our management and especially our staff, all who have endeavoured to define their own answer to that question “what is Pacific Leadership?” Lastly, I would like to acknowledge our Minister the Hon Georgina te Heuheu as she continues her support of our organisation and our work and her attendance at many of our events and celebrations throughout the year, - thank you Minister. To our strategic partners, the Ministry of Pacific Island Affairs and New Zealand Trade and Enterprise, Pacific Peoples Advancement Trust, Te Wananga o Aotearoa, Pasifika Education Centre Trust, and The Village Community Services Trust, thank you so much.

Na te Atua kotou e tauturu mai - meitaki ma'ata, e kia manuia,

Hamish A Crooks

Chair



Chief Executive Report



Having arrived at the Pacific Business Trust (PBT) just a month before the end of the 2009/2010 year, this report is an observation of the outcomes achieved in the context of a strategic and structural transition that was punctuated by my appointment. While the turnover of senior management during the year had the potential to be an operational distraction, the leadership of the Board and commitment of the PBT team ensured continuity of service delivery

despite challenging circumstances. The programme outcomes referred to in the Chair's report, are testament to that commitment. While the number of start up businesses supported was down to 60 from 76 in the previous year, this is still encouraging considering that this was achieved during a period when most were dealing with the worst effects of the global recession. This economic climate also ensured that business survival seminars, training workshops and networking events were well supported by proactive business people. Similarly, our team of Business Advisors was kept busy providing hands on coaching to new businesses and ongoing mentoring to existing clients.

I was fortunate enough to arrive in time to witness a significant milestone for PBT. The successful delivery of our first NZQA business qualifications in partnership with Te Wananga o Aotearoa (TWOA), realised a key strategic objective set by the board. In terms of improving the capability of Pacific business, education will continue to be a key facet of PBT's offering alongside business development services. Headline statistics for this intake indicate that the vast majority of students were either employed or in business (>90%) and a very encouraging trend was that most were women (65%).

The economic recession, major changes in organisational management and a tight funding environment where return on

investment has become more important than ever, prompted a strategic review led by the board prior to my arrival. The resulting framework guided the next stage of reform starting with the reset of the senior management team. I am now working with our new Corporate Manager Maria Fuata and Business Development Manager Ina Michael to further refine the long term plan and the organisational structure, to ensure PBT is fit for purpose. A key expectation of the board following my appointment has been a review our current service delivery model. The Statement of Service Performance for 2009/2010 has reinforced a view that the framework needs refinement to ensure we can be confident that our activities are addressing the real needs of Pacific business in New Zealand. The Ministry of Pacific Island Affairs (MPIA) has been supportive of a refinement of our Purchase Agreement to ensure we are achieving outcomes that promote our shared objective of greater prosperity for Pacific communities.

As this work with MPIA is completed, we will work with TWOA, NZ Trade and Enterprise, Tindall Foundation and our Pacific Peoples Advancement Trust partners to ensure our key programme delivery relationships are well integrated and continue to serve our core objectives. An important task for PBT will be to work closely with a number of other agencies and organisations that have also developed Pasifika strategies with similar objectives. The Trust is well placed moving forward, to provide the linkages that could maximise the effectiveness of future investment in this space.

While I haven't been here long, I have been amazed at the number of people outside the organisation who have told me how much they believe in the Trust's work and express their heartfelt desire to see this work succeed. I am particularly struck by the number of former employees and trustees who have consistently shared this view with me and I am humbled by the 25 year legacy I'm now part of. With that I wish to thank the current Board of Trustees for their confidence, Chairman Hamish Crooks for his leadership and the dedicated PBT team for their ongoing support and commitment as we move toward the next exciting stage of the journey.

Peter Cordtz
Chief Executive



Background

The Pacific Business Trust has served Pacific communities in New Zealand for over two decades. Established in 1985, the Trust was originally known as the Pacific Island Employment Development Scheme. The original focus was to provide equal employment opportunities and improve the overall economic prosperity of Pacific peoples.

In 1992, the organisation changed its name to the Pacific Island Business Development Trust (Pacific Business Trust) to emphasize its increased business development focus. Today the Pacific Business Trust delivers training and economic development services nationwide with offices in Otahuhu, Porirua, and Christchurch to meet the needs of Pacific peoples in New Zealand.

The Trust's main function is to provide a central business resource, relevant training and proactive business assistance to New Zealanders of Pacific descent. The Trust has a team of experienced business advisors/facilitators who deliver the training, coaching, network events, business seminars and also the mentoring to existing businesses.

VISION AND MISSION

During 2009/10 the vision and mission statement were changed to reflect the increased provision for training which has become an increasing core component of the overall economic and business development activities of the Pacific Business Trust.

Our Vision:

“Prosperous Pacific Business”

Our mission statement:

“Assist Pacific People into business through successful training & development.”

This mission statement reflects the Trust's leadership role as a nationwide training and economic development organisation to advance the business aspirations of the Pacific community in skilled employment and business and further communicating their positive contribution to the New Zealand economy and society overall.



Our Services

BUSINESS DEVELOPMENT SERVICES

The Pacific Business Trust has an experienced team of business advisors/facilitators who provide business training, practical business advice, coaching for new business start-ups and mentoring of existing Pacific businesses. The Business Advisor/Facilitator team is based in four locations nationally being Otahuhu, Porirua and Christchurch. They also deliver workshops outside the main centres to meet the needs of Pacific peoples. The Pacific Business Trust collaborates with Business Mentors NZ which is able to draw on over 1500 diverse business people who can provide practical business experience and specialist expertise from a wide range of industries. The Pacific Business Trust has also established an on-line central business resource for Pacific peoples with relevant business information including business assessment tools in addition to links to key government economic development agencies and private sector business organisations.

Key business development outcomes and statistics for the 2009-2010 as follows:

BUSINESS START-UPS

Period	Business Start-Ups	Sales Turnover	Jobs Created
2009-2010	60	\$3,571,000.00	124
2008-2009	76	\$6,573,000.00	202
2007-2008	59	\$3,000,360.00	71

DATA COLLECTION

(KEY STATISTICS FOR NEW START-UPS)

New Business Start-ups (60)	Statistical Result
Gender	37% Female, 63% Male
Region	53% Wellington, 25% Auckland, 20% Christchurch, 2% Dunedin

EXISTING BUSINESS ASSISTANCE

The Business team assisted 191 clients (existing businesses) around the country. These clients accounted for over \$16m in Sales Turnover and 293 jobs.

BUSINESS ASSESSMENTS

Overall a total of 44 clients completed Business Fitness Assessments (Existing Businesses) and 51 completed Business Ready Assessments (Start-ups).

More detail about PBT achievement of outcomes specific to the MPIA Purchase Agreement, is provided in the Statement of Service Performance.



Pacific Business Awards

The Pacific Business Awards is an event which showcases excellence and success achieved by Pacific owned businesses in New Zealand. The awards highlight Pacific peoples business contribution to New Zealand's economy, provide encouragement and inspiration to aspiring young entrepreneurs. The next awards to be held late 2010 awards will double as a 25th anniversary celebration and include eight awards across three categories.

PASIFIKA INITIATIVE

- Pacific Employer/Workplace Award
- Emerging Business Enterprise Award
- Young Pacific Entrepreneur Award

PASIFIKA THRIVING

- Pacific Exporter Award
- Pacific Executive Award
- Pacific Business Woman Award

PASIFIKA SUCCESS

- Pacific Business Person Award
- Pacific Business Award



imPAC Training

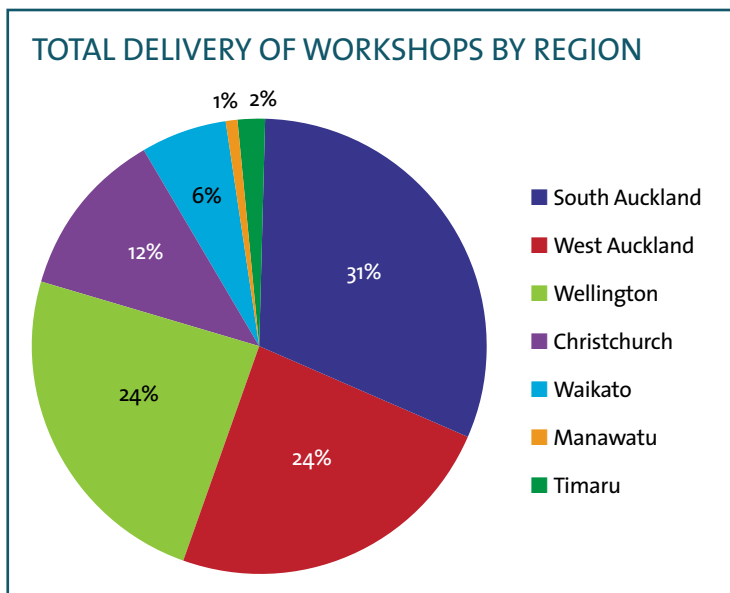
The Pacific Business Trust as the only nationwide Pacific economic development agency in partnership with New Zealand Trade and Enterprise (NZTE), delivered imPAC business training workshops at no cost to participants.

The 2009/2010 period marked the sixth year that the imPAC workshops were delivered by PBT and attendance was at the highest level since the programme's inception. The imPAC training workshops have provided the basics of starting and building a business followed up by one-on-one coaching sessions to provide value and further assistance by increasing business knowledge and skills. Topics covered in the workshops included – Business Planning, Marketing, Financials Compliance, the Business Vision and Mission, To further reflect PBT's commitment to Pacific business success, a review of the imPAC training resource material was completed which enabled us to ensure the content remained relevant to the needs of Pacific peoples.

This resulted in the repackaging of the programme and a pilot series was conducted in the last quarter of 2009. The outcome was that many participants were provided with a pathway to other PBT services which included mentoring, networking, other training services and participants enrolled in our NZQA business courses Proposed changes to the NZTE funding model will mean a further review of the programme during the coming year.

Year	Workshops	Participants	Average Participation	Total Coaching
2006-2007	80	878	11	515
2007-2008	85	818	10	480
2008-2009	85	1011	12	464
2009-2010	85	1178	14	268

Source: New Zealand Trade & Enterprise



Te Wananga O Aotearoa (TWOA) Collaboration

With the generous support of the Tindall Foundation, PBT undertook a refurbishment of part of the Pacific Business Trust Centre in Otahuhu, to provide purpose built training and seminar facilities. In September 2009 PBT delivered its first NZQA business qualifications in partnership with TWOA. The initial courses for the First Steps to Business (level 2) and Certificate in Small Business Management (level 4).

Interest in the courses was high, with demand from those wishing to both increase knowledge and benefit their businesses (many participants had previously undertaken imPAC training). Interest also arose from those aspiring to improve career prospects. The level 4 CSBM was particularly popular with those already in business or aspiring to start one of their own.

Key statistics from the first intakes for these two courses (September 2009 to June 2010) follow:

The Key Performance Indicators set by TWOA for these courses are:

- Completion – 65%
- Graduation - 50%

Key Statistics / PBT Performance by Completed Courses – Intake 1 Sep 2009 to Jun 2010:

First Steps to Business (level 2)

- Original Number 56
- Completion 67% (38)
- Graduation 59% (33)
- 80% employed, 10% unemployed (including full time mothers), 10% studying
- 3 of this group have used FSB to pathway to further study

Certificate in Small Business Management (level 4)

- Original number 40
- Completion 65% (26)
- Graduation 60% (24)
- 58% employed, 40% self employed, 2% unemployed
- Self employed – 68% start up businesses, 32% existing businesses

Overall statistics for CSBM and FSB Intake 1

- 91% Pacific
- 65% female / 35% male
- 90% have indicated they will pathway to further study
- Total Expressions of Interest (EOI) for FSB/CSBM Intake 1 was 117

Note: Course completion events for these first intakes were held at PBT during July 2010 with the formal graduation ceremony conducted at TWOA later in the year. The second intake for these courses commence in July 2010 and will be completed in December 2010.



Audit Report

To the readers of the Pacific Island Business Development Trust and group's financial statements and statement of service performance for the year ended 30 June 2010

The Auditor-General is the auditor of the Pacific Island Business Development Trust (the Trust) and group. The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Trust and group for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the Trust and group on pages 13 to 32:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Trust and group's financial position as at 30 June 2010; and
 - the results of operations and cash flows for the year ended on that date.
- The statement of service performance of the Trust and group on pages 33 to 36:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 29 October 2010, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.



The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Trust and group as at 30 June 2010 and the results of operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Trust and group's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board's responsibilities arise from the Public Finance Act 1989, the Crown Entities Act 2004 and clause 9.6 of the constitution and rules.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Trust or any of its subsidiaries.



David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST
Consolidated Financial Statements
For The Year Ended 30 June 2010

STATEMENT OF RESPONSIBILITY

The Board and Management are responsible for the preparation of the annual financial statements and the judgements used therein.

The Board and Management are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurances as to the integrity and reliability of the financial reporting.

In the opinion of the Board and Management, the annual financial statements including the statement of service performance, for the year ended 30 June 2010 fairly reflect the financial position and operations of the Trust.



Chair

Date 29th October 2010.



Chief Executive

Date 29 October 2010



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Statement of Comprehensive Income

For The Year Ended 30 June 2010

	Note	CONSOLIDATED		Budget 2010 \$	PARENT	
		Actual			Actual	
		2010 \$	2009 \$		2010 \$	2009 \$
REVENUE						
Government Contracts		1,264,000	1,252,444	1,245,334	1,264,000	1,252,444
NZTE		237,897	267,806	249,167	237,897	267,806
TWOA		229,854	-	140,000	229,854	-
Business Centre Rent		143,077	145,486	170,510	143,077	145,486
Loan fees and Interest		4,350	22,631	9,998	4,350	22,631
Investment Income		95,957	155,295	114,998	95,957	155,295
Other Revenue		179,326	49,123	25,000	179,326	49,123
Business Awards		-	-	172,002	-	-
		2,154,461	1,892,785	2,127,009	2,154,461	1,892,785
EXPENSES						
Leadership		50,429	39,598	222,000	50,429	39,598
NZTE		62,070	37,179	45,000	62,070	37,179
TWOA		156,379	-	102,560	156,379	-
Personnel		1,213,221	1,098,360	1,072,308	1,213,221	1,098,360
Communication and Awareness		186,666	245,450	208,990	186,666	245,450
Building Operating Administration		167,309	178,818	159,000	167,309	178,818
Finance		213,672	248,303	188,460	213,672	248,303
Depreciation	6	53,316	131,510	17,000	53,316	131,510
		101,042	97,873	105,000	101,042	97,873
		2,204,104	2,077,091	2,120,318	2,204,104	2,077,091
(DEFICIT)/SURPLUS BEFORE TAX FOR THE YEAR						
	2	(49,643)	(184,306)	6,691	(49,643)	(184,306)
Tax Expense	3	-	-	-	-	-
NET (DEFICIT)/SURPLUS FOR THE YEAR						
		(49,643)	(184,306)	6,691	(49,643)	(184,306)
Other Comprehensive Income		-	-	-	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR						
		(49,643)	(184,306)	6,691	(49,643)	(184,306)

The notes on pages 17 to 32 form part of and should be read in conjunction with the Financial Statements.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Statement of Financial Position

As at 30 June 2010

	Note	CONSOLIDATED		PARENT	
		2010	2009 \$	2010	2009 \$
CURRENT ASSETS					
Cash and Cash Equivalents	4	2,303,876	2,250,198	2,303,876	2,250,198
Trade and Other Receivables	5	216,572	136,924	216,572	136,924
		2,520,448	2,387,122	2,520,448	2,387,122
NON CURRENT ASSETS					
Property, Plant and Equipment	6	2,530,237	2,484,672	2,530,237	2,484,672
Fit Out/Improvement - WIP		-	2,838	-	2,838
Loans	7	26,745	115,152	26,745	115,152
Shares in Subsidiary companies	8	-	-	284,890	284,890
		2,556,982	2,602,662	2,841,872	2,887,552
TOTAL ASSETS		5,077,430	4,989,784	5,362,320	5,274,674
CURRENT LIABILITIES					
Inter Group Current Account	8	-	-	284,931	284,931
Trade and Other Payables	9	86,515	102,117	85,699	101,301
Employee Entitlements	10	92,225	69,676	92,225	69,676
Sponsorship in Advance		60,000	-	60,000	-
		238,740	171,793	522,855	455,908
NON CURRENT LIABILITIES					
Loan	16	70,341	-	70,341	-
		70,341	-	70,341	-
TOTAL LIABILITIES		309,081	171,793	593,196	455,908
NET ASSETS		4,768,349	4,817,991	4,769,124	4,818,766
EQUITY					
Accumulated Funds		4,768,349	4,817,991	4,769,124	4,818,766
TOTAL EQUITY		4,768,349	4,817,991	4,769,124	4,818,766

The notes on pages 17 to 32 form part of and should be read in conjunction with the Financial Statements.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Statement of Cash Flows For the Year Ended 30 June 2010

	CONSOLIDATED		PARENT	
	2010	2009	2010	2009
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was received from:				
Government Contract	1,264,000	1,252,444	1,264,000	1,252,444
Other Contract	414,640	229,509	414,640	229,509
Rental Income	156,390	164,722	156,390	164,722
GST Received (net)	15,256	-	15,256	-
Interest	104,564	162,818	104,564	162,818
Sponsorship in Advance	60,000	-	60,000	-
Other Revenue	112,094	49,123	112,094	49,123
	2,126,944	1,858,616	2,126,944	1,858,616
Cash was applied to:				
Payments to Suppliers	(873,480)	(848,047)	(873,480)	(848,047)
Payments to Employees	(1,186,708)	(995,942)	(1,186,708)	(995,942)
GST Paid (net)	-	(10,565)	-	(10,565)
	(2,060,188)	(1,854,554)	(2,060,188)	(1,854,554)
NET CASH INFLOW FROM OPERATING ACTIVITIES (Note 11)	66,756	4,062	66,756	4,062
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was received from:				
Repayments of loan principal	60,349	67,001	60,349	67,001
Loans Drawn Down	70,341	-	70,341	-
	130,690	67,001	130,690	67,001
Cash was applied to:				
Property, Plant and Equipment Purchased	(143,768)	(21,943)	(143,768)	(21,943)
	(143,768)	(21,943)	(143,768)	(21,943)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(13,078)	45,058	(13,078)	45,058
NET INCREASE IN CASH HELD	53,678	49,120	53,678	49,120
Add opening cash and cash equivalents	2,250,198	2,201,078	2,250,198	2,201,078
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	2,303,876	2,250,198	2,303,876	2,250,198

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The operating cash flow is presented on a net of GST basis.

The notes on pages 17 to 32 form part of and should be read in conjunction with the Financial Statements.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Statement of Changes In Equity

For the Year Ended 30 June 2010

	CONSOLIDATED		PARENT	
	2010	2009	2010	2009
	\$	\$	\$	\$
Equity at 1 July	4,817,991	5,002,297	4,818,766	5,003,072
Net Deficit for the year	(49,643)	(184,306)	(49,643)	(184,306)
Other Comprehensive income	-	-	-	-
Total comprehensive loss for the year	(49,643)	(184,306)	(49,643)	(184,306)
Equity at 30 June	4,768,349	4,817,991	4,769,124	4,818,766

The notes on pages 17 to 32 form part of and should be read in conjunction with the Financial Statements.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies

Reporting Entity

The Pacific Island Business Development Trust (the "Trust") is a Charitable Trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is listed in Schedule 4 of the Public Finance Act 1989 which means it is treated for certain financial reporting requirements as if it was a crown entity under the Crown Entities Act 2004. The Trust is also recognised by the Inland Revenue Department as a charitable trust and as such is exempt from income tax.

The primary objective of the Trust is to develop a strong economic base for Pacific Island people in New Zealand, rather than making a financial return. Accordingly, the Trust has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

The Trust owns three companies:

- PIBDT Ownership Limited whose function is to own, on behalf of the Trust, significant assets on a long term basis. There were no trading activities during the year.
- Manukau Pacific Markets Limited which was set up to develop, construct and operate market facilities with a strong Pacific ambience, to create business opportunities for Pacific Island businesses. The company's operations have been wound down and it is now a shelf company.
- Southmarket Limited is a shelf company established for the protection of the trade name.

The financial statements of the Trust and the group are for the year ended 30 June 2010. The financial statements were authorised for issue by the Board of Trustees on 29 October 2010.

Basis of Preparation and Statement of Compliance

The financial statements of the Trust have been prepared in accordance with the requirements of clause 23 of the Trust's constitution and rules, and also the Public Finance Act 1989, which include the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The financial statements comply with International Financial Reporting Standards (IFRS).

The Trust qualifies for differential reporting exemptions as it has no public accountability and the entity is not large. However it has elected not to apply the available reporting exemptions under the Framework for Differential Reporting.

The financial statements have been prepared on a historical cost basis, or deemed cost in the case of land and buildings.

The financial statements are presented in New Zealand dollars with all values rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Subsidiaries and Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Trust has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Trust has such power over another entity.

In the Trust's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the calculation of the surplus or deficit.

(ii) Basis of consolidation

Subsidiaries are consolidated from the date of acquisition, being the date on which the Trust obtains control, and continue to be consolidated until the date such control ceases. In preparing the consolidated financial statements, intra-group balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Grants

Grants received from the Crown are the primary source of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the trust deed and the outputs specified in the purchase agreement. The Trust also receives funds through the delivery of a training contract.

Government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and are recognised as revenue when conditions of the grant are satisfied.

Other revenue

Where a physical asset is donated or vested in the Trust for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Trust are recognised when control over the asset is obtained.

Interest income is accrued on a time basis and is recognised using the effective interest method.

Income Tax

The Trust is exempt from income tax as a charitable organisation.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Trade and other receivables

Trade and other receivables, including interest earned but not received, are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the preset value of estimated future cash flows, discounted using the effective interest method.

Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the loans are derecognised or impaired, as well as through the amortisation process.

Investments

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

Investments in subsidiaries are recognised at cost less impairment losses.

At each balance sheet date the Trust assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the statement of financial performance.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Operating lease income from an operating lease is recognised in income on a straight line basis over the lease term even if the receipts are not on such a basis.

Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Goods and Services Tax ("GST")

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department ("IRD") is included as part of receivables or payables in the statement of financial position.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be reliably measured.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment (except land which is not depreciated) at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Office Equipment	24-25%
Furniture & Fittings	10-20%
Computer Hardware	25-30%
Leasehold improvements	unexpired lease period plus right of renewal
Artworks & Taongas	10-20%
Buildings fit out	15%
Building services	10%
Building structure & site devpt	2%

Computer software is included under property, plant and equipment when it is integral to the operation of the related equipment.

At each balance date, the residual value and useful life of an asset is reviewed.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Intangible Assets

Intangible assets that are acquired by the trust, which have finite useful lives, are measured less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is only capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred.

Amortisation is recognised in profit or loss on straight line basis over the estimated useful lives of intangible assets from the date they are available for use. The useful lives and associated amortisation rates of major classes of assets have been estimated as follows:

Computer Software	25-30%
Website	25%

Impairment of Assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in economic circumstances indicate that the carrying amount of such assets may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where the future economic benefits of an asset are not primarily dependent on an ability to generate cash inflows, value in use is determined as the depreciated replacement cost of the asset.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment losses are recognised in the statement of financial performance.

Employee Entitlements

Employee entitlements that the Trust expects to be settled within 12 months of balance date are measured based on actual entitlement at the current rates of remuneration. These include salaries and wages accrued up to balance date and annual leave earned to, but not yet taken, at balance date.

Budget figures

The budget figures are those approved by the Board at the beginning of the year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Trust for the preparation of the financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Property, plant and equipment and intangibles useful lives and residual values

At each balance date the Trust reviews the useful lives and residual values of its property, plant and equipment and intangibles. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment and intangibles requires the Trust to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Trust, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation or amortisation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Trust has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment and Intangibles are disclosed in note 6.

Provision for Impairment of Loans

At each balance date the Trust makes an assessment of the recoverability of each of its loans in order to determine the appropriate level of any impairment provision necessary.

An incorrect estimate of the impairment provision required will impact on the impairment expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by:

- regular monitoring of the loan portfolio;
- consideration of repayment history and known current financial capability of each loan debtor;
- a line-by-line assessment of the recoverability of each loan at year end.

The carrying amounts of loans are disclosed in note 7.

Critical judgements in applying the Trust's accounting policies

The Trustees must exercise their judgement when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

Changes in Accounting Policies

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

The Trust and group has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- *NZ IAS 1 Presentation of Financial Statements (Revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (Issued 2004).* The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The Trust and group has decided to prepare a single statement of comprehensive income for the year 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes in equity.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

- Amendments to NZ IFRS 7 *Financial Instruments: Disclosures*
The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is required to be prepared if this information is necessary to enable users of the financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application. The Trust and group has elected to disclose comparative information.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Trust and group are:

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measure at amortised cost or fair value, replacing the many different rules in NZ IAS 39.

The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. PIBDT has not yet assessed the effect of the new standard and expects it will not be early adopted.

Note 2: (Deficit)/Surplus Before Tax CONSOLIDATED AND PARENT

(Deficit)/Surplus before tax is stated after crediting:

	2010	2009
	\$	\$
Interest received - Bank and Investments	95,957	155,295
Interest received - Lending	4,350	22,631
Bad Debts recovered	69,233	46,192

And after charging:

	2010	2009
Audit fee		
- audit of financial statements	39,680	38,820
Impairment provision and loans written off	28,058	129,266
Debtors written off	13,830	-
Board allowances and expenses	97,153	110,831



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Note 3: Income Tax Expense

The Trust has charitable tax status and therefore does not pay income tax.

Unrecognised tax losses in Manukau Pacific Markets Ltd of \$2,189,583 (2009: \$2,189,583), tax effect of \$722,562 (2009: \$722,562), are available to be carried forward, should the Group make taxable profits in the future.

Note 4: Cash and Cash Equivalents

CONSOLIDATED AND PARENT

	2010	2009
	\$	\$
Cash at bank	363,650	65,229
Short term deposits	1,940,226	2,184,969
Total	2,303,876	2,250,198

Short term deposits are invested at market interest rates with the Trust's banker. There is one short term deposit with terms less than 3 months. (2009: there were two short term deposits). The Board does not consider that there is any significant interest risk exposure on its investments.

Note 5: Trade and Other Receivables

CONSOLIDATED AND PARENT

	2010	2009
	\$	\$
Trade Receivables	173,733	76,481
Loan Interest Receivable (Note 7)	914	1,721
Other Receivables	41,925	58,722
Total	216,572	136,924

All receivables have been assessed for impairment and no allowance is deemed necessary or been made for estimated irrecoverable amounts from trade and other receivables (2009: nil), as none of the amounts are past their due date and there is no specific liquidity or credit risks associated with these balances.

At 30 June the aging of trade receivables is as follows:

	Total	0 - 30days	31 - 60days	61 - 90days	91+ days
2010	\$173,733	139,662	33,024	1,047	-
2009	\$76,481	63,149	1,724	1,896	9,712

The carrying value of receivables approximates their fair value.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Note 6: Property, Plant and Equipment

CONSOLIDATED AND PARENT

COST	Cost at 1 July 2008	Additions	Disposals	Cost at 30 June 2009
	\$	\$	\$	\$
Office Equipment	102,948	5,562	-	108,510
Furniture & Fittings	133,661	1,618	-	135,279
Computer Equipment	276,502	17,651	-	294,153
Website	18,182	-	-	18,182
Grounds Tools & Equipment	1,862	-	-	1,862
Leasehold Improvements	13,647	2,012	-	15,659
Taongas	32,451	-	-	32,451
Artworks	16,748	-	-	16,748
Building	1,505,947	-	-	1,505,947
Land	1,166,000	-	-	1,166,000
Total	3,267,948	26,843	-	3,294,791

COST	Cost at 1 July 2009	Additions	Disposals	Cost at 30 June 2010
	\$	\$	\$	\$
Office Equipment	108,510	2,689	-	111,199
Furniture & Fittings	135,279	4,350	-	139,629
Computer Equipment	294,153	13,569	-	307,722
Website	18,182	-	-	18,182
Grounds Tools & Equipment	1,862	-	-	1,862
Leasehold Improvements	15,659	3,912	-	19,571
Taongas	32,451	-	-	32,451
Artworks	16,748	-	-	16,748
Building	1,505,947	122,086	-	1,628,033
Land	1,166,000	-	-	1,166,000
Total	3,294,791	146,606	-	3,441,397

ACCUMULATED DEPRECIATION	Balance at 1 July 2008	Depn	Disposals	Balance at 30 June 2009
	\$	\$	\$	\$
Office Equipment	87,121	3,941	-	91,062
Furniture & Fittings	125,803	4,546	-	130,349
Computer Equipment	247,779	20,917	-	268,696
Website	18,142	40	-	18,182
Grounds Tools & Equipment	1,862	-	-	1,862
Leasehold Improvements	2,237	697	-	2,934
Taongas	30,845	1,606	-	32,451
Artworks	11,048	2,500	-	13,548
Building	187,409	63,625	-	251,034
Land	-	-	-	-
Total	712,246	97,872	-	810,118



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Note 6: Property, Plant and Equipment (Continued)

ACCUMULATED DEPRECIATION	Balance at 1 July 2009	Depn	Disposals	Balance at 30 June 2010
	\$	\$	\$	\$
Office Equipment	91,062	3,931	-	94,993
Furniture & Fittings	130,349	2,509	-	132,858
Computer Equipment	268,696	17,112	-	285,808
Website	18,182	-	-	18,182
Grounds Tools & Equipment	1,862	-	-	1,862
Leasehold Improvements	2,934	2,175	-	5,109
Taongas	32,451	-	-	32,451
Artworks	13,548	2,400	-	15,948
Building	251,034	72,915	-	323,949
Land	-	-	-	-
Total	810,118	101,042	-	911,160

NET BOOK VALUE	As at 1 July 2008	As at 30 June 2009	As at 30 June 2010
	\$	\$	\$
Office Equipment	15,827	17,447	16,205
Furniture & Fittings	7,858	4,930	6,772
Computer Equipment	28,723	25,456	21,913
Website	40	-	-
Grounds Tools & Equipment	-	-	-
Leasehold Improvements	11,410	12,726	14,463
Taongas	1,606	-	-
Artworks	5,700	3,200	800
Building	1,318,537	1,254,913	1,304,084
Land	1,166,000	1,166,000	1,166,000
Total	2,555,701	2,484,672	2,530,237

Note 7: Loans

CONSOLIDATED AND PARENT	2010	2009
	\$	\$
Principal	26,745	115,152
Interest	914	1,721
Total Net Loans and Interest	27,659	116,873
Classified as :		
Current (included in Other Receivables)	914	1,721
Non-current	26,745	115,152
Total	27,659	116,873



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Note 7: Loans (Continued)

The carrying value of loan receivables approximates their fair value.

The carrying amount of receivables that are past due, but not impaired, is \$13,675 (2009 \$43,773).

The loans have fixed interest rates varying from interest free to 14%.

The maximum exposure to credit risk at balance date is the higher of the carrying value and fair value of the loans.

As at 30 June 2010 and 2009, all overdue loans have been assessed for impairment and appropriate provisions applied, as detailed below:

2010	Gross \$	Impairment \$	Net \$
Not past due	13,983	-	13,983
Past due 0-30 days	1,879	-	1,879
Past due 31-60 days	1,325	-	1,325
Past due 61 – 90 days	1,325	-	1,325
Past due > 91 days	9,147	-	9,147
Total	27,659	-	27,659

2009	Gross \$	Impairment \$	Net \$
Not past due	73,099	-	73,099
Past due 0-30 days	4,059	-	4,059
Past due 31-60 days	4,059	-	4,059
Past due 61 – 90 days	3,769	-	3,769
Past due > 91 days	31,887	-	31,887
Total	116,873	-	116,873

The provision for impairment has been calculated based on expected losses for the Trust's pool of loan debtors. Expected losses have been determined based on an analysis of the Trust's losses in previous periods, and review of specific debtors.

Those specific debtors that are insolvent have been fully written off.

The board made a decision to write off all debtors considered impaired at 30 June 2010 and 2009, hence there is no provision for impairment at 30 June 2010.

Note 8: Shares in Subsidiary companies

Name of Entity: Manukau Pacific Markets Ltd
Principal Activity: Shelf company
Ownership: Pacific Island Business Development Trust 50% (2009: 50%)
PIBDT Ownership Ltd 50% (2009: 50%)
Balance Date: 30 June 2010

Name of Entity: PIBDT Ownership Ltd
Principal Activity: Asset owning company
Ownership: Pacific Business Trust 100% (2009:100%)
Balance Date: 30 June 2010

Name of Entity: South Market Ltd
Principal Activity: Shelf company
Ownership: Manukau Pacific Markets Ltd 100% (2009:100%)
Balance Date: 30 June 2010



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Note 8: Shares in Subsidiary companies (Continued)

At 30 June 2010, Manukau Pacific Markets Limited's negative net asset value was \$249,546 (2009:\$249,546).

PARENT	2010	2009
	\$	\$
Net Equity in Manukau Pacific Markets	-	-
Net Equity in PIBDT Ownership Limited	284,890	284,890
Total	284,890	284,890

Inter group current account is made up of Unpaid Share Capital \$284,890 and an amount owed to PIBDT Ownership Ltd of \$41.

Note 9: Trade and Other Payables

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
	\$	\$	\$	\$
Trade Payables	60,900	67,532	60,084	67,532
Other Payables	25,615	34,585	25,615	33,769
Total	86,515	102,117	85,699	101,301

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

Note 10: Employee Entitlements

Current employee entitlements are represented by:

	Consolidated 2010	Consolidated 2009	Parent 2010	Parent 2009
	\$	\$	\$	\$
Annual Leave	40,345	44,071	40,345	44,071
Accrued salaries and wages	24,744	25,605	24,744	25,605
Accrued bonuses	27,136	-	27,136	-
Total	92,225	69,676	92,225	69,676

Employee benefit liabilities comprise annual leave of \$40,345 (2009:\$44,071), accrued salaries and wages of \$24,744 (2009:\$25,605) and accrued bonuses of \$27,136 (2009: Nil). All employee benefit liabilities are current liabilities.

Note 11: Reconciliation of Net Deficit with Net Cash Inflow from Operating Activities

Consolidated & Parent	2010	2009
	\$	\$
Net Deficit	(49,643)	(184,306)
(Less)/Add depreciation	101,042	97,873
Write down of loans	28,057	111,779
(Less)/Add changes in interest receivable	4,257	2,379
(Less)/Add changes in Trade and Other Receivables	(80,667)	(48,319)
(Less)/Add changes in Trade and Other Payables	63,710	24,656
Net Cash inflow from Operating Activities	\$66,756	\$4,062



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Note 12: Employee Remuneration

One employee received remuneration in excess of \$100,000 during the current financial year. This was in the \$140,000 to \$150,000 bracket. (2009: One employee received remuneration in excess of \$100,000. This was in the \$150,000 to \$160,000 bracket).

Note 13: Capital Commitments

There were no capital commitments at 30 June 2010. (2009: Nil).

Note 14: Operating Leases

Minimum lease payments paid under operating leases recognised as an expense in the year were \$108,103 (2009:\$92,483).

At the balance date, the Trust had outstanding commitments under non-cancellable operating leases, which are due as follows:

CONSOLIDATED AND PARENT

	2010	2009
	\$	\$
Less than one year	89,831	62,603
Between one and five years	52,162	59,769
More than five years		-
Total non-cancellable operating leases	141,993	122,372

A significant portion of the total non-cancellable operating lease amount relates to the lease of company vehicles as well as office premises in Wellington and Christchurch. The Wellington and Christchurch leases expire in June 2011. The Trust does not have the option to purchase the asset at the end of the lease term. There are no restrictions placed on the Trust by any of its leasing arrangements.

Note 15: Contingencies

The Pacific Island Business Development Trust has joint and several responsibility for a loan to the Village Community Services Trust (VCST) from the Tindall Foundation. In the event that the VCST defaults on payment, PIBDT would be liable for the current rate of the loan which as at 30 June 2010 was \$53,000. There were no other contingent liabilities or assets at 30 June 2010. (2009: Nil)

Note 16: Related Parties Transactions

The Pacific Island Business Development Trust has a loan of \$70,341 from the Pacific Peoples Advancement Trust (PPAT). Hamish Crooks is a member of the Governing Body of PPAT. There were no other related party transactions during the year. (2009: Nil)

Key Management Personnel Compensation

	2010	2009
	\$	\$
Salaries and other short-term benefits	181,371	237,300
Termination Payment	50,000	-
Total	231,371	237,300

Key management personnel include all Trustees and the Chief Executive Officer.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Note 16: Related Parties Transactions (Continued)

Board Member Remuneration

	2010	2009
	\$	\$
Hamish Crooks	56,044	21,000
Fotu Fisi'lahi	6,333	9,500
Shirley Sisepi Fraser	9,500	9,500
Siti Mavoava	9,500	9,500
Fatu Fuatavai	6,333	9,500
Caren Rangi	9,500	9,500
Selma Scott	9,500	9,500
Total	106,710	78,000

Note 17: Categories of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	2010	2009
	\$	\$
Loans and Receivables		
Cash and Cash Equivalents	2,303,876	2,250,198
Trade and Other receivables (note 5)	216,572	135,203
Loans (note 7)	26,745	116,873
Total Loans and Receivables	2,547,193	2,502,274

Financial Liabilities measured at amortised cost

Trade and Other Payables (note 9)	85,699	102,117
Employee Entitlements (note 10)	92,225	69,676
Total Financial Liabilities measured at amortised cost	177,924	171,793

Note 18: Financial Instrument Risks

The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its treasury activities. The Trust has established Borrowing and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

The Lending programme was placed on hold from May 2007 with no new loans approved and at current there are no plans for Pacific Business Trust to provide any further funding for business loans in the future.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to fair value interest rate risk is limited to its loans and short-term bank deposits.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Trust to cash flow interest rate risk.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Note 18: Financial Instrument Risks (continued)

The Trust's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The Trust currently has no variable interest rate debt or investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust is not exposed to currency risk, as it does not enter into foreign currency transactions.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Trust, causing the Trust to incur a loss.

Due to the timing of its cash inflows and outflows, the Trust invests surplus cash with registered banks. The Trust's Investment policy limits the amount of credit exposure to any one institution.

No new loans have been issued in the 2010 financial year and in the 2009 financial year. The Trust has processes in place to review the credit quality of customers prior to the granting of loans. In particular, to apply for a loan the client needs to submit a completed PBT Loan application form, a full written business plan, and employment references.

The Trust's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 4), loans (note 7) and trade receivables (note 5). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Trust has no significant concentrations of credit risk, as it has a large number of loan debtors. A significant concentration of credit risk exists for cash and cash equivalents as all funds are invested with one bank. The bank is a registered bank with a credit rating of AA.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Trust aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Trust maintains a target level of investments that must mature within specified timeframes.

Note 19: Capital Management

The Trust's capital is its equity, which comprises retained surpluses. Equity is represented by net assets.

The Trust deed requires the Board of Trustees to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently. The Trust's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Consolidated Financial Statements

For The Year Ended 30 June 2010

Note 20: Subsequent Events

There were no significant events after the balance sheet date.

Note 21: Explanation of Significant Variances to Budget

The Trust did not complete a budgeted Statement of Financial Position or Statement of Cash Flows for the 2010 financial year. The major variances to budget in the Statement of Financial Performance for 2010 are explained as follows:

REVENUE

Other revenue Mainly due to loan recoveries and other grant received during the year that were not budgeted for.

Business Awards Business awards were deferred to 2010/2011.

EXPENSES

Leadership Variance due to delivery of leadership activities less than was planned for.

Personnel Increase mainly due to final salary payouts for staff who left during the year and contractor costs for these interim roles.



STATEMENT OF SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT WITH THE MINISTRY OF PACIFIC ISLAND AFFAIRS

1. ENTREPRENEURIAL LEADERSHIP

1.1 Unlimited Pasifika Seminar Series

Output activity	Performance standard	Result/Progress
Delivery of four (4) targeted seminar series aimed at encouraging entrepreneurship. The seminars are to be practical and will bring together Pacific business entrepreneurs with aspiring entrepreneurs.	Each seminar to be attended by 60 – 80 participants with target ratio of 3:7 Pacific entrepreneurs to aspiring entrepreneurs. 80% client satisfaction	Seminars delivered in: Hamilton–21 January 2010 (21 attended) Wellington-10 March 2010 (100 attended) Auckland (2) - 29 April (91 attended) & 10 June 2010 (111 attended) Target ratio not reported on. 44% Female:56% Male 95% - 98% client satisfaction

1.2 Plantation Business Challenge

Output activity	Performance standard	Result/Progress
Provision of a business challenge programme in Auckland focussing on Pacific Year 13 students from invited secondary schools.	60-80 participants with minimum of 50% progressing through to business tertiary studies.	53 students participated from 10 secondary schools with 11 teams in total 52% of participant students indicated their intention to pursue tertiary studies in business although a formal follow-up was not done.

1.3 Young Enterprise Scheme (YES)

Output activity	Performance standard	Result/Progress
Contribution and support to the YES programme to improve retention and progression rates amongst Pacific youth.	PBT contribution of \$15,000 with the Ministry's contribution of \$15,000 towards the Young Enterprise Trust (YET) programme	In October 2009, PBT contributed \$15,000 towards the excellence award for Pacific youth participation in the YES programme

2. INFORMATION AND AWARENESS

2.1 E-Newsletter

Output activity	Performance standard	Result/Progress
Distribution of a bi-weekly or as appropriate e-newsletter to provide timely information on relevant business and skills development issues whilst integrating the quarterly newsletter into the Ministry's quarterly publication.	Timing and format of PBT's contribution to the Ministry's publication to be discussed and agreed to with the Ministry Communications Directorate.	9 PBT e-newsletters were produced and distributed during the year to a mail-out list of 2,500 recipients on the PBT database. PBT contributed to the Ministry's quarterly newsletter Leo Pasifika in the December 2009 and March 2010 editions.



STATEMENT OF SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT WITH THE MINISTRY OF PACIFIC ISLAND AFFAIRS

2.2 Pacific Economic Development Website

Output activity	Performance standard	Result/Progress
Provision of a website itemising services and support provided by PBT with: <ul style="list-style-type: none"> - links to other relevant business development websites, - regularly updated with community notices and relevant business information and - profile of successful Pacific business role models 	<ul style="list-style-type: none"> - 20,000 website visits - 480,000 website hits 	63,886 website visits 653,020 website hits

2.3 Information and database

Output activity	Performance standard	Result/Progress
The systematic collection and maintenance of relevant statistics, data and information on Pacific businesses and workforce development clientele.	Profile of Pacific peoples participation in the business and workforce development programmes to the Ministry on a quarterly basis.	Profile of Pacific business provided to the Ministry as part of quarterly reporting during the year.

3. BUSINESS DEVELOPMENT

3.1 Business Start-Ups

Performance standard	Result/Progress
Assist the start up of fifty (50) newly established businesses At least 60% of start-up businesses established during the year operated for a period exceeding 12 months.	Total Achieved – 60 new businesses

3.2 Business Development

Performance standard	Result/Progress
Where PBT provide assistance to existing businesses, at least 60% will demonstrate improvement in business performance surviving beyond the first year of operation.	<ul style="list-style-type: none"> – 191 existing business assistances – 44 Biz Fitness assessment – 51 Biz Ready assessment
Where Quantel Q100 is implemented, 80% will produce a business action plan and 50% will demonstrate success in implementation.	Business survival rates: 2006/07 64% (74%) 2007/08 83% (82%) 2008/09 97% (93%) 2009/10 Not reported *Survival rate for mainstream business are in brackets.



STATEMENT OF SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT WITH THE MINISTRY OF PACIFIC ISLAND AFFAIRS

3.3 Business Mentoring Services

Output activity	Performance standard	Result/Progress
Continue working collaboratively with Business Mentors New Zealand in the delivery of appropriate mentoring service for Pacific clients.	Mentoring and coaching is aligned as part of PBTs start up programme. Trained business mentors accredited by Business Mentors New Zealand (BMNZ).	114 clients being mentored by internal PBT team, who are all accredited by BMNZ.

3.4 Business Survival Seminars

Output activity	Performance standard	Result/Progress
PBT will deliver 4 business survival seminars aimed at equipping Pacific businesses with advice, information, tips and tools on how to sustain their businesses in the current economic climate.	Seminar content developed in consultation with established business development agencies such as NZTE. 80% client satisfaction.	Auckland – December 2009 Waikato – December 2009 Christchurch – April 2010 Wellington – May 2010 Seminar content sourced from Statistics NZ, ACC and Business Mentors NZ. 90-100% client satisfaction

3.5 Pacific Business Engagement – Rugby World Cup (RWC) 2011

Output activity	Performance standard	Result/Progress
Develop a scoping report and action plan consisting of programmes and initiatives to encourage Pacific businesses' participation in the RWC 2011 activities for business exposure and development.	Consultation with appropriate stakeholders in developing a scoping report and action plan for Pacific business participation in actions associated with RWC 2011.	The action plan and scoping report have been submitted to the Ministry. PBT also had Clyde Rogers from RWC 2011 as key speaker at the Business Networking event in Auckland in March 2010.

3.6 Pacific Governance Training

Output activity	Performance standard	Result/Progress
Deliver a piloted governance training project within a Pacific provider of Early Childhood Education (ECE) services in Auckland.	Report on the completion of the project detailing the nature and quantities of support and services provided, with outcomes achieved.	In partnership with the Ministry of Education, PBT provided governance and management support to the St. John Evangelist Day Care Centre in Otara. Summary Report: Needs analysis done with action plan implemented to address needs. Board and Management provided Governance and Management training. Evaluation and monitoring of action plan to be completed 30 September 2010.



STATEMENT OF SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT WITH THE MINISTRY OF PACIFIC ISLAND AFFAIRS

4. SKILLS DEVELOPMENT

Output activity	Performance standard	Result/Progress
<p>Capacity Development PBT will build its capability into becoming an accredited provider of literacy, language and numeracy, including financial literacy training that is tailored to the training needs of Pacific workers.</p>	Timely accreditation by NZQA	PBT has commenced scoping work and discussions with planned implementation in the new financial year.
<p>Awareness Programmes Participate in relevant communications programmes to raise awareness of the benefits of up-skilling amongst Pacific employers and employees.</p>	Appropriate consultation with relevant agencies including DOL, MPIA and TEC.	Integrated into Information and Awareness work in Output 2.
<p>Workplace Pilot Project (Pacific Steel) Develop and deliver a pilot workplace literacy training project with a company that employs a significant amount of Pacific employees.</p>	Report on the completion of the pilot project at Pacific Steel.	Engagement with Management at Pacific Steel commenced in June 2010 and the financial literacy workshops were launched in August 2010 (delayed start with completion expected December 2010).
<p>Improving the capability and effectiveness of PBT</p>	Board members are contributing and effective and the PBT staff is appropriately skilled and experienced.	The Board of PBT continue to work towards ensuring both the financial sustainability of the organisation and maximising the return on the investment from Government and other stakeholders through the delivery of its services and a strategic planning process for the next 5 years and beyond.

SUMMARY OF OUTPUTS PURCHASED

OUTPUTS	Total
Entrepreneurial Leadership	100,000
Information and Awareness	220,000
Business Development	836,000
Skills Development	108,000
Total excluding GST	1,264,000



Pacific Business Trust Directory

DIRECTORS / BOARD OF TRUSTEES:

Hamish Crooks	Chair
Sitiveni Mavoia	Deputy Chair
Selma Scott	Board Member
Shirley Sisepe-Fraser	Board Member
Caren Rangi	Board Member
Tauilili Fatu Fuatavai	Board Member (to Jan 2010)
Dr Fotu Fisi'iahi	Board member (to Jan 2010)

PERSONNEL

Management

Richard Reid	Chief Executive (to Jan 2010)
Raymond Tuala	National Business Manager (to Apr 2010)
Ron Viviani	Commercial Manager (to Dec 2009)
Peter Cordtz	Chief Executive (from Jun 2010)
Maria Fuata	Interim Corporate Manager
Ina Michael	Training Manager / Interim Business Development Manager

BUSINESS ADVISORS/FACILITATORS

Faavaoa Kerr	Porirua/Wellington Region
Maureen Tukaroa-Betham	Porirua/Wellington Region
Maliepo Moeaki Toma	Christchurch/South Island Region
Scott Donaldson	South Auckland/Auckland Region
Maria Fastnedge	West Auckland/Auckland Region

TUTORS

Jackie Currie-Malolo	Tutor for Certificate in Small Business Management
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CORPORATE SERVICES

Maureen Nepia	Personal Assistant to CE & Secretariat, Board of Trustees
Region Salanoa-Moelasi	Accounts Assistant
Patricia Latu-Kau	Administrator
Patrick Passi	Data Analyst

TEMPORARY STAFF

Apeksha Sahib	Receptionist
Deborah Misiuepa	Administrator
Auditor	Audit NZ
Solicitors	Gaze Burt, Auckland
Banking Organization	Westpac Banking Corporation







PACIFIC BUSINESS TRUST

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