



PACIFIC BUSINESS TRUST
ANNUAL REPORT
2011-2012



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Chair's Report



Kia orana kotou katoatoa, Talofa lava, Ni sa bula vinaka, Malo e lelei, Taloha ni, Fakaalofa lahi atu, Malo ni, Kam na mauri, la orana, Halo olaketa, Tena koutou katoa, Warm Pacific Greetings to you all

As we reflect on another year in the long life of the Pacific Business Trust, we note the importance of our organisation as a constant presence in an ever-changing environment.

Last year, my predecessor, Hamish Crooks, reflected on the challenges to our Pacific businesses and communities resulting from natural disasters and a shaky global economy, and reminded us of the important role that Pacific Business Trust plays in supporting our people to be resilient and to run prosperous Pacific businesses.

My colleagues and I wish to thank Hamish for the huge contribution he made to the growth and development of the Trust during his seven year tenure on the Board and, more recently, in the last three years as Chair. As we end this financial year, we look forward to further changes at the governance level.

This year has seen the Board focus on taking the next steps in a strategic refocus for the Trust. While we remain committed to supporting start-up businesses, we also want to place more support beside existing businesses to help increase and sustain their success over the long-term. In order to do this well, we have continued strengthening our internal systems, particularly in respect of assessment of businesses, and are further developing our facilitative skills, in order to broaden the opportunities for our businesses.

As a Board, we are also mindful of the importance of regularly reconnecting with our communities around New Zealand in order to check that we are serving our people in the best ways possible. We wish to acknowledge our Chief Executive and our staff in Auckland, Porirua and Christchurch for their excellent work on the ground to increase and improve prosperous Pacific businesses, while maintaining strong financial performance.

As a small but robust organisation, we have increased our focus on opportunities for collaboration and wish to acknowledge our key partners in our major areas of work – Ministry of Pacific Island Affairs, Te Wananga o Aotearoa and the Young Enterprise Trust. We look forward to continuing our strong relationships, and continuing the benefits of our joint efforts for our Pacific communities.

Finally, as I end my first year as Chair, I am grateful for the privilege of serving our Pacific businesses and communities. I look forward to continuing work with my Board colleagues to realise our strategic objectives.

Te Atua te aro'a ia kotou - meitaki korereka, e kia manuia

Caren J Rangi
Chair



Chief Executive's Report



The 2011/2012 year was best characterised by consolidation and reform. This was part of the on-going response to a 2009/2010 audit report highlighting the need to focus the Trust's efforts on consistent achievement of non-financial targets, while delivering better value for money in line with government's objectives for a more cost-effective public service.

Structural reform in late 2011 was primarily in response to the strategic review initiated earlier that year, but also resulted in efficiencies that were reflected in the Trust's first financial surplus for a number of years. The most significant outcome of this restructuring, however, was to refocus PBT's business support function as a facilitation rather than advisory service.

While this seems subtle, it represents a significant shift as PBT recognises the challenges of establishing a 'one-stop-shop' for business support with limited resources. Rather than trying to provide all in-house expertise required by Pacific businesses, the Trust's business facilitation service prioritises capability assessment to inform planning and support the implementation of the resulting plans.

In many cases, facilitating the implementation of those plans requires referral to providers of specialist services. PBT remains the consistent feature of that support. Rationalised delivery did not include scaling back regional services as PBT remains committed to a national presence via Business Facilitators operating from offices in Auckland, Wellington and Christchurch.

In addressing non-financial performance issues raised in the 2010 audit, PBT has focused on improving the quality and clarity of outcome reporting. In 2011 this included implementation of new criteria for qualifying start-ups and robust validation processes. The result of this is evident in start-up numbers, with 52 validated new businesses reported for the year.

Viewed on its own, this number suggests a reduction in performance, based on numbers reported in previous years (76 in 2010 and 60 in 2011). This needs to be considered in the context of 29 additional emerging businesses that, despite considerable support, had not yet met the qualifying criteria to be reported as start-ups. Prior to these self-imposed standards, this may have been a record year with 81 start-ups, but maintaining quality will be as important as efficiency.

Many of the efficiencies achieved this past year have been possible through the efforts of the small but dedicated team at PBT. I wish to thank PBT staff for their ongoing commitment to the cause and their resilience through this period of reform. I wish to thank our departing Chair Hamish Crooks for his invaluable and longstanding contribution to PBT.

I also thank his replacement as Chair Caren Rangī as well as the rest of the Board as we look to continue our role serving the business aspirations of the Pacific community.

Ia Manuia

Peter Cordtz
Chief Executive



Background

PBT is a 'not for profit' Charitable Trust set up in 1985, providing economic development services for Pacific Businesses and Business People within New Zealand.

With an experienced team of qualified Business Facilitators, the Trust offers a central business resource, relevant training and proactive business assistance to businesses.

A variety of business programmes and measures are used to both improve training and employment opportunities for Pacific people, and to assist them with their business aspirations.

PBT is strategically positioned to continue its services as an established provider of economic development services for Pacific people and is supported by agencies such as New Zealand Trade and Enterprise, Ministry of Pacific Island Affairs, and Business Mentoring New Zealand Limited.

The Trust's head office is located in Otahuhu, Auckland with regional offices in Porirua and Christchurch.

VISION AND MISSION

The Trust was originally established to improve employment opportunities for Pacific people in New Zealand. Over time its focus shifted to assisting Pacific communities with their business and entrepreneurial aspirations. Today the Pacific Business Trust is an established provider of economic development services for Pacific People.

Vision

Prosperous Pacific Business

Mission

To assist and engage Pacific people in business through effective training and development

STRATEGIC OUTCOMES

- Increase Pacific peoples' awareness of business
- Increase Pacific start-up businesses
- Grow performing businesses
- Strengthen Pacific business resource base

Our Services

BUSINESS DEVELOPMENT SERVICES

PBT's experienced team of qualified Business Facilitators coordinate free services to businesses including training, practical advice and coaching for new business start-ups and mentoring of existing Pacific businesses.

Our Business Facilitators are based in three locations nationally, in Otahuhu, Porirua and Christchurch. They also deliver workshops outside the main centres to meet the needs of Pacific businesses.

Business Mentoring, Coaching and Support

PBT Facilitators provide practical assistance when needed, including a fresh perspective, useful feedback and ultimately potential solutions to specific business issues or challenges that business owners may be facing.

Business Education

PBT offers a number of free workshops, as well as FREE NZQA recognised qualification courses in collaboration with Te Wananga o Aotearoa in computing and business.

Business Tools and Resources

PBT has established an online central business resource for Pacific people with relevant business information including business assessment tools in addition to links to key government economic development agencies and private sector business organisations.



Business Assistance 2011-2012

Key business development outcomes and statistics for the 2011-2012 as follows:

BUSINESS START-UPS

Period	Business Start-Ups	Sales Turnover	Jobs Created
2011-2012	52	\$0 - \$200,000 <small>range</small>	98
2010-2011	49	\$4,619,832.00	109
2009-2010	60	\$3,571,000.00	124
2008-2009	76	\$6,573,000.00	202
2007-2008	59	\$3,000,360.00	71

EXISTING BUSINESS ASSISTANCE

The Business team assisted 79 clients (existing businesses) around the country.

BUSINESS ASSESSMENTS

Overall a total of 47 clients completed Business Fitness Assessments (Existing Businesses).

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

TE WANANGA O AOTEAROA (TWOA) COLLABORATION

Since 2009 PBT in partnership with TWOA has continued to deliver NZQA business courses for First Steps to Business (level 2) and Certificate in Small Business Management (level 4). Interest in the courses has remained high, with demand from those wishing to improve their knowledge to benefit their own businesses.

As with previous years, the level 4 CSBM continues to be particularly popular amongst those already in business or aspiring to start one of their own.

BUSINESS GRADUATES FOR 2011-2012

Qualification	Graduates
Certificate in First Steps to Business, Level 2	34
Certificate in Small Business Management, Level 4	29



Independent Auditor's Report

To the readers of Pacific Island Business Development Trust's financial statements and statement of service performance for the year ended 30 June 2012

The Auditor-General is the auditor of Pacific Island Business Development Trust Limited (the Trust). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 10 to 29, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Trust on pages 30 to 36.

Opinion

In our opinion:

- the financial statements of the Trust on pages 10 to 29:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Trust's:
 - financial position as at 30 June 2012; and
 - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the Trust on pages 30 to 36:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects, for each class of outputs for the year ended 30 June 2012, the Trust's:
 - service performance compared with the forecasts in the statement of forecast service performance for the financial year; and
 - actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.



Our audit was completed on 29 October 2012. This 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 our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

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.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;



- fairly reflect the Trust's financial position, financial performance and cash flows; and
- fairly reflect its service performance.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board's responsibilities arise from the Crown Entities Act 2004, the Public Finance Act 1989 and clause 9.6 of the constitution and rules.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our 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.



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 2012

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 2012 fairly reflect the financial position and operations of the Trust.



Chair

Date 29/10/12



Chief Executive

Date 29/10/2012



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST
Statement of Comprehensive Income
For The Year Ended 30 June 2012

	NOTE	CONSOLIDATED		PARENT		
		Actual		Budget	Actual	
		2012	2011	2012	2012	2011
		\$	\$	\$	\$	\$
INCOME						
Government Contract		1,264,000	1,264,000	1,264,000	1,264,000	1,264,000
Investment Income		81,962	85,910	79,550	81,962	85,910
Other Income	2	297,062	403,723	238,971	297,062	403,723
Total Income		1,643,024	1,753,633	1,582,521	1,643,024	1,753,633
EXPENSES						
Personnel	3	839,444	963,615	841,045	839,444	963,615
Operating	4	656,897	870,298	715,941	656,897	870,298
Finance	5	1,713	1,516	1,015	1,713	1,516
Depreciation	9	122,639	118,299	120,000	122,639	118,299
Total Expenses		1,620,693	1,953,728	1,678,001	1,620,693	1,953,728
SURPLUS/(DEFICIT)		22,331	(200,095)	(95,480)	22,331	(200,095)
Other Comprehensive Income		–	–	–	–	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		22,331	(200,095)	(95,480)	22,331	(200,095)

Explanation of significant variances to budget can be found in Note 25.

The notes on pages 14 to 29 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 2012

	NOTE	CONSOLIDATED		PARENT
		2011	2012	2011
		\$	\$	\$
CURRENT ASSETS				
Cash and Cash Equivalents	6	97,287	2,157,869	97,287
Trade and Other Receivables	7	75,148	87,914	75,148
Investments	8	2,002,690	–	2,002,690
		2,175,125	2,245,783	2,175,125
NON CURRENT ASSETS				
Property, Plant and Equipment	9	2,649,864	2,664,120	2,649,864
Loans	10	5,163	5,013	5,163
Shares in Subsidiary companies	11	–	–	284,890
		2,655,027	2,669,133	2,939,917
TOTAL ASSETS		4,830,152	4,914,916	5,115,042
CURRENT LIABILITIES				
Inter Group Current Account	11	–	–	284,931
Trade and Other Payables	12	129,482	181,236	128,666
Employee Entitlements	13	60,559	68,750	60,559
		190,041	249,986	474,156
NON CURRENT LIABILITIES				
Loan	19	71,857	73,570	71,857
		71,857	73,570	71,857
TOTAL LIABILITIES		261,898	323,556	546,013
NET ASSETS		4,568,254	4,591,360	4,569,029
EQUITY				
Accumulated Funds		4,568,254	4,591,360	4,569,029
TOTAL EQUITY		4,568,254	4,591,360	4,569,029

The notes on pages 14 to 29 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 2012

	CONSOLIDATED	PARENT	
	2011	2012	2011
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was received from:			
Government Contract	1,264,000	1,264,000	1,264,000
Other Income	495,458	363,020	495,458
GST Received (net)	–	3,237	–
	1,759,458	1,630,257	1,759,458
Cash was applied to:			
Payments to Suppliers	(809,705)	(604,327)	(809,705)
Payments to Employees	(983,515)	(831,293)	(983,515)
GST Paid (net)	(1,507)	–	(1,507)
	(1,794,727)	(1,435,620)	(1,794,727)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES (Note 14)	(35,269)	194,637	(35,269)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was received from:			
Repayment by Debtors and Loan Debtors	6,832	150	6,832
	6,832	150	6,832
Cash was applied to:			
Property, Plant and Equipment purchased	(237,926)	(136,895)	(237,926)
	(237,926)	(136,745)	(237,926)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(231,094)	(136,745)	(231,094)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was received from:			
Short-term investment	–	23,498	–
NET CASH INFLOW FROM FINANCING ACTIVITIES	–	23,498	–
NET (DECREASE)/INCREASE IN CASH HELD	(266,363)	81,390	(266,363)
Add Opening Cash and Cash Equivalents	363,650	97,287	363,650
Closing Cash on hand	97,287	178,677	97,287
Add Short-term deposits	–	1,979,192	–
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	97,287	2,157,869	97,287

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 14 to 29 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 2012

	CONSOLIDATED		PARENT
	2011	2012	2011
	\$	\$	\$
Equity at 1 July	4,768,349	4,569,029	4,769,124
Net Surplus/(Deficit) for the year	(200,095)	22,331	(200,095)
Other Comprehensive income	–	–	–
Total Comprehensive Income/(Loss) for the year	(200,095)	22,331	(200,095)
Equity at 30 June	4,568,254	4,591,360	4,569,029

The notes on pages 14 to 29 form part of and should be read in conjunction with the Financial Statements



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

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 previously owned three companies:

- PIBDT Ownership Limited. This company was deregistered during the year.
- Manukau Pacific Markets Limited. This company was deregistered during the year.
- Southmarket Limited. This company was deregistered during the year.

The financial statements of the Trust and the group are for the year ended 30 June 2012. The financial statements were authorised for issue by the Board of Trustees on 29 October 2012.

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 Trust entity is not large. However it has elected to apply all the available reporting exemptions under the Framework for Differential Reporting except those relating to cashflow statement.

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.

Revenue

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



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 1: Statement of Significant Accounting Policies (Continued)

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.

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

The Trust also receives funds through the delivery of a training contract. 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.

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 net surplus or deficit for the year.

Investments in subsidiaries are recognised at cost less impairment losses.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 1: Statement of Significant Accounting Policies (Continued)

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 net surplus or deficit for the year.

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 end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid with 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.

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 net surplus or deficit for the year.

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.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 1: Statement of Significant Accounting Policies (Continued)

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.

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.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 1: Statement of Significant Accounting Policies (Continued)

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 net surplus or deficit for the year.

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.

Superannuation Schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and recognised as an expense in the surplus or deficit as incurred.

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:

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 net surplus or deficit for the year, 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 9.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 1: Statement of Significant Accounting Policies (Continued)

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 net surplus or deficit for the year, 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 10.

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.

Group financial statements

There were no group accounts prepared for the current financial year but there were group accounts prepared for 2011. 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 measured 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.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Trust is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 1: Statement of Significant Accounting Policies (Continued)

The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Trust expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Trust is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Note 2: Other Income

CONSOLIDATED AND PARENT	2012	2011
	\$	\$
Training	137,262	127,013
Business Centre	146,600	123,683
Other income	13,200	153,027
Total	297,062	403,723

Note 3: Personnel Costs

CONSOLIDATED AND PARENT	2012	2011
	\$	\$
Salaries and wages	821,395	966,738
Defined contribution plan – Employer contributions	9,858	16,777
Increase/(Decrease) in employee entitlements	8,191	(19,900)
Total	839,444	963,615

Employer contributions to a defined contribution plan includes contributions to Kiwisaver.

Note 4: Operating Costs

CONSOLIDATED AND PARENT	2012	2011
	\$	\$
Audit fees for audit of financial statements	47,327	41,838
Board and staff travel	28,726	38,213
Operating lease expense	77,701	94,836
Contract workers	86,225	149,979
Telecommunications	41,001	61,173
IT-related expenses	22,857	22,369
Business Centre	154,559	126,785
Motor vehicle running costs	11,633	15,051
Advertising	35,937	36,693
Other Operating costs	150,931	283,361
Total	656,897	870,298



Note 5: Finance Costs

CONSOLIDATED AND PARENT	2012	2011
	\$	\$
Interest on secured loan	1,713	1,516
Total	1,713	1,516

Note 6: Cash and Cash Equivalents

	2012	2011
	\$	\$
Cash at bank	178,677	97,287
Short-term deposits with maturity less than 3 months	1,979,192	–
Total	2,157,869	97,287

The carrying value of cash at bank approximates their carrying value.

Note 7: Trade and Other Receivables

	2012	2011
	\$	\$
Trade Receivables	56,128	47,591
Less: Provision for impairment	(6,000)	–
	50,128	47,591
Other Receivables	37,786	27,557
Total	87,914	75,148

All receivables have been individually assessed for impairment and a provision has been made for estimated irrecoverable amounts from trade and other receivables (2011: nil). All receivables greater than 30 days in age are considered to be past due.

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

	Total	0 - 30days	31 - 60days	61 - 90days	91+ days
2012	56,128	47,063	8,940	–	125
2011	47,591	44,692	1,385	769	745

The carrying value of receivables approximates their fair value.

Note 8: Investments

	2012	2011
	\$	\$
Investment	–	2,002,690
Total	–	2,002,690



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements
For The Year Ended 30 June 2012

Note 9: Property, Plant and Equipment

COST	Cost at 1 July 2010	Additions	Disposals	Cost at 30 June 2011
	\$	\$	\$	\$
Office Equipment	111,199	10,340	66,127	55,412
Furniture & Fittings	139,629	26,450	75,027	91,052
Computer Equipment	307,722	19,153	182,227	144,648
Website	18,182	–	–	18,182
Grounds, Tools & Equipment	1,862	–	1,862	–
Leasehold Improvements	19,571	–	–	19,571
Taongas	32,451	–	–	32,451
Artworks	16,748	–	–	16,748
Building	1,628,033	181,826	–	1,809,859
Land	1,166,000	–	–	1,166,000
Total	3,441,397	237,769	325,243	3,353,923

COST	Cost at 1 July 2011	Additions	Disposals	Cost at 30 June 2012
	\$	\$	\$	\$
Office Equipment	55,412	5,705	–	61,117
Furniture & Fittings	91,052	5,676	–	96,728
Computer Equipment	144,648	27,350	–	171,998
Website	18,182	–	–	18,182
Leasehold Improvements	19,571	–	–	19,571
Taongas	32,451	–	–	32,451
Artworks	16,748	–	–	16,748
Building	1,809,859	98,164	–	1,908,023
Land	1,166,000	–	–	1,166,000
Total	3,353,923	136,895	–	3,490,818



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 9: Property, Plant and Equipment (Continued)

Accumulated Depreciation	Balance at 1 July 2010	Depn	Disposals	Balance at 30 June 2011
	\$	\$	\$	\$
Office Equipment	94,993	7,413	66,118	36,288
Furniture & Fittings	132,858	3,272	74,142	61,988
Computer Equipment	285,808	17,833	183,278	120,363
Website	18,182	–	–	18,182
Grounds Tools & Equipment	1,862	–	1,862	–
Leasehold Improvements	5,109	1,956	–	7,065
Taonga	32,451	–	–	32,451
Artworks	15,948	800	–	16,748
Building	323,949	87,025	–	410,974
Land	–	–	–	–
Total	911,160	118,299	325,400	704,059

Accumulated Depreciation	Balance at 1 July 2011	Depn	Disposals	Balance at 30 June 2012
	\$	\$	\$	\$
Office Equipment	36,288	8,295	–	44,583
Furniture & Fittings	61,988	5,010	–	66,998
Computer Equipment	120,363	18,113	–	138,476
Website	18,182	–	–	18,182
Leasehold Improvements	7,065	2,625	–	9,690
Taonga	32,451	–	–	32,451
Artworks	16,748	–	–	16,748
Building	410,974	88,596	–	499,570
Land	–	–	–	–
Total	704,059	122,639	–	826,698

Net Book Value	As at 1 July 2010	As at 30 June 2011	As at 30 June 2012
	\$	\$	\$
Office Equipment	16,205	19,124	16,534
Furniture & Fittings	6,772	29,064	29,730
Computer Equipment	21,913	24,285	33,522
Website	–	–	–
Leasehold Improvements	14,463	12,506	9,881
Taonga	–	–	–
Artworks	800	–	–
Building	1,304,084	1,398,885	1,408,453
Land	1,166,000	1,166,000	1,166,000
Total	2,530,237	2,649,864	2,664,120



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 10: Loans

	2012	2011
Principal	\$ 5,013	\$ 5,163
Interest	–	–
Total Net Loans and Interest	5,013	5,163
Classified as :		
Current (included in Other Receivables)	–	–
Non-current	5,013	5,163
Total	5,013	5,163

The carrying value of loan receivables approximates their fair value.

The carrying amount of receivables that are past due, but not impaired, is \$5,013 (2011: \$5,163).

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 2012 and 2011, all overdue loans have been assessed for impairment and appropriate provisions applied, as detailed below:

2012	Gross	Impairment	Net
	\$	\$	\$
Not past due	–	–	–
Past due 0-30 days	–	–	–
Past due 31-60 days	–	–	–
Past due 61 – 90 days	–	–	–
Past due > 91 days	5,013	–	5,013
Total	5,013	–	5,013

2011	Gross	Impairment	Net
	\$	\$	\$
Not past due	–	–	–
Past due 0-30 days	–	–	–
Past due 31-60 days	–	–	–
Past due 61 – 90 days	–	–	–
Past due > 91 days	5,163	–	5,163
Total	5,163	–	5,163

Movements in the provision for impairment of loans are as follows:

	2012	2011
	\$	\$
Balance at 1 July	–	–
Additional provisions made	–	14,750
Loans written off	–	(14,750)
Balance at 30 June	–	–

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 2012 and 2011, hence there is no provision for impairment at 30 June 2012.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 11: Shares in Subsidiary companies

Name of Entity: Manukau Pacific Markets Ltd
Principal Activity: Shelf company
Ownership: This company was deregistered during the year.

Name of Entity: PIBDT Ownership Ltd
Principal Activity: Asset owning company
Ownership: This company was deregistered during the year.

Name of Entity: South Market Ltd
Principal Activity: Shelf company
Ownership: This company was deregistered during the year.

Note 12: Trade and Other Payables

	2012	2011
	\$	\$
Trade Payables	80,677	61,492
Income in advance	14,170	17,418
Accrued expenses	85,484	49,507
Other Payables	905	249
Total	181,236	128,666

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 13: Employee Entitlements

	2012	2011
	\$	\$
Annual Leave	29,364	37,719
Accrued salaries and wages	20,194	19,573
Accrued bonuses	19,192	3,267
Total	68,750	60,559

Employee benefit liabilities comprise annual leave of \$29,364 (2011:\$37,719), accrued salaries and wages of \$20,194 (2011:\$19,573) and accrued bonuses of \$19,192 (2011:\$3,267). All employee benefit liabilities are current liabilities.

Note 14: Reconciliation of Net Surplus with Net Cash inflow/(Outflow) from Operating Activities

	2012	2011
	\$	\$
Net Surplus/(Deficit)	22,331	(200,095)
(Less)/Add depreciation	122,639	118,299
(Less)/Add loans written off	6,000	14,750
(Less)/Add inter-group	(41)	-
(Less)/Add changes in interest receivable	1,713	14,267
(Less)/Add changes in Trade and Other Receivables	(18,766)	66,200
(Less)/Add changes in Trade and Other Payables	60,761	(48,690)
Net Cash inflow/(outflow) from Operating Activities	194,637	(35,269)

Note 15: Employee Remuneration

One employee received remuneration in excess of \$100,000 during the current financial year. This was in the \$160,000 to \$170,000 bracket. (2011: One employee received remuneration in excess of \$100,000. This was in the \$150,000 to \$160,000 bracket).

During the period the Trust made four redundancies totalling \$53,874.

Note 16: Capital Commitments

There were no capital commitments at 30 June 2012. (2011: Nil).



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 17: Operating Commitments

Operating Leases as Lessee

Minimum lease payments paid under operating leases recognised as an expense in the year was \$77,701 (2011: \$94,836).

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

	2012	2011
	\$	\$
Less than one year	87,856	67,512
Between one and five years	39,006	54,574
More than five years	2,699	-
Total non-cancellable operating leases	129,561	122,086

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 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.

Operating Leases as Lessor

Minimum lease payments received under operating leases recognised as revenue in the year was \$134,717 (2011: \$116,230).

At balance date, the Trust had future minimum lease payments to be received under non-cancellable leases for office space, which are receivable as follows:

	2012	2011
	\$	\$
Less than one year	76,259	133,524
Between one and five years	43,983	83,857
More than five years	-	-
Total non-cancellable operating leases	120,242	217,381

Note 18: Contingencies

The Pacific Island Business Development Trust (PIBDT) has joint and several responsibility for a loan to the Pacific Peoples Advancement Trust (PPAT) from the Tindall Foundation. In the event that there are defaults on payment, PIBDT is jointly and severally liable along with PPAT and The Village Community Services Trust (VCST), limited to \$145,000 plus one year interest and costs. There were no other contingent liabilities or assets at 30 June 2012. (2011: nil)



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 19: Related Parties Transactions

All related party transactions have been entered into on an arms' length basis.

	Revenue	Expenses	Receivables	Payables
2012	\$	\$	\$	\$
Pacific Peoples Advancement Trust	–	1,713	–	73,570*
Toku Reo Tupuna Trust	–	–	–	–
Pacific Island Homecare Trust	1,426	–	–	–
4pm Group	–	–	–	–
CNS Management Services	–	414	–	–
Telstra Clear Pacific	–	–	–	575
Total	1,426	2,127	1,429	74,145

2011

Pacific Peoples Advancement Trust	–	1,516	–	71,857
Toku Reo Tupuna Trust	8,484	–	1,725	–
Pacific Island Homecare Trust	6,036	–	437	–
4pm Group	3,200	–	–	–
Telstra Clear Pacific	1,600	67,177	–	–
Total	19,320	68,693	2,162	71,857

*Relates to the balance of the PIBDT's portion of the loan in Note 18 from the Tindall Foundation through the Pacific Peoples Advancement Trust. The loan is secured by a guarantee, at an interest rate of 2% per annum. The terms of repayment are three instalments due on 30 September 2014, 30 September 2015 and 30 September 2016.

Caren Rangi was a member of the Audit and Risk Committee for the Ministry of Pacific Island Affairs (MPIA) until April 2012. MPIA manages the Purchase Agreement that is the deliverable for the Trust's main funding from the Crown. Refer to the Statement of Service Performance (SSP) for a report on these deliverables. There were no other related party transactions during the year.

Key Management Personnel Compensation

	2012	2011
	\$	\$
Salaries and other short-term benefits	218,446	215,568
Termination Payment	-	-
Other long-term benefits	-	-
Total	218,446	215,568

Key management personnel include all Trustees and the Chief Executive.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 20: Board Member Remuneration

	2012	2011
	\$	\$
Caren Rangi (Chair from April 2012)	11,875	9,500
Hamish Crooks (Chair till March 2012)	15,750	21,000
Shirley Sisepi Fraser	9,500	9,500
Siti Mavoava	9,500	9,500
Selma Scott	9,500	9,500
Total	56,125	59,000

Note 21: 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:

	2012	2011
	\$	\$
Loans and Receivables		
Cash and Cash Equivalents	2,157,869	97,287
Trade and Other receivables (note 7)	87,914	75,148
Loans (note 10)	5,013	5,163
Total Loans and Receivables	2,250,796	177,598
Financial Liabilities measured at amortised cost		
Trade and Other Payables (note 12)	181,236	128,666
Loan (note 19)	73,570	71,857
Total Financial Liabilities measured at amortised cost	254,806	200,523

Note 22: 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 discontinued from May 2007 with no new loans approved and at present 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.

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.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2012

Note 22: Financial Instrument Risks (Continued)

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 2012 financial year and in the 2011 financial year.

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 23: 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.

Note 24: Subsequent Events

There were no significant events after the balance sheet date.

Note 25: Explanation of Significant Variances to Budget

The Trust is in the process of implementing a new budget and forecasting software in order to prepare a budgeted Statement of Financial Position or Statement of Cash Flows from the 2013 financial year. The major variances to budget in the Statement of Comprehensive Income for the year ended 30 June 2012 are explained as follows:

REVENUE

Other Income

Delivery of the training contract exceeded the conservative budget KPIs resulting in increased revenue compared to budget as well as increased tenancy rental revenue and conference hire activities at the PBT Business Centre.

EXPENSES

Operating Expenses

Rationalisation of resources and costs combined with a conservative budget has led to savings in operating costs.



STATEMENT OF SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT

With the Ministry of Pacific Island Affairs For The Year Ended 30 June 2012

1. ENTREPRENEURIAL LEADERSHIP

1.1 Plantation Business Challenge

Output activity	Performance standard	Achieved/ Not achieved	Result/Progress
Provision of a business challenge programme in Auckland focussing on Pacific Year 13 students from invited secondary schools.	60 – 80 participants	Not achieved	2012 event deferred pending review with programme delivery partners AUT and MIT.
	Minimum of 50% progressing through to business tertiary studies.	Not achieved	Non-delivery linked to unresolved issues over withdrawal of MIT in 2011 and restructuring within AUT, the primary programme funder.

1.2 Young Enterprise Scheme (YES)

Output activity	Performance standard	Achieved/ Not achieved	Result/Progress
Provision of financial and mentoring support through the delivery of 2 business workshops to support Pacific youth participation in YES.	PBT contribution of \$30,000.	Achieved	During the year, PBT contributed \$30,000.
	30 – 40 students attending	Achieved	2 workshops delivered with average of 60 – 70 students in attendance.
	Student leaders are identified and mentored.	Achieved	PBT also provided support to the teams for preparation of their Seed Fund applications to MPIA.
	Support to be aligned as per Sponsorship Agreement with Young Enterprise Trust (YET), including an excellence award for Pacific youth participation in YES events.	Achieved	

STATEMENT OF SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT

With the Ministry of Pacific Island Affairs For The Year Ended 30 June 2012

2. INFORMATION AND AWARENESS

2.1 Quarterly contributions to Leo Pasifika

Output Activity	Performance Standard	Achieved/ Not achieved	Result/Progress
Provision of quarterly contributions to the Ministry's Leo Pasifika publication.	Timing and format of PBT's contribution to the Ministry's publication to be discussed and agreed to with the Ministry Communications Directorate	Achieved	PBT contributed to the Ministry's Leo Pasifika quarterly publication. In June 2012, PBT entered into contract discussions with a Pacific-flavoured Communications outfit who will support PBT's overall communications strategy but also develop and produce stories for PBT's contribution to Leo Pasifika.
	PBT to assist with distribution of Ministry's publication utilizing its business networks.	Not reported	Not requested by the Ministry.

2.2 Pacific Economic Development Website

Output Activity	Performance Standard	Achieved/ Not achieved	Result/Progress
Provision of a website itemising services and support provided by PBT, relevant business and workforce development information.	50,000 website visits	Achieved	72,860
	600,000 website hits	Achieved	863,860



STATEMENT OF SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT

**With the Ministry of Pacific Island Affairs
For The Year Ended 30 June 2012**

2.3 Business Result Centre

Output Activity	Performance Standard	Achieved/ Not achieved	Result/Progress
The systematic collection and maintenance of relevant statistics, data, records and information on all PBT activities to support Pacific peoples businesses and economic development aspirations.	Profile of Pacific peoples participation in the business and skills development programmes to the Ministry on a quarterly basis.	Achieved	Profile of Pacific businesses provided to the Ministry as part of quarterly reporting during the year.
	Improve data integrity, information flow and communication to support Pacific business research and policy development.	Achieved	Maintenance of PBT database. PBT has commenced a review of the existing database and the Board has approved investment in improvements required in this area as part of the Trust's strategic direction in establishing a Business Results Centre.

2.4 Unlimited Pasifika Seminar (UPS) Events

Output activity	Performance standard	Achieved/ Not achieved	Result/Progress
Delivery of 3 business seminar events in Auckland, Wellington and Christchurch to promote and encourage Pacific business success.	Each seminar to be attended by 60 – 80 participants.	Achieved Achieved Not achieved	Auckland - 29 February (60 attended) Wellington – 26 March (64 attended) Christchurch – 4 April (27 attended)
	Target ratio of 3:7 Pacific entrepreneurs (E) to aspiring entrepreneurs (AE) for participants.	Achieved	<u>Ratios – E:AE</u> 4:6 2) 3:7 3)3:7
	At least 30% accessing appropriate networks and support to sustain confidence in business.	Not reported	
	80% client satisfaction.	Achieved	Average 80% client satisfaction



STATEMENT OF SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT

With the Ministry of Pacific Island Affairs For The Year Ended 30 June 2012

3. BUSINESS AND ENTERPRISE DEVELOPMENT

3.1 Business Start-Ups

Output Activity	Performance Standard	Achieved/ Not achieved	Result/Progress
PBT to assist and support Pacific people into business start-ups.	Assist the start-up of sixty (60) newly established businesses.	Not achieved	Assisted start-up of 52 new businesses, 86% of target achieved based on a rigorous internal validation process that initially had 81 start-up businesses. Remaining 29 start-up clients have been identified as preliminary status with intention of becoming valid start-up in the following months.
	At least 80% of start-up businesses established during the year operated for a period exceeding 12 months.	Not reported	Next stage of implementing the revamped validation process is monitoring these start-up businesses' survival rate.

3.2 Business Development

Output Activity	Performance Standard	Achieved/ Not achieved	Result/Progress
PBT will assist Pacific business owners sustain and grow their businesses.	Where PBT provide assistance to existing businesses, at least 60% will demonstrate improvement in business performance surviving beyond the first year of operation.	Not reported	Existing businesses assisted during the year.
	Sixty (60) imPAC Biz Fitness assessments are completed	Not achieved	During the year, 47 Biz Fitness assessments were completed, 78% of target achieved.
	Where imPAC Biz Fitness assessments are implemented, 80% will produce a business action plan and 50% will demonstrate success in implementation.	Not reported	The focus on Business capability assessments work for clients, which continued from the prior year, will see an improved assessment platform for our clients. PBT commenced work on implementing the refocus with a business assessment tool that is linked to the Biz.govt resources.
	200 mentoring sessions are completed.	Achieved	288 mentoring sessions completed.



STATEMENT OF SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT

With the Ministry of Pacific Island Affairs For The Year Ended 30 June 2012

3.3 Business Growth Seminars

Output Activity	Performance Standard	Achieved/Not achieved	Result/Progress
Design and deliver three (3) business growth seminars, one each in Auckland, Wellington and Christchurch targeted at enhancing the growth potential of existing businesses.	Seminar content to address growth barriers identified through ongoing assessments.	Achieved	1. Auckland – 26 April 2. Christchurch – 5 June 3. Wellington – 20 June
	80% client satisfaction.	Achieved	100% client satisfaction in all 3 seminars

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

Output Activity	Performance Standard	Achieved/Not achieved	Result/Progress
PBT will coordinate, support and advocate for showcasing and promotion of Pacific businesses in appropriate RWC 2011 business and promotional events.	Collaborate with the Ministry, Pacific business community in relevant regions and appropriate RWC 2011 as well as other Pacific organisations to support and coordinate Pacific business participation in RWC 2011 business and promotional events.	Achieved	The 2 Unlimited Pasifika Seminar events in Auckland and Wellington included keynote speakers presenting on the RWC 2011 Match-ready website which was a key business resource for businesses involved in the RWC 2011.
	Sixty (60) Pacific businesses participate in RWC 2011 promotional events.	Not achieved	5 PBT clients participated in the Pacific Arts Collaboration during the RWC 2011 in Wellington. 1 PBT client featured in the The Cloud during the pre-tournament exposition and showcased at Style Pasifika during the final week of the RWC 2011.



STATEMENT OF SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT

With the Ministry of Pacific Island Affairs For The Year Ended 30 June 2012

3.5 Business Training for Community Enterprises programme

Output Activity	Performance Standard	Achieved/ Not achieved	Result/Progress
PBT will actively engage and support the development of Pacific community enterprises. Delivery of two (2) business training workshops, one each in Auckland and Wellington.	Workshops will aim to assess and identify performance improvement needs of participants for PBT to provide ongoing support and mentoring to address those needs.	Achieved	Auckland – 24 April (9 participants) Wellington – 10 May (12 participants)
Completion of the ECE governance programme started in 2010/2011.	Ten (10) community enterprises to participate.	Achieved	PBT hosted the completion event for the ECE governance & management programme in April 2012.

3.6 Workplace Financial Literacy and Leadership Skills Training programme

Output Activity	Performance Standard	Achieved/ Not achieved	Result/Progress
Continue to lead and coordinate the delivery of the workplace financial literacy and leadership training for Pacific workers with a company that employs a high proportion of Pacific workers.	Content of the training programme to include financial literacy, remittances and leadership.	Not achieved	PBT unable to reconcile the alignment of this activity with its business development objectives and questioned its inclusion in the purchase agreement. A Ministry initiated independent review of PBT service delivery supported this view and this output activity will be omitted from future agreements.



STATEMENT OF SERVICE PERFORMANCE DELIVERED THROUGH PURCHASE AGREEMENT

**With the Ministry of Pacific Island Affairs
For The Year Ended 30 June 2012**

4. SUSTAINING PBT CAPABILITY

Output Activity	Performance Standard	Achieved/Not achieved	Result/Progress
PBT is capable and sustainable for continued efficient and effective delivery of appropriate services responding to the economic development needs of Pacific peoples.	Monthly Board meetings.	Not achieved	Monthly Board meetings held except in January during annual shut-down period and in April to June due to delay in Ministerial Trustee appointments rendering the remaining Board unconstitutional.
	Board minutes prepared.	Achieved	Completed for meetings held.
	Board reports prepared.	Achieved	
	Strategic Plan completed.	Achieved	Completed December 2011.
	Comply with appropriate standard.	Not applicable	
	Audited accounts.	Achieved	Last audited accounts for the year ended 30 June 2011.
	Annual report.	Achieved	30 June 2011 Annual report completed September 2012.
	Quarterly reports to MPIA.	Achieved	Quarterly reports done: 30 September and 31 December 2011; 31 March and 30 June 2012
Implementing a staff development programme.	Not reported	To be implemented with approved Strategic Plan and Business Plan.	

SUMMARY OF OUTPUTS PURCHASED

OUTPUTS	TOTAL
Entrepreneurial Leadership	108,000
Information and Awareness	220,000
Business Development	836,000
Skills Development	100,000
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 Rangī.....	Board Member

PERSONNEL

Management

Peter Cordtz.....	Chief Executive
Maria Fuata.....	Corporate Manager

Business Team

Maureen Tukaroa-Betham.....	National Business Coordinator
Maria Fastnedge.....	Northern Region
Faavaoa Kerr.....	Central Region
Maliepo Moeaki Toma.....	Southern Region

Tutors

Douglas Murray.....	Tutor for Certificate in First Steps to Business
Aolele Sua Aloese.....	Tutor for Certificate in Small Business Management

Administration

Teresa Ahloo.....	Executive Assistant - Interim
Apeksha Sahib.....	Corporate Services Coordinator
Elizabeth Payne.....	Client Services Support

Auditor.....	Audit NZ
Solicitors.....	Gaze Burt, Auckland
Banking Organisation.....	Westpac Banking Corporation





PACIFIC BUSINESS TRUST

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