



PACIFIC BUSINESS TRUST
ANNUAL REPORT
2012 - 2013



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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

Our 2012-2013 year has been a further step towards the realisation of our long-term strategic objectives, and a time where we have been required to carefully navigate the ups and downs of a continuing economic rollercoaster, alongside the businesses that we support. One of our key challenges has been to undertake what we see as an important part of our role, and that is to continually find ways to celebrate the skills of Pacific business people and success of Pacific business owners, while being mindful that many of our businesses (like so many others worldwide) have struggled in this time of global economic uncertainty.

Given these economic challenges, it has become increasingly more important for Pacific businesses to be able to articulate the contribution that they make to the New Zealand economy, and Pacific Business Trust has a key role to play in promoting and growing existing businesses towards business success.

Notwithstanding the challenges, we are regularly motivated to demonstrate the strengths of Pacific businesses, and two visits to the Trust during this year provided such motivation. In her inaugural visit to the Pacific Business Trust Centre in July 2012, our Minister of Pacific Island Affairs, the Honorable Hekia Parata, noted the success of Pacific businesses over the last five years, and challenged us to further enhance their growth and success. In September 2012, the Prime Minister, the Right Honorable John Key was able to experience first-hand quality service and products produced by some of our current businesses, and secondary school students.

At the same time we facilitated opportunities for him to engage with a number of our business owners so he could hear their stories first-hand, and start to form a picture of the characteristics of Pacific business here in New Zealand.

More stories of our Pacific peoples' business experiences were heard during an Unlimited Pasifika Success seminar held in Wellington in June 2013, in partnership with the New Zealand Institute of Sport. Comedy duo Etuaiti Ete and Tofiga Fepulea'i, better known as the Laughing Samoans, talked about the importance of building trust to keep business relationships strong, and navigating their way through the joys and the challenges of doing business within a Pacific environment.

I have been privileged to have been a member of the board of Pacific Business Trust for six years. Over this time I have seen the organisation grow despite static funding, and continually seek ways to remain relevant and useful to our Pacific businesses and communities, so we can support them during their joys as well as their challenges. I have also seen an increase in the number of partnerships that the Trust has entered into, in a bid to enhance what we can offer our people.

As this is my final report both as Chair and as a member of the Pacific Business Trust Board, I wish to acknowledge the support and partnership of key stakeholders the Ministry of Pacific Island Affairs, Te Wananga o Aotearoa, the Pacific Peoples' Advancement Trust and the Youth Enterprise Trust, and the contribution that those organisations have made to our work. I would also like to give my thanks to our Chief Executive Peter Cordtz and our great team of staff across our three offices, for their continuing commitment to developing and growing Pacific businesses in New Zealand.

Finally, while I am sad to be leaving an organisation that plays an important role in the lives of our Pacific people here in New Zealand, I am supremely confident that the Board, staff and stakeholders will continue their collective efforts to enhance Pacific prosperity and business success, which in turn will become New Zealand's success.

Na te Atua kotou e tauturu mai, kia orana e kia manuia

Caren J Rangi
Chair



Chief Executive's Report



The Trust's positive financial result reflects ongoing work to implement reforms consistent with 'Better Public Service' targets, signalled by the Ministry of Pacific Island Affairs. The Statement of Service Performance (SSP) (pg 30) shows the operational efficiencies implemented in recent years have not led to a decline in the quantity nor quality of outcomes.

The outcome, generally regarded as the barometer for Pacific confidence in business, is the annual start-up target. The 70 new businesses supported in 2012/2013 is 40% above our annual target of 50 (52 was achieved the previous year). Some growth is attributable to ongoing work with the emerging businesses supported in the previous year that didn't reach the qualifying criteria to be reported as start-ups.

Significantly, a target for these 'preliminary' businesses was included in the Purchase Agreement (PA) for the first time in 2012/2013, recognising the level of work required at this pre-business stage to support the start-up pipeline. Based on 2011-2012, the target was set at 20-30, with an actual total of 162 businesses supported to the preliminary start-up phase. While this bodes well for the strength of the start-up pipeline, it also signals consideration of how to cater for the level of pre-business support not covered by the current PA.

The SSP also shows many key 2012/2013 targets for support of existing Pacific businesses and enterprises being exceeded including business assessments (60 to 111), mentoring sessions (200 to 237), number of business growth workshops (20-30 to 36) and total workshop participants (150-200 to 440). This level of delivery of core services is made possible by the Trust's diligent and capable business development team operating at our Auckland, Wellington and Christchurch offices.

Adding to front line capability is the appointment of two new Business Facilitators. Samoan-Tokelauan Zechariah Reuelu brings experience of establishing his own business (with the support of PBT) over nine years and his work in the community enterprise sector. Tongan-Tuvaluan Kalia Valoa brings a background in accountancy, coupled with active business interests in the Pacific and Australia.

The Trust is increasing its support for Pacific secondary students participating in the Lion Foundation Young Enterprise Scheme (YES). In addition to sponsorship of

the YES Excellence in Pacific Business Award, 2013 also saw the Trust providing 'Seed Fund' grants to assist Pacific teams to develop their business concepts. The Trust's most significant contribution continues to be the practical support provided via workshops and mentoring.

Education remained an important area of capability development outside of our PA accountability, as the Trust continued to deliver NZQA business qualifications in partnership with Te Wananga o Aotearoa for a fourth year. PBT will continue to refine the practical workshops on offer and the scope of business facilitation services to address ongoing needs of clients. Interest in an entry level qualification covering business fundamentals, continues to be high among those in the early stages of their business journey, or still in the pre-business phase. PBT will monitor and refine its education programmes to ensure they continue to serve the Trust's core objectives.

Our objectives also are to celebrate Pacific business success, to acknowledge achievement and inspire others. The most visible form of this has been the biennial Pacific Business Awards, which were due to be held during 2012/2013. Due to the economic downturn, many businesses indicated that the timing still wasn't right and low interest led to its cancellation. PBT remains committed to showcasing success and will review options to determine the most appropriate way to do so.

In addition to the business development team, the delivery of the Trust's business services and education programmes are ably supported by an equally committed and capable corporate services team. I'd like to thank the PBT staff and contractors for the critical role they've played in the results achieved during the year.

I would like to end by acknowledging the Trust's leadership. New Chair Caren Rangī oversaw a changing of the guard at the start of the year as the appointment of new trustees Kenina Court and Rhys Faleafa, was followed by the departure overseas of Deputy Chair Sitiveni Mavoa. The fresh perspectives of two proven business practitioners, complimenting the experience of three long serving Trustees, provide the ideal mix to consider the Trust's future focus in the context of its heritage.

This 'refresh' theme is set to continue as the Trust bids farewell to Caren Rangī and Shirley Sisepi-Fraser, while acknowledging the appointment of Selma Scott as Chair and new trustees Repeka Lelaulu and Teremoana Mato for the start of the new year.

la Manuia

Peter Cordtz
Chief Executive



Background

The Pacific Business Trust 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 advisors and 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.

The Pacific Business Trust 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 Wellington and Christchurch.

VISION, MISSION AND STRATEGIC OUTCOMES

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 DEVELOPMENT OUTCOMES

Key business development outcomes for 2012-2013 and PBT achievement specific to the MPIA Purchase Agreement are detailed in the attached Statement of Service Performance.

Te Wananga o Aotearoa (TWOA) Collaboration

In 2010 PBT began delivery of NZQA business qualifications in partnership with TWOA. During 2012-2013 this effort focused on delivery of level 2 First Steps to Business (FSB), to teach business fundamentals to those in the early stages of their business journey.

FSB is a 24 week programme covering:

- Personal skills and attribute required to run a business
- Time management
- Goal setting
- Business planning
- Identifying business opportunities
- Personal and basic business budgeting skills
- Effective advertising and promotion techniques

This year PBT delivered three classes to a total of 66 students with 71% of them achieving the assessment standards required to for graduation i.e. 47 new business graduates.

PBT's broad focus ensured that regardless of individual achievement, all participants continue to receive support appropriate for their specific business development needs.



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 2013

The Auditor-General is the auditor of Pacific Island Business Development Trust (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 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the 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 37.

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 2013; 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 37:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its 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

- its 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.

Our audit was completed on 21 October 2013. 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, in our judgement, are likely to influence readers' 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. Also we did not evaluate the security and controls over the electronic publication 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 achievements.

The Board is also responsible for such internal control as it determines is 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 is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board's responsibilities arise from the Public Finance Act 1989, the Crown Entities Act 2004 and the Trust's 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 External Reporting Board.

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 2013

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 2013 fairly reflect the financial position and operations of the Trust.



Chair

Date 21. 10. 2013



Chief Executive

Date 21/10/2013



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Statement of Comprehensive Income
For The Year Ended 30 June 2013

		Budget	Actual	Actual
		2013	2013	2012
	NOTE	\$	\$	\$
INCOME				
Government Contract		1,264,000	1,239,000	1,264,000
Investment Income		75,216	82,811	81,962
Other Income	2	287,528	254,297	297,062
Total Income		1,626,744	1,576,108	1,643,024
EXPENSES				
Personnel	3	816,374	757,186	839,444
Operating	4	752,670	627,856	656,897
Finance	5	1,500	1,471	1,713
Depreciation	8	110,000	99,789	122,639
Total Expenses		1,680,544	1,486,302	1,620,639
SURPLUS/(DEFICIT)		(53,800)	89,806	22,331
Other Comprehensive Income		—	—	—
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		(53,800)	89,806	22,331

Explanation of significant variances to budget can be found in Note 23.

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 2013

		Budget	Actual	Actual
		2013	2013	2012
	NOTE	\$	\$	\$
CURRENT ASSETS				
Cash and Cash Equivalents	6	2,198,359	2,387,096	2,157,869
Trade and Other Receivables	7	21,772	83,633	87,914
		2,220,131	2,470,729	2,245,783
NON CURRENT ASSETS				
Property, Plant and Equipment	8	2,578,299	2,579,093	2,664,120
Loans	9	–	–	5,013
		2,578,299	2,579,093	2,669,133
TOTAL ASSETS		4,798,430	5,049,822	4,914,916
CURRENT LIABILITIES				
Trade and Other Payables	10	116,404	201,323	181,236
Employee Entitlements	11	29,364	92,292	68,750
		145,768	293,615	249,986
NON CURRENT LIABILITIES				
Loan	17	75,000	75,041	73,570
		75,000	75,041	73,570
TOTAL LIABILITIES		220,768	368,656	323,556
NET ASSETS		4,577,662	4,681,166	4,591,360
EQUITY				
Accumulated Funds		4,577,662	4,681,166	4,591,360
TOTAL EQUITY		4,577,662	4,681,166	4,591,360

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 2013

	Budget	Actual	Actual
	2013	2013	2012
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was received from:			
Government Contract	1,264,000	1,239,000	1,264,000
Other Income	403,437	346,988	363,020
GST Received (net)	37,353	–	3,237
	1,704,790	1,585,988	1,630,257
Cash was applied to:			
Payments to Suppliers	(851,587)	(607,769)	(604,327)
Payments to Employees	(817,000)	(733,644)	(831,293)
GST Paid (net)	–	(613)	–
	(1,668,587)	(1,342,026)	(1,435,620)
NET CASH INFLOW FROM OPERATING ACTIVITIES (Note 12)	36,203	243,962	194,637
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was received from:			
Repayment by Debtors and Loan Debtors	–	–	150
	–	–	150
Cash was applied to:			
Property, Plant and Equipment purchased	–	(14,762)	(136,895)
	–	(14,762)	(136,745)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	–	(14,762)	(136,745)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was received from:			
Short-term investment	–	–	23,498
	–	–	23,498
Cash was applied to:			
Short-term investment	(1,500)	(370,597)	–
	(1,500)	(370,597)	–
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(1,500)	(370,597)	23,498
NET (DECREASE)/INCREASE IN CASH HELD	34,703	(141,397)	81,390
Add Opening Cash and Cash Equivalents	184,463	178,677	97,287
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	219,166	37,280	178,677

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 2013

	2013	2012
	\$	\$
Equity at 1 July	4,591,360	4,569,029
Net Surplus for the year	89,806	22,331
Other Comprehensive income	–	–
Total Comprehensive Income/(Loss) for the year	89,806	22,331
Equity at 30 June	4,681,166	4,591,360

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 2013

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 in the previous year.
- Manukau Pacific Markets Limited. This company was deregistered in the previous year.
- Southmarket Limited. This company was deregistered in the previous year.

The financial statements of the Trust are for the year ended 30 June 2013. The financial statements were authorised for issue by the Board of Trustees on 21 October 2013.

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 2013

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 2013

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 2013

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 2013

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 8.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2013

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 9.

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 with group accounts last 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 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.

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.

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.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2013

Note 2: Other Income

	2013	2012
	\$	\$
Training	82,350	137,262
Business Centre	161,521	146,600
Other income	10,426	13,200
Total	254,297	297,062

Note 3: Personnel Costs

	2013	2012
	\$	\$
Salaries and wages	722,023	821,395
Defined contribution plan – Employer contributions	11,621	9,858
Increase/(Decrease) in employee entitlements	23,542	8,191
Total	757,186	839,444

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

Note 4: Operating Costs

	2013	2012
	\$	\$
Audit fees for audit of financial statements	38,522	47,327
Board and staff travel	40,053	28,726
Operating lease expense	65,669	77,701
Contract workers	47,203	86,225
Telecommunications	35,140	41,001
IT-related expenses	14,806	22,857
Business Centre	161,135	154,559
Motor vehicle running costs	18,675	11,633
Advertising	10,003	35,937
Other Operating costs	196,650	150,931
Total	627,856	656,897



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2013

Note 5: Finance Costs

	2013	2012
	\$	\$
Interest on secured loan	1,471	1,713
Total	1,471	1,713

Note 6: Cash and Cash Equivalents

	2013	2012
	\$	\$
Cash at bank	37,280	178,677
On-Call account	392,324	–
Short-term deposits with maturity less than 3 months	1,957,492	1,979,192
Total	2,387,096	2,157,869

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

Note 7: Trade and Other Receivables

	2013	2012
	\$	\$
Trade Receivables	7,655	56,128
Less: Provision for impairment	(987)	(6,000)
	6,668	50,128
Other Receivables	76,965	37,786
Total	83,633	87,914

All receivables have been individually assessed for impairment and a provision has been made for estimated irrecoverable amounts from trade and other receivables (2012: \$6,000). 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 - 30 days	31 - 60 days	61 - 90 days	91+ days
2013	7,655	1,461	4,073	762	1,359
2012	56,128	47,063	8,940	–	125

The carrying value of receivables approximates their fair value.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements
For The Year Ended 30 June 2013

Note 8: Property, Plant and Equipment

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

Cost	Cost at 1 July 2012	Additions	Disposals	Cost at 30 June 2013
	\$	\$	\$	\$
Office Equipment	61,117	1,442	–	62,559
Furniture & Fittings	96,728	3,219	–	99,947
Computer Equipment	171,998	8,522	–	180,520
Website	18,182	–	–	18,182
Leasehold Improvements	19,571	–	–	19,571
Taongas	32,451	–	–	32,451
Artworks	16,748	–	–	16,748
Building	1,908,023	1,579	–	1,909,602
Land	1,166,000	–	–	1,166,000
Total	3,490,818	14,762	–	3,505,580



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2013

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

Accumulated Depreciation	Balance at 1 July 2012	Depn	Disposals	Balance at 30 June 2013
	\$	\$	\$	\$
Office Equipment	44,583	7,722	–	52,305
Furniture & Fittings	66,998	4,903	–	71,901
Computer Equipment	138,476	18,447	–	156,923
Website	18,182	–	–	18,182
Leasehold Improvements	9,690	834	–	10,524
Taonga	32,451	–	–	32,451
Artworks	16,748	–	–	16,748
Building	499,570	67,883	–	567,453
Land	–	–	–	–
Total	826,698	99,789	–	926,487

Net Book Value	As at 1 July 2011	As at 30 June 2012	As at 30 June 2013
	\$	\$	\$
Office Equipment	19,124	16,534	10,254
Furniture & Fittings	29,064	29,730	28,046
Computer Equipment	24,285	33,522	23,597
Website	–	–	–
Leasehold Improvements	12,506	9,881	9,047
Taonga	–	–	–
Artworks	–	–	–
Building	1,398,885	1,408,453	1,342,149
Land	1,166,000	1,166,000	1,166,000
Total	2,649,864	2,664,120	2,579,093



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2013

Note 9: Loans

	2013	2012
	\$	\$
Principal	–	5,013
Interest	–	–
Total Net Loans and Interest		5,013
Classified as:		
Current (included in Other Receivables)	–	–
Non-current	–	5,013
Total	–	5,013

The carrying value of loan receivables approximates their fair value.

The carrying amount of receivables that are past due, but not impaired is nil. (2012: \$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 2013 and 2012, all overdue loans have been assessed for impairment and appropriate provisions applied, as detailed below:

2013	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	–	–	–
Total	–	–	–

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

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

	2013	2012
	\$	\$
Balance at 1 July	–	–
Additional provisions made	5,013	–
Loans written off	(5,013)	–
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 2013 and 2012, hence there is no provision for impairment at 30 June 2013.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2013

Note 10: Trade and Other Payables

	2013	2012
	\$	\$
Trade Payables	83,470	80,677
Income in advance	11,399	14,170
Accrued expenses	78,550	85,484
Other Payables	27,904	905
Total	201,323	181,236

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 11: Employee Entitlements

	2013	2012
	\$	\$
Annual Leave	44,409	29,364
Accrued salaries and wages	28,691	20,194
Accrued bonuses	19,192	19,192
Total	92,292	68,750

Employee benefit liabilities comprise annual leave of \$44,409 (2012:\$29,364), accrued salaries and wages of \$28,691 (2012:\$20,194) and accrued bonuses of \$19,192 (2012:\$19,192). All employee benefit liabilities are current liabilities.

Note 12: Reconciliation of Net Surplus with Net Cash inflow from Operating Activities

	2013	2012
	\$	\$
Net Surplus/(Deficit)	89,806	22,331
(Less)/Add depreciation	99,789	122,639
(Less)/Add loans written off	–	6,000
(Less)/Add inter-group	–	(41)
(Less)/Add changes in interest	1,444	1,713
(Less)/Add changes in Trade and Other Receivables	9,294	(18,766)
(Less)/Add changes in Trade and Other Payables and Employee Entitlements	43,629	60,761
Net Cash inflow from Operating Activities	243,962	194,637

Note 13: Employee Remuneration

One employee received remuneration in excess of \$100,000 during the current financial year. This was in the \$150,000 to \$160,000 bracket. (2012: One employee received remuneration in excess of \$100,000. This was in the \$150,000 to \$160,000 bracket).

Note 14: Capital Commitments

There were no capital commitments at 30 June 2013. (2012: Nil).



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2013

Note 15: Operating Commitments

Operating Leases as Lessee

Minimum lease payments paid under operating leases recognised as an expense in the year was \$82,421 (2012:\$77,701).

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

	2013	2012
	\$	\$
Less than one year	69,475	87,856
Between one and five years	64,363	39,006
More than five years	–	2,699
Total non-cancellable operating leases	133,838	129,561

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 \$150,251 (2012: \$134,717).

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:

	2013	2012
	\$	\$
Less than one year	143,211	76,259
Between one and five years	41,451	43,983
More than five years	–	–
Total non-cancellable operating leases	184,662	120,242

Note 16: 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 2013. (2012: nil)



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2013

Note 17: Related Parties Transactions

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

	Revenue	Expenses	Receivables	Payables
2013	\$	\$	\$	\$
Pacific Peoples Advancement Trust	–	–	–	75,041*
Pacific Island Homecare Trust	–	–	–	–
CNS Management Services	–	–	–	–
Telstra Clear Pacific	–	–	–	–
Total	–	–	–	75,041
2012				
Pacific Peoples Advancement Trust	–	1,713	–	73,570*
Pacific Island Homecare Trust	1,426	–	–	–
CNS Management Services	–	414	–	–
Telstra Clear Pacific	–	–	–	575
Total	1,426	2,127	1,429	74,145

*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.

Key Management Personnel Compensation

	2013	2012
	\$	\$
Salaries and other short-term benefits	207,792	218,446
Termination Payment	–	–
Other long-term benefits	–	–
Total	207,792	218,446

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 2013

Note 18: Board Member Remuneration

	2013	2012
	\$	\$
Caren Rangī	19,000	11,875
Shirley Sisepi Fraser	9,500	9,500
Siti Mavoa	792	9,500
Selma Scott	9,500	9,500
Kenina Court	9,500	–
Rhys Faleafa	9,500	–
Hamish Crooks (Chair till April 2012)	–	15,750
Total	57,792	56,125

Note 19: 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:

	2013	2012
	\$	\$
Loans and Receivables		
Cash and Cash Equivalents	2,387,096	2,157,869
Trade and Other receivables (note 7)	83,633	87,914
Loans (note 9)	–	5,013
Total Loans and Receivables	2,470,729	2,250,796
Financial Liabilities measured at amortised cost		
Trade and Other Payables (note 10)	201,323	181,236
Loan (note 17)	75,041	73,570
Total Financial Liabilities measured at amortised cost	276,364	254,806

Note 20: 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.

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 2013 financial year and in the 2012 financial year.

There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.



PACIFIC ISLAND BUSINESS DEVELOPMENT TRUST

Notes to the Financial Statements For The Year Ended 30 June 2013

Note 20: Financial Instrument Risks (Continued)

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 21: 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 22: Subsequent Events

There were no significant events after the balance sheet date.

Note 23: Explanation of Significant Variances to Budget

The major variances to budget in the Statement of Comprehensive Income for the year ended 30 June 2013 and the Statement of Financial Position as at 30 June 2013 are explained as follows:

REVENUE

Other Income

Increased tenancy rental revenue and conference hire activities at the PBT Business Centre contributed to Other Income exceeding budget for the year.

EXPENSES

Personnel Expenses

Fewer staff than normal with replacement staff appointed towards the 2nd and 3rd quarters in the financial year, although Personnel budgeted for the full year.

Operating Expenses

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

ASSETS

Trade and Other Receivables

Variance mainly due to prepaid insurance for the 2014 year as well other Receivables not normally budgeted for at year end.

LIABILITIES

Trade and Other Payables

Variance mainly due to higher employee entitlements at year end as well as a few large accruals for delayed projects.



STATEMENT OF SERVICE PERFORMANCE

Delivered Through Purchase Agreement With the Ministry of Pacific Island Affairs
For The Year Ended 30 June 2013

1. ENTREPRENEURIAL LEADERSHIP

1.1 Young Enterprise Scheme (YES)

Output activity	Performance standard	Achieved/ Not achieved	Result/Progress
Provide financial and mentoring support through the delivery of 2 business workshops in Auckland and 2 in Wellington to support Pacific youth participation in YES.	PBT contribution of \$30,000 for the excellence award for Pacific youth participating in YES.	Achieved	During the year, PBT contributed \$30,000.
	30 – 40 students attending	Not achieved	2 of 3 workshops delivered in Auckland with a total of 140 students in attendance. There was insufficient demand in Wellington.
Facilitate scholarships to qualified participants in collaboration with Young Enterprise Trust (YET), Ministry, relevant participating schools in YES and tertiary institutions.	Student leaders are identified and mentored.	Achieved	The PBT Auckland Business Facilitators continue to mentor successful Pasifika teams and their company Management team.
	Progress of students with scholarship awards are monitored and reported to the Ministry.	Not applicable	PBT provided support to the teams for preparation of their Seed Fund applications to the Ministry.
Provide seed fund offering start-up capital to Pacific participants in YES.	Each applicant to be evaluated jointly with the Ministry and YET based on financial need, high quality business plan, team/company potential and product sustainability.	Achieved	Seed fund presentations and inaugural YES Leadership Group event held on June 13 at PBT Auckland, attended by 82 students. 15 teams of the 18 applicants were successful and received a total of \$3,900 in seed funding for their businesses.
	Qualifying applicants to receive an amount of seeding fund to be determined by the Ministry, PBT and YET but not exceeding \$500 for business concept.	Achieved	PBT has worked closely with the YES Pasifika Coordinator in the active support of the Pacific teams participating in the YES.



STATEMENT OF SERVICE PERFORMANCE
Delivered Through Purchase Agreement With the Ministry of Pacific Island Affairs
For The Year Ended 30 June 2013

1.2 Pacific Employment Support Services (PESS)

Output activity	Performance standard	Achieved/Not achieved	Result/Progress
Develop and deliver a pathway to business workshop to qualifying and capable participants in PESS. Content of workshop will cover introduction to business, benefits of business & a potential pathway to business ownership.	Content of programme to be aligned with objectives of PESS and PBT. Ministry to be consulted in the programme development and criteria for identifying of qualifying and capable participants.	Achieved	Business pathway workshop held for C-ME Mentoring Trust Trades-at-schools students on 27 June 2013 at PBT, with 11 participants.

2. INFORMATION AND AWARENESS

2.1 Quarterly contributions to Leo Pasifika

Output Activity	Performance Standard	Achieved/Not achieved	Result/Progress
Provide contributions to the Ministry's Leo Pasifika publication on a four monthly basis or as appropriate.	Timing and format of PBT's contribution to the Ministry's publication to be discussed and agreed to with the Ministry's Communications Directorate.	Achieved	All content provided by communications contractor Oceania Media, in consultation with PBT and relevant MPIA personnel. Content supplemented via distribution of PBT newsletter, website content and use of social media.
	Contributions to be written in a professional manner and submitted to the Ministry's Communications Directorate on time.	Achieved	
	PBT to assist with distribution of Ministry's publication utilizing its business networks when appropriate.	Achieved	



STATEMENT OF SERVICE PERFORMANCE
Delivered Through Purchase Agreement With the Ministry of Pacific Island Affairs
For The Year Ended 30 June 2013

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.	60,000 website visits	Achieved	107,427 website visits
	720,000 website hits	Achieved	740,030 website hits
	The website is regularly updated to improve relevance and usefulness.	Achieved	Content proactively and professionally managed by Oceania Media. Workshop and seminar registration managed via e-invites and website. Year-end report website report available.

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 six monthly basis.	Achieved	Profile of Pacific businesses provided to the Ministry as part of December 2012 and June 2013 quarterly reporting during the year.
	Improve data integrity, information flow and communication to support Pacific business research and policy advice.	Achieved	Implementation of new assessment tools completed and work started on the integration of captured data with client database via website platform and CRM.

STATEMENT OF SERVICE PERFORMANCE
Delivered Through Purchase Agreement With the Ministry of Pacific Island Affairs
For The Year Ended 30 June 2013

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 an average of 60 – 80 participants.	Achieved	Aggregate result: Total attendees 199 PE:AE ratio = 3:7
These seminars are to be practical and easily accessed by target audiences, and will bring together successful Pacific entrepreneurs with new/aspiring business operators. The content of the seminar will include PBT support services, business start-us, growth opportunities and benefits of internet marketing.	Target ratio of 3:7 Pacific entrepreneurs (PE) to aspiring entrepreneurs (AE) for participants.	Achieved	Christchurch – 29 October 2012 21 of 31 attendees surveyed PE: AE Ratio = 4:6 90% client satisfaction
	At least 30% accessing appropriate networks and support to sustain confidence in business.	Achieved	Auckland – 5 May 2013 34 of 49 attendees surveyed PE: AE Ratio = 2:8 86% client satisfaction
	80% client satisfaction.	Achieved	Wellington – 26 June 2013 46 of 119 attendees surveyed PE: AE Ratio = 3:7 96% client satisfaction

2.5 Communications Strategy

Output Activity	Performance Standard	Achieved/ Not achieved	Result/Progress
Develop and implement a communications strategy incorporating the above aimed at raising awareness.	Communications strategy to be effective and aligned with PBT mission and strategic plan.	Not achieved	2012/2013 analysis by Oceania Media to inform development of 2013/2014 communications strategy, alongside refinement of PBT strategic plan.



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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 fifty (50) newly established businesses.	Achieved	Assisted start-up of 70 new businesses
	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.
	An additional twenty (20) to thirty (30) businesses will be supported to the preliminary start-up phase (concept and credible business plan) but requiring to demonstrate capital capability to deliver the plan.	Achieved	162 Preliminary start-up businesses supported.

3.2 Supporting and Growing Existing Businesses

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.	Achieved	Existing businesses assisted during the year.
		Not reported	Although business improvement could be measured with varying degrees across the different clients, it could not be measured fully within the PA reporting requirement.
	Sixty (60) business assessments are completed.	Achieved	111 business assessments completed.
	Where business assessments are implemented, 80% will produce a business action plan and 50% will demonstrate success in implementation.	Achieved	100% of business assessments produced a business action plan with more than 50% successfully implemented.
	200 mentoring sessions are completed.	Achieved	237 mentoring sessions completed.
	Number of assisted businesses referred to specialist support services.	Achieved	28 referrals to specialist support services as a result of implementation of business action plans.

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3.3 Business and Enterprise Growth Workshops

Output Activity	Performance Standard	Achieved/ Not achieved	Result/Progress
Utilise business assessment information based on common needs to develop a suite of practical workshops for existing businesses and community enterprises in the Auckland, Wellington and Christchurch regions with the aim of improving the growth potential of existing Pacific businesses and enterprises.	Design and deliver twenty (20) to thirty (30) business and enterprise growth workshops.	Achieved	36 Business and Enterprise Growth workshops delivered nationwide.
	150 Pacific businesses and community enterprises participate in workshops.	Achieved	1. Auckland – 19 workshops 2. Christchurch – 8 workshops 3. Wellington – 9 workshops
	Workshop content to address growth barriers identified through ongoing assessments.	Achieved	440 participants across the 36 workshops.
	80% client satisfaction.	Achieved	Workshop topics covered Financial Planning, Business Growth, Effective Marketing, Sourcing Business Finance, Inland Revenue issues etc. 100% client satisfaction across all workshops.

3.4 Business Training for Community Enterprise programme

Output Activity	Performance Standard	Achieved/ Not achieved	Result/Progress
PBT will actively engage and support the ongoing development of Pacific Early Childhood Education (ECE) providers. This will include developing and delivering a Governance and Management Mentoring programme for the Pacific ECE providers.	Collaborate with the Ministries of Pacific Island Affairs and Education in the development and delivery of the programme, utilizing learnings from the Community enterprise workshops. 5 to 10 ECEs to participate in the programme. Report on the completion of the programme.	Achieved	PASIFIKA ECE Workshop – 25 June 2013 in Wellington <ul style="list-style-type: none"> • 24 attended • Collaboration with MPIA, MoE, • Wellington Free Kindergarten Assoc. • 1 Pacific ECE from Wanganui; 1 from Palmerston North and 5 from Porirua and Hutt Cities • 7 Pasifika ECE's in total from 18 Pasifika ECE's invited covering the wider central region • Governance, Management, Finance and Compliance were key topics. • Overall client satisfaction 90% • Usefulness of workshop excellent • Usefulness of content of workshop excellent - good • PBT Wellington has continued active engagement with a number of Pacific ECE providers. • Planning for more engagement and workshops specific to Pasifika ECE's in our region already occurring.



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3.5 Promote PBT services to SMEs

Output Activity	Performance Standard	Achieved/ Not achieved	Result/Progress
Participate in the business seminar events to promote PBT's services for SMEs as organised by the Ministry of Economic Development. (MED)	PBT to consult and work collaboratively with MED and the New Zealand Institute of Chartered Accountants for their preparation and participation in this event.	Achieved	<p>PBT supported MBIE in delivery of a presentation to Auckland NZICA Seminar in Aug 2012.</p> <p>PBT has actively engaged with the following mainstream EDA's during 2012/2013:</p> <p>ATEED, Auckland Chamber of Commerce, The Icehouse, Business Mentors NZ, EMA, CERA, The Small Business Company, Deloitte and WHK. This engagement has ranged from active collaboration, to outlining of PBT objectives to explore partnership potential.</p>

3.6 Pacific Business Awards

Output Activity	Performance Standard	Achieved/ Not achieved	Result/Progress
Deliver a biennial Pacific Business Awards event to promote the value of assessment as a business growth tool and in doing so, promote the support services provided by PBT. The event will also encourage and promote Pacific entrepreneurship and excellence in business and provide inspiration to aspiring entrepreneurs.	<p>The event to be supported by sponsorship arrangements from outside of the Purchase Agreement and will be properly managed to achieve at least a break-even financial outcome.</p> <p>400 people attending the event.</p>	Not achieved	Qualified achievement based on promotion of PBT services & support for EoI's associated with PBA and planning /delivery of alternate events. Auckland event deferred until September 2013 to accommodate Minister's request.

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4. STRENGTHENING 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.
	Board minutes prepared.	Achieved	Completed for meetings held.
	Board reports prepared.	Achieved	Completed for meetings held.
	Strategic Plan completed.	Achieved	Completed in December 2012.
	Comply with appropriate standard.	Achieved	Completed in August 2012.
	Audited accounts.	Achieved	Last audited accounts for the year ended 30 June 2012.
	Annual report.	Achieved	30 June 2012 Annual report completed September 2013.
	Quarterly reports to MPIA.	Achieved	Quarterly reports done: 30 September and 31 December 2012; 31 March and 30 June 2013
	Implement a Performance management framework with Improved measuring monitoring and allocation of staff performance and placements.	Not achieved	Business plan and reporting frameworks refined, but more work to be done to integrate with performance management system. Aim to start in 2013/2014.
	Knowledge, reporting and quality assurance.	Achieved	A key objective of e-newsletter circulation was to improve accuracy and integrity of the existing database. Reporting from Oceania Media has quantified progress and coupled with reforms in (2.3), will significantly improve quality of information management in 2013/2014.
Collaboration with the Ministry.	Achieved		
Strategic Relationships.	Achieved		

SUMMARY OF OUTPUTS PURCHASED

OUTPUTS	TOTAL
Youth Skills and Entrepreneurial Culture	108,000
Information and Awareness	250,000
Business and Enterprise Development	806,000
Strengthening PBT Capability	100,000
Total excluding GST	1,264,000



Pacific Business Trust Directory

DIRECTORS / BOARD OF TRUSTEES:

Caren Rangī	Chair
Sitiveni Mavoā	Deputy Chair (stepped down July 2012)
Selma Scott	Board Member
Shirley Sisepi-Fraser	Board Member
Kenina Court	Board Member (appointed August 2012)
Rhys Faleafa	Board Member (appointed August 2012)

PERSONNEL

Management

Peter Cordtz	Chief Executive
Maria Fuata	Corporate Manager

Business Team

Maureen Tukaroā-Betham	National Business Coordinator
Maria Fastnedge	Northern Region
Kalia Valoa	Northern Region
Zechariah Reulu	Central Region
Maliepo Moeaki Toma	Southern Region

Tutors

Douglas Murray	Tutor for Certificate in First Steps to Business
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Corporate Services

Ana Ratumu	
Apeksha Sahib	
Elizabeth Payne	
Dave Wilmot	
Auditor	Audit NZ
Solicitors	Gaze Burt, Auckland
Banking Organisation	Westpac Banking Corporation











PACIFIC BUSINESS TRUST

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