

The Employers' Chamber of Commerce (Inc.)  
Statement of Financial Performance  
For the Year Ended 30 June 2011

	Group	Parent	Group	Parent
	2011	2011	2010	2010
	\$	\$	\$	\$
<b>INCOME</b>				
Subscriptions	1,242,364	1,242,364	1,440,670	1,440,670
Interest	44,280	42,386	39,240	36,754
Dividends and Commissions	71,578	71,578	45,647	45,647
Management & Property Income	74,460	140,960	26,085	85,085
Trading Income (net of direct expenses) (Note 3)	1,635,281	1,551,379	1,496,293	1,414,302
Sponsorships	82,914	82,914	87,935	87,935
Gain on Sale of Fixed Assets	1,382	1,382	-	-
Sundry Income	1,488	1,488	3,662	3,662
<b>TOTAL OPERATING REVENUE</b>	<b>3,153,747</b>	<b>3,134,451</b>	<b>3,139,532</b>	<b>3,114,055</b>
<b>LESS EXPENDITURE</b>				
Administration & Office Expenses	95,437	87,249	105,229	93,445
Audit Fee	6,700	6,700	6,200	6,200
Bad and Doubtful Debts	121	121	305	305
Building & Facilities Expenses	59,677	59,677	73,652	73,652
Business NZ and Chamber Levies	309,296	309,296	326,205	326,205
Computing & Internet	28,956	28,956	33,802	33,802
Depreciation (Note 4)	123,266	123,266	80,804	80,804
Amortisation Expense (Note 5)	10,009	-	10,009	-
External Communications	137,505	137,505	111,143	111,143
Sesquicentennial Events	-	-	27,476	27,476
Insurance (medical and general)	16,460	16,460	16,239	16,239
Legal and Litigation of Interest to Members	5,688	5,688	3,154	3,154
Personnel Expenses	2,324,980	2,324,980	2,121,759	2,121,759
Travelling & Vehicle Expenses	37,559	37,559	26,612	26,612
<b>TOTAL EXPENDITURE</b>	<b>3,155,654</b>	<b>3,137,457</b>	<b>2,942,589</b>	<b>2,920,796</b>
<b>GROSS OPERATING SURPLUS/(DEFICIT)</b>	<b>(1,907)</b>	<b>(3,006)</b>	<b>196,943</b>	<b>193,259</b>
Earthquake Related Expenses (Note 10)	(48,728)	(48,728)	-	-
Impairment of Assets (Note 9)	(134,283)	(134,283)	-	-
Provision for Taxation on Non Member Activities	-	-	-	-
<b>OPERATING SURPLUS/(DEFICIT) AFTER TAXATION</b>	<b>(184,918)</b>	<b>(186,017)</b>	<b>196,943</b>	<b>193,259</b>
<b>TRANSFERRED TO ACCUMULATED FUNDS</b>	<b>(184,918)</b>	<b>(186,017)</b>	<b>196,943</b>	<b>193,259</b>

The notes to the financial statements on Pages 4 to 6 form part of and are to be read in conjunction with this Statement.

The Employers' Chamber of Commerce (Inc.)  
Statement of Movements in Members' Funds  
For the Year Ended 30 June 2011

	Group 2011 \$	Parent 2011 \$	Group 2010 \$	Parent 2010 \$
<b>Accumulated Funds</b>				
Balance 1 July 2010	1,307,953	1,345,101	1,111,010	1,151,842
Surplus/(Deficit) for the year	(184,918)	(186,017)	196,943	193,259
Balance 30 June 2011	1,123,035	1,159,084	1,307,953	1,345,101
<b>Land Revaluation Reserve</b>				
	2,007,874	2,007,874	2,007,874	2,007,874
<b>Ashburton Chamber of Commerce Funds (Note 11)</b>				
Balance 1 July 2010	8,360	8,360	8,508	8,508
Funds (Expended)/Transferred In during year	(1,947)	(1,947)	(148)	(148)
Balance 30 June 2011	6,413	6,413	8,360	8,360
<b>Development Fund (Note 7)</b>				
Balance 1 July 2010	700,000	700,000	700,000	700,000
Balance 30 June 2011	700,000	700,000	700,000	700,000
<b>Sesquicentennial Reserve (Note 8)</b>				
Balance 1 July 2010	-	-	(18,251)	(18,251)
Funds (Expended)/Transferred In during year	-	-	18,251	18,251
Balance 30 June 2011	-	-	-	-
<b>TOTAL MEMBERS' FUNDS</b>	<b>3,837,322</b>	<b>3,873,371</b>	<b>4,024,187</b>	<b>4,061,335</b>

Statement of Financial Position as at 30 June 2011

	Group 2011 \$	Parent 2011 \$	Group 2010 \$	Parent 2010 \$
<b>TOTAL MEMBERS' FUNDS</b>	<b>3,837,322</b>	<b>3,873,371</b>	<b>4,024,187</b>	<b>4,061,335</b>
<b>CURRENT ASSETS</b>				
Petty Cash Imprest	400	200	400	200
Bank - Current Accounts	201,195	131,671	246,775	229,877
Term Deposits	1,113,075	1,113,075	1,169,603	1,043,195
Income Tax Receivable	8,944	8,099	7,549	6,920
Sundry Debtors	562,936	580,436	408,169	378,613
	1,886,550	1,833,481	1,832,496	1,658,805
<b>CURRENT LIABILITIES</b>				
Sundry Creditors and Accrued Expenses	550,662	430,444	502,212	321,900
Sponsorship in Advance	-	-	8,300	8,300
Other Revenue in Advance	98,500	98,500	140,586	140,586
Advance CCL	-	80,000	-	-
Provision for Holiday Pay	122,009	122,009	132,144	132,144
Goods and Services Tax Payable	130,446	121,596	90,610	90,124
	901,617	852,549	873,852	693,054
<b>WORKING CAPITAL</b>	<b>984,933</b>	<b>980,932</b>	<b>958,644</b>	<b>965,751</b>
<b>NON-CURRENT ASSETS</b>				
Share Investments	1,758	1,758	1,714	1,714
Investment in Subsidiary/Associate (Note 2)	-	40,050	-	40,050
Goodwill on Consolidation (Note 5)	-	-	10,009	-
Fixed Assets (Note 4)	2,850,631	2,850,631	3,053,820	3,053,820
	2,852,389	2,892,439	3,065,543	3,095,584
<b>NET ASSETS</b>	<b>3,837,322</b>	<b>3,873,371</b>	<b>4,024,187</b>	<b>4,061,335</b>

P R Townsend  
CHIEF EXECUTIVE  
12 September 2011

P Davie  
PRESIDENT  
12 September 2011

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## Statement of Cash Flows

For the Year Ended 30 June 2011

	Group 2011	Parent 2011	Group 2010	Parent 2010
	\$	\$	\$	\$
<b>Cash Flows From Operating Activities</b>				
Cash provided from:				
Receipts from Members (i)	2,797,959	2,725,136	3,034,971	3,028,210
Commission Received	71,512	71,512	45,647	45,647
Interest on Term Deposits	36,731	35,466	30,054	28,307
Sponsors	74,614	74,614	91,235	91,235
Dividends Received	44	44	-	-
Taxation Refunded	6,176	5,763	10,960	10,125
	<u>2,987,036</u>	<u>2,912,535</u>	<u>3,212,867</u>	<u>3,203,524</u>
Cash disbursed to:				
Payments to Suppliers and Employees	3,036,122	2,887,839	2,709,051	2,743,150
	<u>3,036,122</u>	<u>2,887,839</u>	<u>2,709,051</u>	<u>2,743,150</u>
<b>NET OPERATING CASH FLOWS</b>	<u>(49,086)</u>	<u>24,696</u>	<u>503,816</u>	<u>460,374</u>
<b>Cash flows from investing activities</b>				
Cash provided from:				
Sale of Fixed Assets	5,511	5,511	-	-
Term Deposits	56,528	-	-	-
	<u>62,039</u>	<u>5,511</u>	<u>-</u>	<u>-</u>
Cash disbursed to:				
Short Term Deposits	-	69,880	303,584	217,176
Purchase of Fixed Assets	58,533	58,533	71,124	71,124
	<u>58,533</u>	<u>128,413</u>	<u>374,708</u>	<u>288,300</u>
<b>NET INVESTING CASH FLOWS</b>	<u>3,506</u>	<u>(122,902)</u>	<u>(374,708)</u>	<u>(288,300)</u>
<b>Net Increase (Decrease) in Cash Held</b>	<u>(45,580)</u>	<u>(98,206)</u>	<u>129,106</u>	<u>172,073</u>
Opening Cash	247,175	230,077	118,067	58,004
<b>Ending Cash Carried Forward</b>	<u>201,595</u>	<u>131,871</u>	<u>247,173</u>	<u>230,077</u>
<b>Comprising:</b>				
Petty Cash Imprest	400	200	400	200
Bank - Current Accounts	201,195	131,671	246,775	229,877
	<u>201,595</u>	<u>131,871</u>	<u>247,175</u>	<u>230,077</u>
<b>RECONCILIATION WITH OPERATING SURPLUS</b>				
(Deficit)/Surplus for Year	(184,918)	(186,017)	196,943	193,259
Ashburton Chamber of Commerce Funds expenditure	(1,947)	(1,947)	-	-
Sesquicentennial Funds expenditure	-	-	18,251	18,251
<b>Non Cash Items:</b>				
Loss/(Gain) on Sale of Fixed Assets	(1,382)	(1,382)	-	-
Amortisation and Impairment Expense	144,292	134,283	10,009	-
Depreciation	123,266	123,266	80,804	80,804
	<u>266,176</u>	<u>256,167</u>	<u>90,813</u>	<u>80,804</u>
<b>Movements in Working Capital:</b>				
Sponsorship & Income in Advance	(50,386)	(50,386)	80,197	80,197
Sundry Creditors	48,450	108,543	94,448	48,564
GST Payable	39,836	31,472	25,676	29,284
Income Tax Receivable	(1,395)	(1,179)	1,774	1,678
Sundry Debtors	(154,767)	(201,822)	(34,313)	(21,690)
Provision for Holiday Pay	(10,135)	(10,135)	30,027	30,027
Short Term Advance - Intercompany	-	80,000	-	-
	<u>(128,397)</u>	<u>(43,507)</u>	<u>197,809</u>	<u>168,060</u>
<b>Net Operating Cash Flows</b>	<u>(49,086)</u>	<u>24,696</u>	<u>503,816</u>	<u>460,374</u>

(i) Included in receipts from members are net trading cashflows for the group and parent.

The notes to the financial statements on Pages 4 to 6 form part of and are to be read in conjunction with this Statement.

**1. STATEMENT OF ACCOUNTING POLICIES**

**Reporting Entity:**

The reporting entity is The Employers' Chamber of Commerce (Inc.) and its wholly owned subsidiary, Champion Canterbury Ltd. The financial statements are prepared in accordance with applicable financial reporting standards.

**Measurement Base:**

The measurement base is the historical cost basis, with the exception of land, which is revalued to fair value every five years. Reliance has been placed on the fact that the Employers' Chamber is a going concern. Accrual accounting is used to match revenues and expenses incurred, except that subscriptions income is recognised on a cash received basis.

**Particular Accounting Policies:**

The following particular accounting policies which may have a material effect on the measurement and reporting of financial performance and financial position have been followed in the preparation of these accounts.

- (a) **Fixed Assets** are stated at cost less accumulated depreciation, except land, which is recorded at valuation. All items of property, plant and equipment are assessed for impairment at each reporting date. Where the carrying amount is assessed to be greater than its recoverable amount, the item is written down and the write down is recognised in the statement of financial performance.
- (b) **Depreciation of Fixed Assets** has been charged in the accounts on the following basis: -
 

Buildings	- 1-3% straight line
Refurbishments	- 3 - 40% diminishing value
Office Equipment & Vehicles	- 7-50% straight line
	- 7.80 - 60% diminishing value
Software	- 36 - 48% diminishing value
Website	- 50% diminishing value
- (c) **Investments** are stated at market value (in the case of Heartland shares) or at cost.
- (d) **Subscriptions** have been accounted for on a cash basis.
- (e) **Taxation** is calculated at 30% on income earned from non member activities after allowing for related expenditure and allowances (2010: 30%).
- (f) **Differential Reporting** - The Employers' Chamber qualifies for differential reporting exemptions as it is not publicly accountable and is not large. Differential reporting exemptions have been applied in respect of:  
FRS 31 - Disclosure of Information about Financial Instruments.  
FRS 9 - Information to be Disclosed in Financial Statements.  
SSAP 12 - Accounting for Income Tax.
- (g) **Leases.** Operating lease rentals are recognised evenly over the expected period of the benefit to the entity.
- (h) **Consolidation.** The Employers' Chamber acquired full ownership of Champion Canterbury Limited in January 2007. Consolidated financial statements are prepared incorporating the financial statements of both entities. In preparing the consolidated financial statements, all intercompany balances and transactions within the consolidated entity are eliminated in full.
- (i) **Goodwill.** Goodwill, representing the excess of cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset. Goodwill is amortised in the statement of financial performance on a straight line basis over a period of four years, being the period of expected benefits.
- (j) **Impairment** All items of property, plant and equipment are assessed for impairment at each reporting date. Where the carrying amount is assessed to be greater than its recoverable amount, the item is written down. The write-down is recognised in the statement of financial performance.

**Changes in Accounting Policies:**

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

**2. RELATED PARTIES**

The Employers' Chamber has a 100% shareholding in Champion Canterbury Limited (2010: 100% shareholding). This company operates the annual "Champion Canterbury Awards". The Employers' Chamber received management fees from Champion Canterbury Limited of \$63,000 (2010: \$59,000). For the year ended 30 June 2011 Champion Canterbury Limited had a net profit of \$11,108 (2010: \$13,693).

The Employers' Chamber has a 49% interest in Canterbury Business Recovery Group Ltd (Recover Canterbury), a company set up to provide services on behalf of the Crown to assist in the recovery and economic development of the business sector of Canterbury, following the earthquakes of 2010-2011. The venture will operate until June 2012. The Employers' Chamber provides agreed personnel and services to the joint venture, and receives payment for these services at agreed rates. For the year ended 30 June 2011 Recover Canterbury paid the Employers' Chamber fees of \$181,833 (2010: nil). The balance due at 30 June 2011 was \$36,461 (2010: nil).

**3. TRADING INCOME**

The Net Income from Trading Activities for the Parent comprises gross revenues of \$1,939,427 (2010: \$1,769,976) and operating expenses of \$388,048 (2010: \$355,674). The Net Income from Trading Activities for the Group comprises gross revenues of \$2,357,694 (2010: \$2,173,065) and operating expenses of \$722,413 (2010: \$676,772).

**4. FIXED ASSETS (Group and Parent)**

Details of fixed assets are:-

	Cost or Valuation	Depreciation Current Year	Accumulated Depreciation	Balance 30.6.2011	Balance 30.6.2010
Land - Kilmore	2,200,000	-	-	2,200,000	2,200,000
Buildings - Kilmore	169,582	3,619	63,190	106,392	135,540
Refurbishment	778,670	56,734	356,713	421,957	587,445
Office Furn & Equip	700,608	54,133	593,906	106,702	102,347
Motor Vehicles	88,660	8,780	73,080	15,580	28,488
	<u>3,937,520</u>	<u>123,266</u>	<u>1,086,889</u>	<u>2,850,631</u>	<u>3,053,820</u>

Land was revalued in December 2006 by DTZ, qualified valuers, on a market value basis at \$2,200,000, resulting in a credit of \$2,007,874 to the Revaluation Reserve.

**5. GOODWILL (Group)**

	2011	2010
Goodwill recognised on acquisition of subsidiary	40,036	40,036
Amortisation to date	(30,027)	(20,018)
Amortisation expense for the year	(10,009)	(10,009)
Balance at end of year	<u>0</u>	<u>10,009</u>

**6. OPERATING LEASE COMMITMENTS (Group and Parent)**

	2011	2010
Due not later than one year	12,553	12,553
Due one to two years	12,217	12,217
Due two to four years	12,217	24,434
	<u>36,987</u>	<u>49,204</u>

**7. DEVELOPMENT FUND**

The Development Fund was established should the Employers' Chamber decide to carry out a redevelopment of its current site.

**8. SESQUICENTENNIAL FUND**

The Employers' Chamber celebrated 150 years since its establishment in 2009. This fund was created to provide for appropriate activities for the occasion. Now that celebrations are completed the fund has been closed.

**9. REASSESSMENT OF USEFUL LIVES, DEPRECIATION METHODS AND RESIDUAL VALUES**

During the year ended 30 June 2011 Christchurch experienced 3 major earthquakes causing significant damage to the city. The entity has conducted a review of the appropriateness of the carrying values of items of property, plant and equipment. As a result of this review the carrying value of certain items of property were reassessed and a net impairment charge totalling \$134,283 (2010: nil) has been recognised in the statement of financial performance. Preliminary inspections of the land owned by the Employers' Chamber show no signs of significant damage, and consequently no impairment has been recognised. This assessment may change following a full geotechnical assessment, at which time appropriate impairment would be recognised.

**10. EARTHQUAKE RELATED EXPENSES**

During the year ended 30 June 2011 a number of expenses were incurred as a result of earthquake damage or additional costs of continuing operations. These costs are expected to be recovered through insurance claims. In the current year costs of \$48,728 (2010: nil) have been recognised in the statement of financial performance.

**11. ASHBURTON CHAMBER OF COMMERCE**

The Ashburton Chamber of Commerce (ACC) has ceased operations and its members have joined The Employers' Chamber of Commerce Inc. The remaining funds of the ACC have been transferred to the Employers' Chamber to be used specifically for activities in the Ashburton area. These funds are shown as a separate component of Members' Funds and relevant future expenditure will be charged against these funds.

**12. CONTINGENT LIABILITY**

There were no contingent liabilities for the Group at 30 June 2011 (2010: \$Nil).

**13. CAPITAL COMMITMENTS**

There were no capital commitments for the Group at 30 June 2011 (2010: \$Nil).



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
THE EMPLOYERS' CHAMBER OF COMMERCE (INC.)**

**Report on the Financial Statements**

We have audited the financial statements of The Employers' Chamber of Commerce (Inc.) and group on pages 1 to 6, which comprise the statements of financial position as at 30 June 2011, and the statements of financial performance, statements of movements in members funds and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Members, as a body. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members, as a body, for our audit work, for this report, or for the opinions we have formed.

***Board Responsibility for the Financial Statements***

The Board is responsible for the preparation and fair presentation of financial statements, in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibilities***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor, we have no relationship with or interests in The Employers' Chamber of Commerce (Inc.) or its subsidiary.

***Opinion***

In our opinion, the financial statements on pages 1 to 6:

- comply with generally accepted accounting practice in New Zealand; and
- present fairly, in all material respects, the financial position of The Employers' Chamber of Commerce (Inc.) and group as at 30 June 2011, and its financial performance and cash flows for the year ended on that date.

**Chartered Accountants**  
12 September 2011  
Christchurch, New Zealand

This audit report relates to the financial statements of The Employers' Chamber of Commerce (Inc.) for the year ended 30 June 2011 included on The Employers' Chamber of Commerce (Inc.)'s website. The Board is responsible for the maintenance and integrity of The Employers' Chamber of Commerce (Inc.)'s website. We have not been engaged to report on the integrity of the The Employers' Chamber of Commerce (Inc.)'s website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 12 September 2011 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.