IT Professionals
NEW ZEALAND

IT Professionals New Zealand

2017 Financial Report

Introduction to the Accounts

This page does not form part of the Annual Accounts for ITP, but is intended to provide some context to the financials on the following pages.

Audit opinion

ITP's auditors have indicated an intention to issue an opinion qualified by opening balances only. This is because they became auditors for ITP in 2017 and did not have access to the previous auditors' work papers.

The auditors have indicated that the opinion will not be modified in any other manner. This will be available prior to the AGM.

Financial results

Note that the financials on the following pages do not have taxation applied. The level of taxation for this year will be available prior to the AGM.

The results show EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) of 42,980, with an overall surplus before tax of $33,151. However we make the following notes:

(1) Taxation is still to be calculated and will be available prior to the AGM.

(2) $10,000 of the surplus was due to a one-off adjustment reversing a prior amortisation of goodwill.

ITx Conference in 2016

A number of 2017 v 2016 comparative figures appear substantially different due to ITP holding the ITx conference in 2016 (but no conference in 2017). This primarily impacted Events Revenue, Other Revenue (Sponsorship), and Events Expenses.

Subscription revenue

Subscription revenue was up by $22 760 on 2016's figures. Professional membership and Corporate Partnerships remained stable.

The financial report is contained on the following pages.

INSTITUTE OF IT PROFESSIONALS NZ INC

Consolidated Financial Report
Year ended 31 December 2017

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Society Information

As at 31 December 2017

Nature of Business	Professional Membership Organisation for the ICT Profession
Registered Office	Level 24, Plimmer Tower 206 Glimmer Terrace Wellington
Society Number	216567
Auditors	Crowe Horwath
Bankers	ASB NCR House 342-352 Lambton Quay Wellington

Consolidated Statement of Profit or Loss

For the year ended 31 December 2017

	Note	2017 $	2016 $
Revenue			
Subscriptions		438,720	415,960
Events		96,234	406,033
Sales		164,323	177,071
Other Revenue	3	209,670	395,050
Total Revenue		908,947	1,394,114
Expenses			
Expenses	4	793,902	1,423,696
Net Surplus/(Deficit) for the year		33,151	(29,582)
Taxation Expense	5	-	-
Net Surplus/(Deficit) after tax		33,151	(29,582)

This statement is to be read in conjunction with the notes to the financial statements on pages 7-11.

Consolidated Statement of Movements in Members Funds

For the year ended 31 December 2017

	Note	Retained Earnings	Total Equity
Balance at 1 January 2016		**231,261**	**231,261**
Net Surplus/(deficit) after tax		(29,582)	(29,582)
Balance at 31 December 2016		**201,679**	**201,679**

	Note	Retained Earnings	Total Equity
Balance at 1 January 2017		**201,679**	**201,679**
Net Surplus/(deficit) after tax		33,151	33,151
Balance at 31 December 2017		**234,830**	**234,830**

This statement is to be read in conjunction with the notes to the financial statements on pages 7-11.

Consolidated Balance Sheet

As at 31 December 2017

	Note	2017 $	2016 $
Members Funds	6	**234,830**	**201,679**
Represented by:			
Current Assets			
Cash and Bank Balance		48,646	82,690
Accounts Receivable		203,382	191,215
Bond - Premises (Plimmer Tower)		5,417	5,417
Inventory		7,681	14,189
		265,126	**300,995**
Non-Current Assets			
Property, Plant and Equipment	7	34,720	48,469
Intangible Assets	8	40,000	30,000
		74,720	**78,469**
Total Assets		**339,846**	**379,464**
Current Liabilities			
Accounts Payable and Accruals		105,016	177,785
Tax Liability		-	-
		105,016	177,785
Net Assets		**234,830**	**201,679**

This statement is to be read in conjunction with the notes to the financial statements on pages 7-11.

Notes to the Financial Statements

Note 1 – Reporting entity

Institute of IT Professionals NZ Inc ('the society') is a society registered in New Zealand under the Incorporated Society Act 1908.

Institute of IT Professionals NZ Inc is a professional body acting on behalf of its members who are involved in the computer industry as a whole.

The consolidated financial statements are for the society and its wholly owned subsidiary Software Escrow NZ Ltd.

The special purpose financial report was authorised for issue by the ITP National Board's Executive on 7 June 2018.

Note 2 – Statement of accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the *Special Purpose Framework for use by For-Profit Entities* (*SPFR for FPEs*) referred to as SPFR, published by Chartered Accountants of Australia and New Zealand previously referred to as (New Zealand Institute of Chartered Accountants).

The Society has complied with the SPFR in all material respects except for in respect to revenue, which has been accounted for in accordance with the accounting policy set out below.

Historical cost

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ$) and all values are rounded to the nearest NZ$, except when otherwise indicated.

Changes in accounting policy

All accounting policies have been applied consistently during the year.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the institute and revenue can be reliably measured.

Revenue is recognised when it is invoiced i.e. on an accruals basis. Income in advance is not recognised where income relates to future periods as income is not refundable once the cash has been received.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Accounts receivable

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

Property, plant and equipment and investment property

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset using depreciation rates published by Inland Revenue. Assets estimated useful life is reassessed annually. The following estimated depreciation rates/useful lives have been used:

Office Furniture & Equipment	13-48%	diminishing value
Computer Software	33-50%	diminishing value

Computer Hardware	33-48%	diminishing value

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

Intangible assets are amortised on a systematic basis over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the method for an intangible asset is reviewed at each financial year-end. Changes in the expected useful life are accounted for by changing the amortisation period for the current and future reporting years. Where no reliable estimate can be determined, the intangible asset will be amortised over 10 years.

The following estimated amortisation rates/useful lives have been used:

Trademarks	10 years	straight line

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Goodwill

Goodwill is an intangible asset representing the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognised.

Goodwill is measured at cost less any accumulated impairment losses. Cost is the excess of consideration paid over the acquirer's interest in the net fair value of identifiable assets of the acquired business at the date of acquisition. Goodwill is assessed for impairment at least annually.

Impairment of non-financial assets

At each balance date, non-financial assets are classified into four categories: assets measured at fair value; assets currently available that the society intends to use to the end of its useful life; assets intended to be sold prior to the end of their useful life; and assets damaged or idle at balance date.

Assets measured at fair value or assets the society intends to use to the end of its useful life, are not reviewed for impairment at balance date.

Assets intended to be sold prior to the end of their useful life or assets damaged or idle at balance date are reviewed to determine if any indicators of impairment exist. If indicators exist the asset is tested for impairment to ensure that the carrying amount of the asset is recoverable.

If the recoverable amount of an asset is determined to exceed its carrying amount then the resulting difference is recognised as an impairment loss in profit or loss for that period.

Financial instruments – financial assets

At initial recognition the society determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

Amortised cost

Includes assets where the society intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Financial liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in profit or loss on an effective yield basis.

Leases

Operating lease

Operating lease payments, where the lessors effectively retain substantially all the risk and benefits of ownership of the leased items, are recognised as an expense in profit or loss on a straight line basis over the lease term.

Inventory

Promotional items are recognised as inventory at cost when purchased and subsequently expensed as used.

Income tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue.

Goods and services tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

Note 3 – Other income

	2017 **$**	**2016** **$**
Interest Income	52	1,017
Miscellaneous	60,673	57,610
Sponsorship Income	148,945	336,423
	209,670	**395,050**

Note 4 – Expenses

	2017 $	2016 $
Advertising	31,977	63,525
Amortisation Expense	(10,000)	31
Audit Fees	14,046	11,333
Consulting Fees	58,214	91,803
Directors Fees	24,000	17,200
Events and Training	81,894	428,464
Other Operating Expenses	147,053	283,404
Staff & Managements Costs	426,941	502,771
Depreciation		
- Office furniture	1,699	2,021
- Office equipment	1,062	1,289
- Computer equipment	749	1,424
- Computer software	16,267	20,431
Total Depreciation	19,777	25,165
	793,902	1,423,696

Note 5 – Income tax expense

	2017 $	2016 $
Net profit before tax	23,151	(29,582)
- Non-assessable income		(460,960)
- Non-deductible expenses		455,265
- Previous losses claimed		-
Taxable Income:		(35,277)
Total income tax expense (28%)		-

Note 6 – Members Funds

	2017 $	2016 $
Retained earnings		
Opening balance at 1 January	201,679	231,261
Changes in opening balances due to changes in accounting policies		-
Net surplus/(deficit) after tax	33,151	(29,582)
Closing balance at 31 December	234,830	201,679
Total members funds	**234,830**	**201,679**

Note 7 – Property, Plant and Equipment

2017	Cost $	Accumulated depreciation and impairment $	Net book value $
Office Furniture	34,898	22,700	12,198
Office Equipment	14,078	10,910	3,168
Computer Equipment	27,457	26,611	845
Computer Software	116,177	97,667	18,510
	192,609	**157,888**	**34,721**

2016	Cost $	Accumulated depreciation and impairment $	Net book value $
Office Furniture	29,985	20,974	9,011
Office Equipment	12,935	9,848	3,087
Computer Equipment	27,457	25,863	1,594
Computer Software	116,177	81,400	34,777
	186,554	**138,085**	**48,469**

Note 8 – Intangibles

2017	Cost $	Accumulated amortisation and impairment $	Net book value $
Patents/ Trademarks	3,000	(3,000)	-
Goodwill	40,000	-	40,000
	43,000	**(12,969)**	**40,000**

2016	Cost $	Accumulated amortisation and impairment $	Net book Value $
Patents/ Trademarks	3,000	(3,000)	-
Goodwill	40,000	(10,000)	30,000
	43,000	**(13,000)**	**30,000**

Note 9 – Financial Instruments

All financial instruments are carried at amortised cost. This classification is consistent with the prior year.

No assets have been pledged as security.

Note 10 – Lease disclosures

	2017 $	2016 $
Operating lease – future minimum lease payments under non-cancellable leases		
Current	37,098	2,671
Non-current	37,098	1,430
	75,816	**4,101**

Note 11 – Subsequent events

No subsequent events occurred after balance date requiring disclosure within the financial statements (2016: nil).

Note 12 – Related parties

There were no related party transactions during the year (2016: nil).