

Northland Inc report against Statement of Intent

Report for the six months ended 31 December 2014

Northland Inc's Statement of Intent...

Provide vision, aspiration, leadership and unity-of-purpose in sustainable economic development



Work with key industry sectors in Northland to address market failures, facilitate value-added activities and value chain improvements, increase exports, and provide business, job and investment opportunities



Strengthen and diversify the regional economy



The Directors of Northland Inc Limited are pleased to provide this progress assessment for the fiscal year-end 2015. The review is the second under the terms of the *Statement of Intent* finalised 30 June 2014.

Directors consider the progress reported against key performance measures is on track and encouraging. We have created a strong pipeline group of projects and qualified a number of opportunities so that 2014/15 will see those opportunities become investment ready.

Key Performance Indicators



Comply with annual budget (see Financials over page)



Northland 2025 Action Plan

2025 Action Plan to be developed post Northland Regional Growth Study Launch (NRGS) 4th Feb 2015. The Action Plan will be guided by the content of the NRGS, Tai Tokerau Maori Growth Strategy and other relevant strategies and documents

Launch 4th February in Kerikeri
A full contingent of Ministers will attend, with possibility of the PM attending
Northland Inc assisting MBIE with logistics

Final draft report has been completed and forwarded to the associated Ministers for review



FORUM



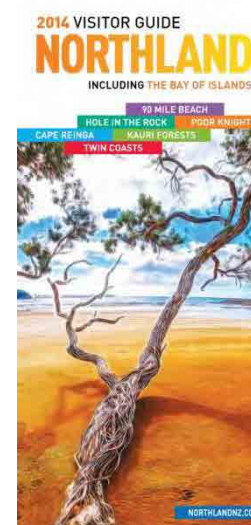
Northland 2025 Action Plan

February RGS Release

November Final Draft Regional Growth Study



Minimum of 5% increase in website traffic on Northlandnz.com



Increase of 35,126 User Visits, over the previous year (first two quarters).

YTD 31/12/13 = 70,234

YTD 31/12/14 = 105,360

Year target 166,530 is on track



Investments

Sector Spread of Investment Projects



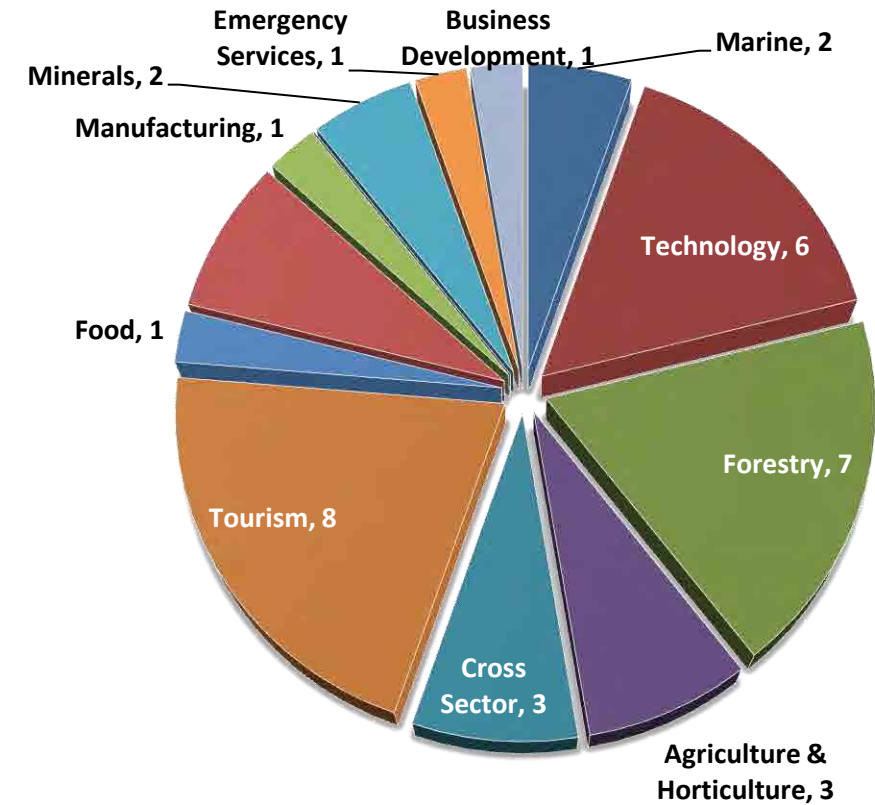
Investment in Northland

A minimum of 2 partner projects with Iwi, hapu and/or Maori collective organisations

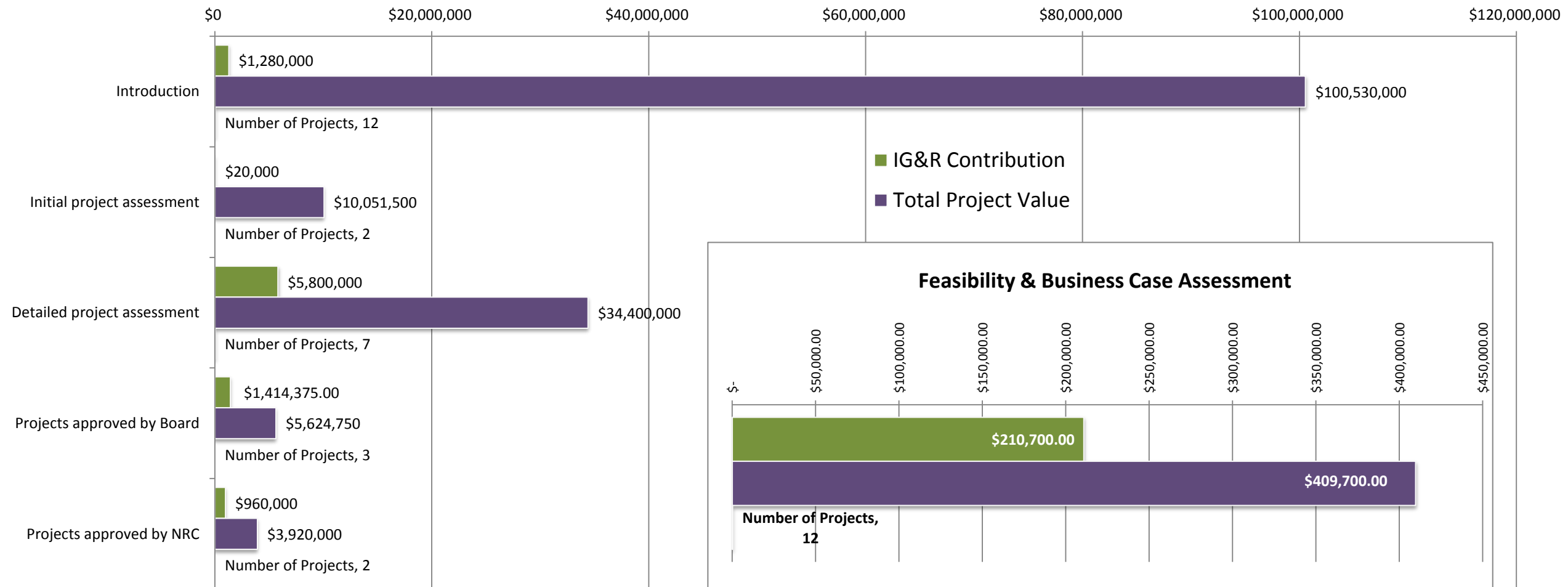
1 project has received a Board decision and is being progressed. Another two projects in the pipeline are anticipated to be ready for board consideration within the year

Board recommendations made on a minimum of 4 projects

3 projects have received a Board decision as at 31 December 2014 (1 in the first quarter and 2 in the second quarter) - *Aquaculture Infrastructure, Sawmill and Tourism Product*



Value and Number of Projects in Investment Pipeline



Business Growth



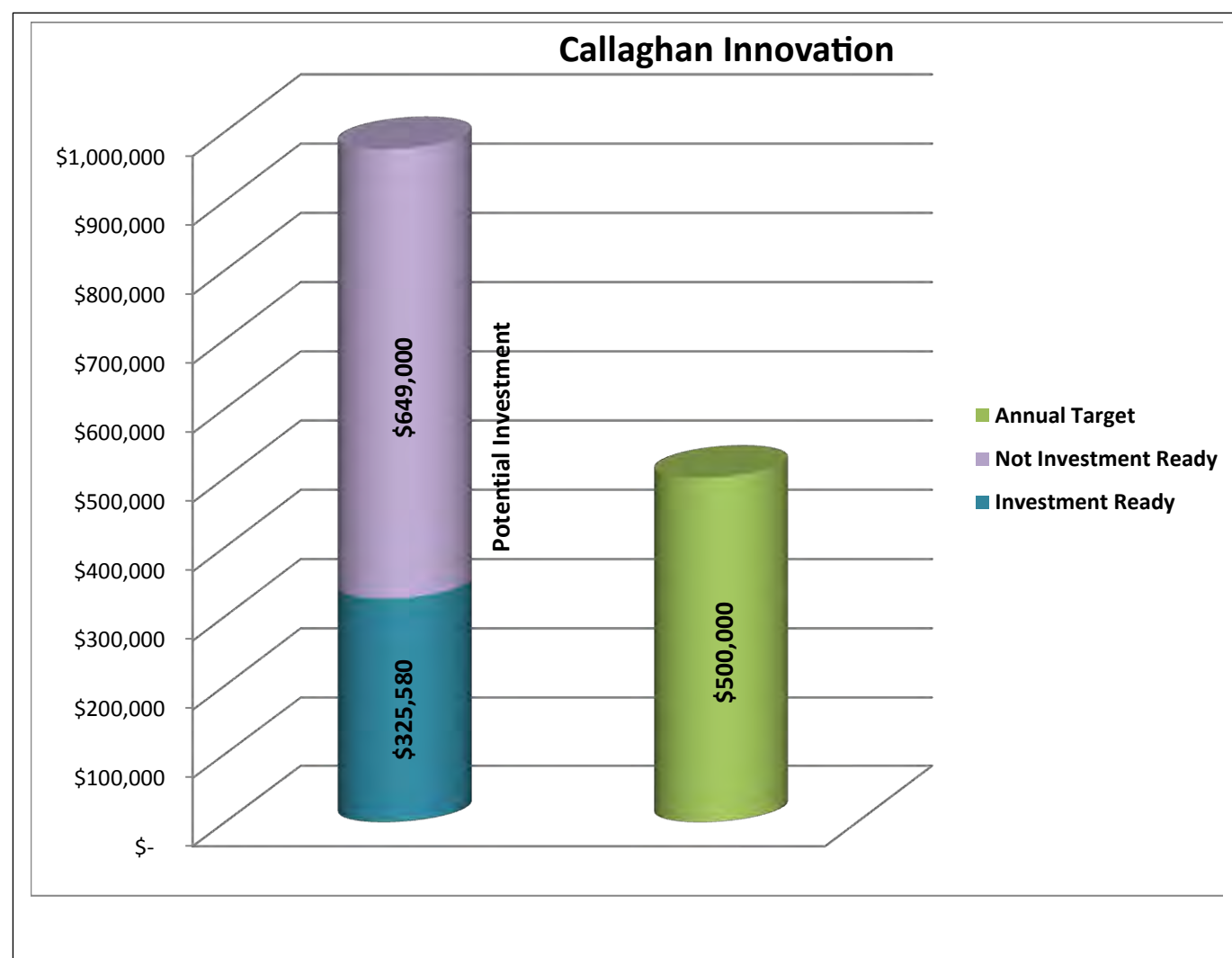
Minimum of 150 unique business engagements and \$500K invested in building capacity in Northland firms

90 unique businesses are being actively managed.

33% Far North
15% Kaipara
52% Whangarei

\$974,580 potential investment as at the six months ended 31 December 2014 (includes \$325,580 that is 'investment ready')

22% Far North
9% Kaipara
48% Whangarei
21% Other (companies with headquarters outside the region)



Financials

Profit & Loss Budget Performance to 31 Dec 2014

Income:

- Income is tracking to budget. Note: the FNDC funding still features in this report.

Expenses:

- Overheads are under budget by \$33,079
- Wages are under budget by \$33,500 due to the savings through July and August
- Director Expenses are also under budget by \$3,567 due to director travel expense savings
- Project Direct Costs are also under budget by \$50,437 due to later than expected start of the promotions shared contract with WDC and timing within the promotional budget.
- Other Income/Expenses: The difference between the income and expenses in 'Other' is a reflection of other work commissioned it also features the 2014 NRC feasibility funding liability (\$49,000 - income received in prior year).

Conclusion:

Actual figures to 31 December 2014 are tracking well against budgets, but we note some potential risk due to unsecured income from FNDC.

Profit & Loss Budget Performance Year End Forecast 2015

Income:

- The estimated revenue is over budget by \$7,325, due to the additional \$5,000 for the website priority listing contract. The forecast assumes FNDC funding of \$55,000 is received, however we note there is some risk associated to this savings.

Expenses:

- Estimated Overheads are under budget by \$54,673
- Estimated Wages are under budget by \$22,745 due to the savings through July and August
- Estimated Director Expenses are also under budget by \$6,000 due to in director travel expense savings
- Estimated Project Direct Costs are also under budget by \$14,633 due to later than expected start of the promotions shared contract with WDC
- Other Income/Expenses: The difference between the income and expenses in 'Other' is a reflection of other work commissioned it also features the 2014 NRC feasibility funding liability (\$69,000 - income received in prior year.)

Conclusion:

The estimated forecast figures to 30 June 2015 are tracking well against budgets. The greatest concern is the unsecured income from FNDC which is under discussion. The current expectation is for the forecast surplus of \$4,165 after tax.

BALANCE SHEET 31 December 2014 (Notes)

- 1 Receivables are mainly made up of current debtors & FNDC \$31,000
- 2 Prepayment - Liability Insurance renewal
- 3 New equipment purchased
- 4 2 new vehicles purchased
- 5 2014 tax paid
- 6 Payables are made up of current invoices
- 7 Vehicle loans, tax provisions, NIF income in advance & overhead accruals for December

Cashflow 2014/15

Cashflow is tracking as expected, possible pressure point if FNDC funding remains unsecured

Balance Sheet

	YTD Actuals	YTD Budget	Variance	Year End Forecast Est	Annual Budget	Variance
Ordinary Income/Expense						
Income						
NRC Operational Funding	575,000	575,000	0	1,150,000	1,150,000	0
NRC Feasibility Fund	70,200	70,000	200	200,200	200,000	200
	645,200	645,000	200	1,350,200	1,350,000	200
NIF Funding	70,000	70,000	0	70,000	70,000	0
Project & Council Income	184,625	182,500	2,125	407,125	400,000	7,125
Total Income	899,825	897,500	2,325	1,827,325	1,820,000	7,325
Expense						
Depreciation	10,750	9,998	752	27,500	20,000	7,500
Wages	361,912	395,412	-33,500	782,660	805,405	-22,745
Overheads	131,264	164,343	-33,079	305,957	360,630	-54,673
Director Expenses	44,163	47,730	-3,567	89,460	95,460	-6,000
Project Direct Costs	235,560	285,997	-50,437	513,872	528,505	-14,633
Sub Total Expense	783,649	903,480	-119,831	1,719,449	1,810,000	-90,551
Other Income/Expense						
Total Other Income	131,136	0	131,136	132,164	0	132,164
Total Other Expenses	199,494	0	199,494	219,494	0	219,494
Net Income before tax	47,819	-5,980	53,799	20,545	10,000	10,545
Tax Expense	2,500	0	2,500	16,380	0	16,380
Net Income after tax	45,319	-5,980	51,299	4,165	10,000	-5,835

	31 Dec 14	Closing Bal 30 Jun 14	Movement	Notes
ASSETS				
Current Assets				
Total Chequing/Savings	22,142	175,398	-153,256	
Accounts Receivable	144,109	54,001	90,108	1
Total Other Current Assets	2,856	5,238	-2,382	2
Total Current Assets	169,107	234,637	-65,530	
Fixed Assets				
Leased Equipment	1,389	1,935	-546	
Office Equipmet	27,965	24,133	3,832	3
Vehicles	89,188	34,533	54,655	4
Total Fixed Asses	118,542	60,601	57,941	
Total Other Assets	34,429	0	34,429	5
TOTAL ASSETS	322,078	295,238	26,840	
LIABILITIES & EQUITY				
Liabilities				
Total Accounts Payable	101,901	85,851	16,050	6
Total Other Current Liabilities	123,577	158,106	-34,529	7
Total Liabilities	225,477	243,957	-18,479	
Equity				
Total Equity	96,601	51,282	45,319	
TOTAL LIABILITIES & EQUITY	322,078	295,238	26,840	

Cashflow

Northland INC	October		November		December		January		February		March		April		May		June		Jul 14 - Jun 15		Variance YTD	Annual Budget
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast	Actual	Forecast YTD	actual YTD		
Cash Flow 2014/15																						
Income																						
Total Income	373,510	342,198	38,573	38,977	39,531	40,153	358,178	-	45,042	-	82,417	-	369,915	-	45,042	-	22,040	-	955,353	926,231	(29,122)	2,093,000
Expenses																						
Salaries	94,269	91,060	62,846	62,341	62,846	63,211	62,846	-	62,846	-	62,846	-	62,846	-	94,267	-	62,846	-	379,983	363,546	(16,437)	805,405
Programme Expenditure																						
Promotions	14,966	22,613	9,268	9,649	6,801	11,470	43,852	-	14,661	-	7,585	-	17,490	-	10,926	-	7,475	-	75,067	75,439	372	202,980
Sectors	16,522	17,528	16,522	18,711	16,522	16,075	16,522	-	8,242	-	8,242	-	9,967	-	8,242	-	9,967	-	75,348	76,855	1,507	146,050
Business Dev	1,917	1,917	1,917	1,917	1,917	1,917	1,917	-	1,917	-	1,917	-	1,917	-	1,917	-	1,917	-	17,250	17,252	2	28,750
Investment (Feasibility Fund)	10,019	10,019	45,770	45,770	13,283	13,283	1,748	-	-	-	-	-	-	-	-	-	-	-	78,982	78,982	-	230,000
Overheads	41,225	39,068	35,671	32,238	41,996	34,991	33,946	-	36,821	-	42,817	-	33,946	-	38,316	-	70,290	-	220,212	204,752	(15,460)	537,969
total expenses	178,917	182,205	171,993	170,626	143,364	140,947	160,830	-	124,486	-	123,406	-	126,165	-	153,667	-	152,494	-	846,843	816,826	(30,016)	1,951,154
GST & Tax expense																						
GST estimate			29,183	32,401			(23,296)				30,704				43,794				69,567	73,682	4,115	125,573
Provisional & terminal tax			34,429	34,429							1,667								34,429	34,429	-	-
SUB TOTAL OPERATING CASHFLOWS	194,593	159,993	(197,032)	(198,479)	(103,833)	(100,794)	220,643	-	(79,444)	-	(73,360)	-	243,750	-	(152,419)	-	(130,454)	-	4,514	1,294	(3,221)	16,273
Other Sub total	11,978	(11,695)	76,227	67,930	7,753	15,424	2,192	-	2,204	-	2,216	-	2,228	-	2,241	-	2,253	-				
TOTAL OPERATING CASHFLOWS	182,615	171,688	(273,259)	(266,409)	(111,586)	(116,218)	218,452	-	(81,648)	-	(75,576)	-	241,521	-	(154,660)	-	(132,708)	-				
OPENING BALANCE	233,080	233,080	404,768	404,768	138,359	138,359	22,141	22,141	240,592	22,141	158,944	22,141	83,368	22,141	324,889	22,141	170,229	22,141				
Operating surplus/(deficit)	182,615	171,688	(273,259)	(266,409)	(111,586)	(116,218)	218,452	-	(81,648)	-	(75,576)	-	241,521	-	(154,660)	-	(132,708)	-				
Non operating surplus/(deficit)																						
CLOSING BALANCE	415,695	404,768	131,508	138,359	26,772	22,141	240,592	22,141	158,944	22,141	83,368	22,141	324,889	22,141	170,229	22,141	37,521	22,141				

This cash flow includes GST on all expenses (except salaries, kiwisaver, bank fees & operating leases) although some like Directors fees or director travel may not have GST attached. As these are minor they do not have an impact on the result but this has been done in favour of presenting a conservative approach.