

# Central Economic Development Agency Limited (CEDA)

Half yearly report  
to 31 December 2016

28 February 2017

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## **Company Directory**

### **Central Economic Development Agency Limited Ltd**

Level 1, 478 Main St  
Palmerston North 4410

Phone: 06 350 1830  
Website: [www.ceda.nz](http://www.ceda.nz)

### **Chief Executive**

Will Samuel

### **Directors**

Malcolm Bailey (Chairperson)  
Shamubeel Eaquad  
John Fowke  
Lucy Griffiths  
Blair O'Keefe

### **Registered Office**

Morrison Creed Advisory  
Cnr Victoria Ave & Main St, Palmerston North

### **Bankers**

Westpac New Zealand Ltd

### **Auditors**

Audit New Zealand (on behalf of the Office of the Auditor General)

### **Legal Status**

Central Economic Development Agency Limited ("CEDA") was incorporated in New Zealand on 15 October 2015 under the Companies Act 1993 (NZBN 9429042001096). As the shareholders of CEDA are Palmerston North City Council (50%) and Manawatu District Council (50%) CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

# Joint Report of Chairman and Chief Executive

For the six months ended 31 December 2016

## 1. Statement of Intent - Progress for 2016/17

We have been focused on CEDA's foundation as it builds from establishment mode. Over the past 6 months we have:

- Transitioned people, assets and contracts from Destination Manawatu and Vision Manawatu
- Completed a foundation research project with over 430 businesses (Undertaken by independent company UMR)
- Developed a business plan for 2016/17 and provided this to shareholders
- Developed the initial draft of the 2017/18 Statement of Intent based on the foundation research project
- Appointed a CEO (started July 2016) to build an operations team. Disappointingly, the CEO has resigned for family reasons with effect March 2017
- Engaged with community and stakeholder organisations
- Begun establishment of sub-contracting discussions with BCC (from 2017/18) and Spearhead from the previous organisations
- Established funding contracts with shareholders
- Created CEDA as an organisation from a zero base
- Reviewed and developed an integrated budget to free up resource for next year
- Been building the new organisation to ensure it has the culture and capability to deliver.

## 2. Statement of Intent - Updated for 2016/17

The updated SOI has three main outcomes, with three measures under each (so a total of nine), with a number of activities also to be reported. The three outcomes are themed around:

1. Business
2. Education & Talent
3. Brand and Experience

We have sought input from Audit NZ to ensure robust development at the front-end.

## 3. Funding

CEDA is working to optimise existing funding and generate savings from within the current funding arrangements in the early stages in order to deliver value for money to the shareholders. However, this is not limiting future planning and CEDA will present a case for a variation to funding should a compelling case arise as part of the strategy development.

We are working to free up resource for 2017/18 to enable us to deliver on the opportunities identified in the foundation research project. We will be better placed next year (2018/19, which aligns with the creation of the next Long Term Plan) to assess whether we have the appropriate funding required to deliver to both CEDA and shareholder expectations.

The half yearly financial performance shows a surplus of \$595, 975. This has been allocated to activities and projects that will address specific opportunities identified by the Business Research undertaken in 2016.

#### 4. Informed by research

CEDA's activities and priorities are based on the foundation research project undertaken by independent company UMR which involved over 430 businesses.

In summary, the research indicates CEDA focus on:

- Three strong sectors for growth:
  - Agriculture, technology, science and research hub (and the intersection of these)
  - Distribution and logistics
  - Central Government sector: Accelerate 25, education and training, defence, 2nd home of Government.
- Addressing the top three barriers businesses have identified by:
  - Attracting highly skilled staff
  - Helping councils to be business enablers
  - Fostering a strong sense of a positive Manawatu identity.
- Strengthening existing initiatives on connecting/collaboration:
  - FoodHQ
  - Talent Central
  - Building Clever Companies
- Communicating:
  - Aspirational long-term vision for Manawatu
  - CEDA's role - collaboration and connecting
  - Undertake and communicate early steps
  - Sustained positive talk and ongoing conversations

With CEDA's current resourcing state, the number of partner organisations who will be able to contribute to solutions and long-term nature of economic development, we will spend the remainder of 2016/17 developing a strategy for each of these areas. 2017/18 will be when CEDA moves into implementation mode for these new activities identified in the research - phasing will depend on resourcing, project partners and priorities.

We note from a Council perspective we would like to work collaboratively with you on 'Helping Councils to be business enablers' - be this perception or reality. Government regulations may also need to be addressed in the future.

We have continued 'business as usual' activities including:

- Regional Business Partner Program (Business engagements, mentor matching, NZTE vouchers, Callaghan funding).
- Investment Attraction (via Spearhead)
- International Education strategy implementation
- Sector specific work. e.g. Distribution and Logistics, Defence.
- Marketing activity such as website, social media, visitor collateral and conference facilitation.
- i-SITE visitor centre in Palmerston North
- Events such as Sort it Careers Expo, Westpac Manawatu Business Awards, New Zealand AgriFood Investment Week.

Given CEDA's establishment in September and the resulting time taken to transition from Destination Manawatu and Vision Manawatu, the outputs and activities for these will be reported in our annual report.

## 5. Letter of Expectation

### Issues of importance

- Working Together and Relationship Management
  - We meet regularly with Council contract managers and there are a number of projects we are working on together for mutual benefit. Examples include International Education and the upcoming retail vacancy survey.
- Delivering Value for Money
  - We have value for money at the forefront of our decision making. The foundation research project allows us to undertake decisions and activities based on evidence. Procedurally, we are in the process of developing a suite of organisational policies based on guidance from audit (a number of which are already implemented).
- Measuring Performance
  - We have spent significant time developing our performance measures with input from Audit NZ to ensure they are both measurable and realistic.
- Advocacy, Transparency and Openness, Shareholders Plans, Policies and Strategies
  - We will continue to work with shareholders on advocacy and the implementation of Council's strategies and policies. One example is our involvement in the 'Accessing Central New Zealand' (Ring Road) business case. We are happy to discuss alignment between our Statement of Intent and the Council's Economic Development strategies. Our 2017/18 AGM will be open to the public.

### Other Considerations

- Use of Council support services
  - We will consider the use of these on a case-by-case basis. E.g. work is underway on joint economic reporting with the Palmerston North City Council Economic Advisor.
- Business Hub
  - We have established a presence in Feilding where one of our Business Advisors works regularly.
  - In addition to CEDA staff now being in one location (with the exception of the Palmerston North i-SITE), we are co-located with NZTE. Talent Central and Massey University have taken up hot-desk arrangements and the Chartered Accountants Australia and New Zealand move in 2017. We will undertake further planning with interested parties in 2017.
- Collaboration
  - We have regular engagement with a number of entities that work with CEDA.

Thanks for your continued support, we look forward to working with you in future.



Malcolm Bailey  
Chairperson



Will Samuel  
CEO

## About CEDA

The Central Economic Development Agency (CEDA) has been operating since 1 September with the purchase of Vision Manawatu (economic development) and Destination Manawatu (tourism & events).

CEDA is a Council controlled organisation jointly owned by the Palmerston North City Council and the Manawatu District Council.

### CEDA's Mission

To drive and facilitate the creation and growth of economic wealth for Manawatu and beyond.

### CEDA's Constitution Objectives

- (a) The principal objectives of the Company are to achieve the objectives of the Shareholders, both commercial and non-commercial as specified from time to time in the Statement of Intent and in particular to drive and facilitate the creation and growth of economic wealth for Manawatu and beyond;
- (b) be a good employer;
- (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which the Company operates and by endeavouring to accommodate or encourage these when reasonably able to do so.

### Nature and Scope of Activities

CEDA is currently in establishment phase. The key objectives and activities for the six months to end of December 2016 were to:

- **Strategy:** Bring together existing strategies for Palmerston North and Manawatu to set the overall strategy for tourism and economic development that CEDA will deliver, and align this to the Councils' direction.
- **Operation:** Appointed CEO to build a new operations team, office and coordinate funding to deliver the strategy.
- **Community and stakeholder engagement:** Continued community and stakeholder engagement to understand economic development issues and communicate CEDA's role and performance.
- **Service Delivery/Continuity:** to ensure the effectiveness and the efficiency of the transfer of existing contracts, functions and activities performed by Destination Manawatu and Vision Manawatu to CEDA. For example, I-SITE service.
- **Business Plan:** CEDA will develop an action plan/business plan for 2016/17 financial year and provide this to the Shareholders. This will form the basis for the strategic direction of following financial years. This process will be iterative with the respective stakeholders.

## Statement of Service Performance

The CEDA Statement of Intent (SOI) for the period to end of December 2016 set out a broad framework for the establishment phase. An updated SOI was put forward to the Councils in December 2016 and will formulate the reporting requirements for the CEDA Annual Report for the year ended June 2017.

Performance measures and outcomes to December 2016:

Performance Measure	Status	Commentary
Continuing to work with Vision Manawatu and Destination Manawatu Boards to transition any contracts, services, assets, intellectual property and sector knowledge.	Achieved	CEDA purchased Vision Manawatu and Destination from 1 September 2016. All contracts, services, assets, intellectual property and sector knowledge has been retained.
Establishing relationships for sub-contracting services to Spearhead and Building Clever Companies (BCC).	Achieved	Relationships have been established and contracts are to be in place for the 2017/18 financial year.
The creation of an organisation that has a culture, capacity and capability to deliver on expectations.	Achieved	All staff from Vision Manawatu and Destination Manawatu were transitioned to CEDA on 1 September. Business as usual operations have continued. Research project is guiding future planning and activity.
The establishment of service contracts with the Shareholders through negotiations in good faith.	Achieved	Service Agreement with the Shareholders is in place.
That CEDA develops an action plan/ business plan for 2016/17 and that this is provided to the funders.	Achieved	An updated Statement of Intent for 2016/17 with updated KPIs was presented to Shareholders in December 2016.
An iterative process to develop the 2017/18 Statement of Intent.	Achieved	A draft of the Statement of Intent for 2017/18 was shared in December with an updated version to be delivered to Shareholders in February 2017.

## Monitoring Indicators

In addition to our performance measures, the Shareholders have identified a further set of monitoring indicators. These indicators reflect outcomes at the regional level which are impacted by a range of factors outside of our control, for example exchange rates, natural disasters, government policy. As the region's economic development agency, we have a role in monitoring and influencing these indicators where we can, however we do not measure the performance of our organisation against them.

The monitoring indicators will be finalised with the Shareholders during the Statement of Intent feedback process. The Councils have the responsibility to report on these indicators.

Indicator	2018	2019	2020	Regional target
Change in total number of jobs				
Change in average salaries and wages				
Change in total earnings (salaries, wages and self-employment income)				
Change in total GDP and per capita GDP				
Estimated population change				
Net overseas migration				
Spend by visitors in Manawatu region (domestic and international)				
Number of visitor nights in Manawatu region				
Change in MSD benefit numbers				
Reputation of Manawatu / Palmerston North as a great place to live and do business				



## Financial Performance

### Central Economic Development Agency Limited Statement of Comprehensive Revenue & Expense

For the 6 months ended 31 December 2016

	Notes	Actual Jul-Dec 2016 (Unaudited)	Budget Jul-Dec 2016	Actual Jul-Jun 2016 (Audited)
<b>Income</b>				
Council Funding	3	845,112	838,063	148,000
Other Services Income		160,696	161,139	0
Project Income	3	186,809	228,466	0
<b>Total Income</b>		<b>1,192,618</b>	<b>1,227,668</b>	<b>148,000</b>
<b>Cost of Sales</b>				
Other Services Expenses	4	244,123	360,292	19,962
Project Expenses		94,735	161,000	0
<b>Total Cost of Sales</b>		<b>338,858</b>	<b>521,292</b>	<b>19,962</b>
<b>Gross Surplus (Deficit)</b>		<b>853,760</b>	<b>706,376</b>	<b>128,038</b>
<b>Other Income</b>				
Donated Assets		93,885	83,301	0
Interest Income		3,189	4,000	640
Sundry Income		2,670	2,333	0
<b>Total Other Income</b>		<b>99,744</b>	<b>89,634</b>	<b>640</b>
<b>Expenses</b>				
Directors' Fees		77,500	77,500	83,020
Employee Expense	4	448,007	450,310	0
Other Operating Expenses	5	158,805	154,957	66,689
Financing Expenses		10	0	0
Depreciation		9,428	8,000	0
Loss on Sale of Property, Plant and Equipment		724	0	0
<b>Total Expenses</b>		<b>694,474</b>	<b>690,767</b>	<b>149,709</b>
<b>Net Surplus (Deficit) Before Adjustments and Taxation</b>		<b>259,030</b>	<b>105,243</b>	<b>(21,031)</b>
<b>Adjustments</b>				
Non Deductible Expenses (For Tax)		634	1,000	0
Donated Funds		(404,220)	(377,000)	0
<b>Total Adjustments</b>		<b>(403,586)</b>	<b>(377,000)</b>	<b>0</b>
<b>Net Surplus (Deficit) After Adjustments, but Before Tax</b>		<b>662,615</b>	<b>481,243</b>	<b>(21,031)</b>
<b>Taxation</b>				
Income Tax Expense	6	66,640	29,468	0
<b>Total Taxation</b>		<b>66,640</b>	<b>29,468</b>	<b>0</b>
<b>Net Surplus (Deficit) after tax</b>		<b>595,975</b>	<b>451,775</b>	<b>(21,031)</b>

## Central Economic Development Agency Limited Statement of Comprehensive Revenue & Expense

For the 6 months ended 31 December 2016

Notes	Actual Jul-Dec 2016 (Unaudited)	Budget Jul-Dec 2016	Actual Jul-Jun 2016 (Audited)
<b>Other comprehensive revenue and expense</b>			
Items that could be reclassified to profit (loss)	0	0	0
<b>Total Other comprehensive revenue and expense</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive revenue and expense attributable to:</b>			
Palmerston North City Council	297,988	225,888	(10,516)
Manawatu District Council	297,988	225,888	(10,516)
<b>Total comprehensive revenue and expenses</b>	<b>595,975</b>	<b>451,775</b>	<b>(21,031)</b>

# Central Economic Development Agency Limited

## Statement of Financial Position

As at 31 December 2016

	Notes	31 Dec 2016 (Unaudited)	30 Jun 2016 (Audited)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	7	488,713	1,870
Receivables and Accruals	8	983,899	3,062
Prepayments		5,371	1,003
Inventories	12	8,720	0
<b>Total Current Assets</b>		<b>1,486,703</b>	<b>5,935</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	96,830	0
<b>Total Non-Current Assets</b>		<b>96,830</b>	<b>0</b>
<b>Total Assets</b>		<b>1,583,533</b>	<b>5,935</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables and Deferred Revenue	9	955,694	25,966
Employee Entitlements		51,895	0
<b>Total Current Liabilities</b>		<b>1,007,589</b>	<b>25,966</b>
<b>Total Liabilities</b>		<b>1,007,589</b>	<b>25,966</b>
<b>Net Assets</b>		<b>575,945</b>	<b>(20,031)</b>
<b>Equity</b>			
Contributed Capital	10	1,000	1,000
<b>Retained Earnings</b>			
Retained earnings/Accumulated funds		(21,031)	0
Current year earnings		595,975	(21,031)
<b>Total Retained Earnings</b>		<b>574,945</b>	<b>(21,031)</b>
<b>Total Equity</b>		<b>575,945</b>	<b>(20,031)</b>

## Central Economic Development Agency Limited Statement of Changes in Equity Position

For the 6 Months ended 31 December 2016

	Notes	Jul-Dec 2016 (Unaudited)	Jul-Jun 2016 (Audited)
<b>Equity</b>			
<b>Opening Balance</b>		<b>(20,031)</b>	<b>0</b>
<b>Increases</b>			
Total comprehensive revenue and expense for the period		595,975	(21,031)
Contributed Capital		0	1,000
<b>Total Increases</b>		<b>595,975</b>	<b>(20,031)</b>
<b>Total Equity</b>		<b>575,945</b>	<b>(20,031)</b>
<b>Total comprehensive revenue and expense attributable to:</b>			
Palmerston North City Council		297,988	(10,516)
Manawatu District Council		297,988	(10,516)
<b>Total comprehensive revenue and expense</b>		<b>595,975</b>	<b>(21,031)</b>

## Central Economic Development Agency Limited Statement of Cash Flows

For the 6 Months ended 31 December 2016

	Notes	Jul-Dec 2016 (Unaudited)	Jul-Jun 2016 (Audited)
<b>Cash Flows from Operating Activities</b>			
Receipts of council funding		308,375	148,000
Interest received		469	461
Receipts from other operating activities		387,034	0
GST		520	(2,882)
Payments to suppliers and employees		(992,144)	(144,709)
Finance costs		(10)	0
<b>Total Cash Flows from Operating Activities</b>		<b>(295,756)</b>	<b>870</b>
<b>Cash Flows from Investing Activities</b>			
Payment for property, plant and equipment		(12,022)	0
<b>Total Cash Flows from Investing Activities</b>		<b>(12,022)</b>	<b>0</b>
<b>Cash Flows from Financing Activities</b>			
Receipts from contributed capital		0	1,000
Receipts from sale and purchase agreements		794,620	0
<b>Total Cash Flows from Financing Activities</b>		<b>794,620</b>	<b>1,000</b>
<b>Net Cash Flows</b>		<b>486,842</b>	<b>1,870</b>
<b>Cash Balances</b>			
Cash and cash equivalents at beginning of period		1,870	0
Cash and cash equivalents at end of period		488,713	1,870
<b>Net change in cash for period</b>		<b>486,842</b>	<b>1,870</b>

## Notes to the Financial Statements

### 1. Reporting Entity

Central Economic Development Agency Ltd (CEDA) was established and commenced operations in New Zealand on 15 October 2015 under the Companies Act 1993 (NZBN 9429042001096). As the shareholders of CEDA are Palmerston North City Council (50%) and Manawatu District Council (50%) CEDA is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

CEDA has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The Financial Statements of CEDA are for the part year ended 31 December 2016.

### 2. Statement of Accounting Policies

#### Basis of Preparation

The financial statements are prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period, unless otherwise stated.

#### Statement of Compliance

The financial statements of CEDA have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993 and the Financial Reporting Act 2013. This includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards on the basis it has no public accountability and in the following year is expected to have expenses > \$2m and < \$30m.

The financial statements have been prepared on the basis that CEDA is a going concern.

These financial statements comply with PBE standards.

#### Presentational Currency

These financial statements are prepared in New Zealand dollars.

#### Historical Cost

These financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below. 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 Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

#### Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured. Specific accounting policies for significant revenue items are explained below:

Sales of goods are recognised when the goods are sold to the customer.

Sales of services are recognised in the period by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

Lease income is recognised on a straight line basis over the life of the lease.

Interest received is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest method. Dividends received are recognised on receipt, net of non-refundable tax credits.

Grants are recognised as revenue when they become receivable unless there is an obligation in substance 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 recognised as revenue when conditions of the grant are satisfied.

### **Inventories**

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the profit (loss) in the period of the write-down.

### **Property, Plant and Equipment**

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.

Property, plant and equipment are initially shown at cost or at fair value in the case where an asset is acquired at no cost or for a nominal cost. Cost includes any costs that are directly attributable to the acquisition of the items.

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.

Upon derecognition, the asset revaluation reserve relating to the asset disposed shall be transferred to retained earnings.

### **Depreciation**

<u>Account</u>	<u>Method</u>	<u>Rate</u>
Plant & Equipment	Diminishing Value (100%)	10% - 20%
Leasehold Improvements	Diminishing Value (100%)	10% - 40%
Vehicles	Diminishing Value (100%)	30%
Office Furniture & Equipment	Diminishing Value (100%)	0% - 67%

### **Income Tax**

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

### **Cash and cash equivalents**

Cash and cash equivalents comprise 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.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

### **Receivables**

Receivables are recorded at their face value, less any provision for impairment.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

### Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

### Loans and receivables

Impairment is established when there is evidence CEDA will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits or bonds are recognised directly against the instrument's carrying amount.

### Payables

Short-term creditors and other payables are recorded at their face value.

### Equity

Equity is the shareholders' interest in CEDA and is measured as the difference between total assets and total liabilities.

### Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as operating cash flow in the statement of cashflows.

Commitments and contingencies are disclosed exclusive of GST.

<b>3. Council Funding</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
Palmerston North City Council	617,612	74,000
Manawatu District Council	227,500	74,000
<b>Total Council Funding</b>	<b>845,112</b>	<b>148,000</b>

Project income, as disclosed in the Statement of Comprehensive Revenue and Expense, includes income from Council's specifically received for project delivery. This income is not included in Council Funding income.

<b>Council Income included in Project Income</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
Palmerston North City Council	28,394	0
Manawatu District Council	5,184	0
<b>Total Council Income included in Project Income</b>	<b>33,578</b>	<b>0</b>



<b>4. Employee Expenses</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
Salaries and wages	437,528	0
Employer contribution to kiwisaver	9,263	0
Movement in employee entitlements	1,216	0
<b>Total Employee Expenses</b>	<b>448,007</b>	<b>0</b>

Services Expenses, as disclosed in the Statement of Comprehensive Revenue and Expense, includes employee expenses directly relating to services delivery.

<b>Employee Expenses included in Other Services Expense</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
Salaries and wages	81,450	0
<b>Total Employee Expenses included in Other Services Expense</b>	<b>81,450</b>	<b>0</b>

<b>5. Other Operating Expenses</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
Fees to Audit New Zealand for the audit of the financial statements	4,085	8,170
Consultants and legal fees	19,311	949
Other operating expenses	135,409	57,569
<b>Total Other Operating Expenses</b>	<b>158,805</b>	<b>66,689</b>

<b>6. Income Tax Expense</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
Net Surplus (Deficit) After Adjustments, but Before Tax	662,615	(21,031)
<b>Additions to Taxable Profit</b>		
Non Deductible Expenses (For Tax)	634	0
<b>Total Additions to Taxable Profit</b>	<b>634</b>	<b>0</b>
<b>Deductions from Taxable Profit</b>		
Losses Carried Forward	21,031	0
Donated Funds	404,220	0
<b>Total Deductions from Taxable Profit</b>	<b>425,250</b>	<b>0</b>
<b>Taxable Profit (Loss)</b>	<b>237,999</b>	<b>(21,031)</b>
<b>Tax Payable at 28%</b>	<b>66,640</b>	<b>0</b>
<b>Deductions from Tax Payable</b>		
<b>Opening Balance</b>	<b>179</b>	<b>0</b>
Resident withholding tax paid	182	179
<b>Total Deductions from Tax Payable</b>	<b>362</b>	<b>179</b>
<b>Income Tax Payable (Refund Due)</b>	<b>66,278</b>	<b>(179)</b>

<b>7. Cash and Cash equivalents</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
CEDA Money Market Account	360,000	0
CEDA Current Account	35,709	1,870
CEDA Trust Account	93,004	0
<b>Total Cash and Cash equivalents</b>	<b>488,713</b>	<b>1,870</b>

<b>8. Receivables and Accruals</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
Funding Accruals	41,730	0
Accrued Interest	2,538	0
Accounts Receivable	939,631	3,062
Less provision for impairment	0	0
<b>Total Receivables and Accruals</b>	<b>983,899</b>	<b>3,062</b>

<b>Total Receivables and Accruals Comprise</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
Receivables from exchange transactions	983,899	0
Receivables from non-exchange transactions (GST & income taxes receivable)	0	3,062
<b>Total Receivables and Accruals</b>	<b>983,899</b>	<b>3,062</b>

<b>9. Payables and Deferred Revenue</b>	<b>Jul-Dec 2016</b>	<b>Jan-Jun 2016</b>
Operations Credit Card	2,461	0
Income Tax Payable	66,278	0
GST Payable	135,494	0
Funding in Advance - NZ Agri Investment Week	148,956	0
Funding in Advance - RDS Implementation	131,960	0
Funding in Advance - International Education	169,970	0
Funding in Advance	148,611	0
Accruals General	14,138	25,966
Accounts Payable	137,826	0
<b>Total Payables</b>	<b>955,694</b>	<b>25,966</b>

<b>Total Payables Comprise</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
Payables under exchange transactions	753,922	25,966
Payables under non-exchange transactions	201,772	0
<b>Total Payables</b>	<b>955,694</b>	<b>25,966</b>

<b>10. Equity</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
<b>Share Capital</b>		
<b>Opening Balance</b>	<b>1,000</b>	<b>0</b>
Contributed Capital	0	1,000
<b>Total Share Capital</b>	<b>1,000</b>	<b>1,000</b>
<b>Retained Earnings</b>		
<b>Opening Balance</b>	<b>(21,031)</b>	<b>0</b>
Current Year Earnings	595,975	(21,031)
<b>Total Retained Earnings</b>	<b>574,945</b>	<b>(21,031)</b>
<b>Total Equity</b>	<b>575,945</b>	<b>(20,031)</b>

Each fully paid ordinary share confers on the holder one vote at a meeting of the company, a share in distributions approved by the Directors, and a share in distribution of the surplus assets of the company on dissolution.

<b>11. Property, Plant and Equipment</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
<b>Plant and Equipment</b>		
Plant and Equipment	15,855	0
Accumulated depreciation - plant and equipment	(825)	0
<b>Total Plant and Equipment</b>	<b>15,030</b>	<b>0</b>

<b>Office Furniture and Equipment</b>		
Office Furniture and Equipment	54,235	0
Accumulated depreciation - office furniture and equipment	(5,788)	0
<b>Total Office Furniture and Equipment</b>	<b>48,447</b>	<b>0</b>
<b>Leasehold Improvements</b>		
Leasehold Improvements	15,786	0
Accumulated depreciation - leasehold improvements	(777)	0
<b>Total Furniture and Fittings</b>	<b>15,009</b>	<b>0</b>
<b>Vehicles</b>		
Vehicles owned	20,382	0
Accumulated depreciation - vehicles owned	(2,038)	0
<b>Total Vehicles</b>	<b>18,344</b>	<b>0</b>
<b>Total Property, Plant and Equipment</b>	<b>96,830</b>	<b>0</b>

<b>12. Inventory</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
i-SITE Retail Stock	8,720	0
<b>Total Inventory</b>	<b>8,720</b>	<b>0</b>

No inventory have been pledged as security for liabilities.

<b>13. Key personnel compensation</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
<b>Directors</b>		
Remuneration	77,500	83,020
Full-time equivalent members	5	5

<b>14. Financial Instruments</b>	<b>Jul-Dec 2016</b>	<b>Jul-Jun 2016</b>
<b>Financial Assets</b>		
<b>Loans and Receivables</b>		
Accounts Receivable	939,631	3,061
Accrued Interest	2,538	0
CEDA Current Account	35,709	1,870
CEDA Trust Account	93,004	0
CEDA Money Market Account	360,000	0
Funding Accruals	41,730	0
<b>Total Loans and Receivables</b>	<b>1,472,611</b>	<b>4,931</b>
<b>Total Financial Assets</b>	<b>1,472,611</b>	<b>4,931</b>
<b>Financial Liabilities</b>		
<b>Financial Liabilities at amortised cost</b>		
Payables	342,059	25,966
<b>Total Financial Liabilities at amortised cost</b>	<b>342,059</b>	<b>25,966</b>
<b>Total Financial Liabilities</b>	<b>342,059</b>	<b>25,966</b>

### 15. Events after balance date

On 11 July 2016 CEDA's Chief Executive Officer commenced his employment.

On 28 August 2016 CEDA entered sale and purchase agreements with Vision Manawatu and Destination Manawatu Inc for the purchase of their business operations. Under the arrangements CEDA obtained the assets at book value and the amount involved was forgiven by a Deed of Grant to CEDA from each entity.

From 1 September 2016 CEDA assumed all of the staff of Vision Manawatu and Destination Manawatu Inc.

## Statement of Intent (Updated), Performance Outlook 2016-17

The following performance measures have been completed following the establishment of CEDA and the completion of the foundation research project. This also incorporates CEDA's nature and scope of activities.

Service Level Statement	Measure	2016/17	Activities
<b>Support the Growth of Business in the Region to grow Bigger and Better, GDP growth is at or above the National average*</b>			
Business Development and Support - Deliver information, advice, programmes and initiatives to assist businesses to grow bigger, better, faster and to develop a skilled workforce.	Number of businesses that have been assisted through a CEDA intervention	320	<b>Work with business and Councils to reduce barriers to business investment and development*</b>
			Callaghan Innovation R&D Grants through Regional Business Partner Network
			Capability Development co-funding issued to businesses
			Business Mentor programme matches
			Attract investment expansion or new businesses to the Region
			Maori business engagements
			Business hub establishment
	Satisfaction – Net Promoter Score for Regional Engagement under the Regional Business Partners programme	>50	Actively manage businesses through Regional Business Partner programme
Facilitate collaboration, innovation and entrepreneurship in key sectors. Scale up the commercialisation of innovative start-ups	% satisfaction with BCC support /services provided (through customer survey)	set baseline (new measure)	Engage mentors to assist emerging entrepreneurs
			Provide Start-ups 1:1 incubation
<b>Grow and Retain Education &amp; Talent in the Region so Businesses have the Skills to Grow, reducing business perception of staffing as a barrier to growth by 3% over 3 years*</b>			
Deliver information, advice, programmes and initiatives to attract more international students to the region by implementation of the Regional International Education Strategy	Increase the value of international students in the region	set baseline	Strategy Implementation - Market Development (selecting target markets for collaborative activities)
			Strategy Implementation - Marketing & Communications (telling the story)
			Strategy Implementation - Student Experience (ensuring repeat business)
Growing a Skilled Workforce, increasing talent capability by development of labour market strategies and delivery of the Sort-It expo	Develop a Labour Market Strategy for the region	develop strategy	<b>Labour market analysis and strategy*</b>
			Sort it Careers Expo
			Partnership agreement with MBIE / Immigration New Zealand

Priority Sectors continue to grow	Undertake sector specific surveys (based on priorities identified in Research) to understand sectors and develop sector strategies based on results	complete distribution and logistics sector survey	<b>Distribution and Logistics†</b> - Sector survey completed - Distribution and Logistics development plan†
			<b>Agri (food, business, land, horticulture)†</b> - New Zealand AgriFood Investment Week including: Plate of Origin, Launch Event, ASB Perspective 2025 - Support of FoodHQ - Agriculture, technology, science, research development plan†
			<b>Government†</b> - Relevant activities under Accelerate 25 - Defence Issues in the Manawatu regular meetings - Defence/PNCC/MDC Collaboration Agreement - Facilitation/support provided to Manawatu Defence Hub

**Enhance the Brand and Experience of the Region so People who say they are Proud they Live in the Region^ increases by 3% over 3 years\***

Promotion of lifestyle to support the attraction of people to work, study, invest, or visit.	Undertake annual Research, report results to stakeholders to understand and develop strategy	undertake research and report by 30 September	- Marketing strategy and activities to develop strong sense of Manawatu identity* - www.ManawatuNZ.co.nz - Collateral developed - Visitor programmes, eg The Country Road - Social media - QRIOUS reporting - CAM data - Marketview reporting (Quarterly) - Retail vacancy survey (pilot) - Support CBD vibrancy projects
			Provision of visitor information centres and services
			Manawatu Business Awards (biennial)
Promotion and information of services that increase the number of visitors and guest nights	Number of business events bids submitted (win/loss ratio)	10 (33%)	Targeted sales contacts made with conference organisers or related organisations.
	Analysis of major events sector	Start baseline	Activity towards setting baseline

\* High priority to address barriers to growth as identified by research

† Priority growth sectors as identified by research

^ Region is defined as Manawatu region consisting of Palmerston North City and Manawatu District.