



**Grow**Wellington

Working for business success

**DRAFT STATEMENT OF INTENT  
2012/2013**

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## INTRODUCTION

This is an interim draft Statement of Intent (SOI) as a result of the Wellington Regional Strategy (WRS) being under review. Grow Wellington understands that it will likely need some amendments following the completion of the WRS refresh process.

The strategic priorities outlined in this interim draft SOI have been made within the context of the high level regional strategic review taking place. Decisions have been made in principle and Grow Wellington understands the need to adapt. Once external and internal strategic reviews have been completed, Grow Wellington will have the capacity to adjust and revise the SOI accordingly.

This draft Statement of Intent builds on the work that Grow Wellington has undertaken over the past four years and reflects the Grow Wellington group which includes Creative HQ Ltd.

### Our purpose

Help grow the Wellington Region's economy.

### Our focus

Develop existing business and attract new business/individuals to the region that can influence where business activity occurs. Focus will be on the business community as a whole, with emphasis on export business (and import-substitution). The key priority areas can be summarised as:

1. Business attraction
2. Science and Technology
3. Digital, Creative and Services
4. Innovation

These focus areas are connected to the WRS priority areas of Innovation, Investment for Growth, Business & Talent Attraction and Education & Workforce Planning.

The two WRS priority areas Infrastructure and Open for Business will be lead by the TLAs. Grow Wellington will provide support wherever possible through its business connections.

### Who we are

Grow Wellington is funded by the Greater Wellington Regional Council and was set up as a result of the Wellington Regional Strategy (WRS). The WRS was developed by the nine local authorities in the region and was fully adopted in May 2007. Grow Wellington was set up in July 2007.

As the regional economic development agency, Grow Wellington's aim is to help create a strong and vibrant Wellington regional economy and to make Greater Wellington "internationally competitive".

## Operational direction

### Grow Wellington will:

- Connect with entrepreneurs as well as companies, helping them to develop innovative offerings and get to market
- Engage with regional business leaders, councils and Positively Wellington to develop and tell the Wellington business story
- Continue our work to create an culture or environment where innovation can flourish
- Engage with regional business leaders, New Zealand Trade and Enterprise, Ministry of Science and Innovation, Kea and other agencies in a meaningful way to improve innovation outcomes
- Set clear outcome-oriented objectives and metrics
- Strive to be efficient in all of its activities
- Be forward thinking and proactive
- Identify and accurately address areas of market failure
- Support appropriate projects and challenges that will help bring in businesses

## STRATEGIC DIRECTION

The four key strategic priorities for Grow Wellington are:

### 1. Business Attraction

Grow Wellington is clear on the need for a targeted business attraction programme for the region. Focus will be placed on attracting:

- Innovative businesses
- Business investors
- Film production
- Talent attraction
- Skilled migrants
- Students

Grow Wellington will engage with the broader business community (large and small, entrepreneurial and institutional) in the development of a targeted attraction programme, including a marketing plan. Engagement with influencers and the business community will ensure:

- Development of a clear proposition
- Buy-in from ambassadors of (and recruits to) the Wellington Business Story
- Telling of the Wellington Business Story in a consistent way that will resonate with the target business demographic

Grow Wellington expects to work in partnership with Positively Wellington Tourism (PWT) to develop the Business Attraction approach. PWT has expertise in marketing and promotion and has connections with the tourism and hospitality community. Grow Wellington has expertise in Business Development and has connections with the wider business community. It is important that both organisations' capabilities are leveraged and not duplicated or, in fact, delivered inappropriately.

### 2. Science and Technology

The high value manufacturing and services sector is a key part of the Wellington Region's economic future. Working to grow the science and technology base of businesses in the region will be a key strategic driver for Grow Wellington.

The initial focus will be to understand the obstacles and opportunities for Wellington Region companies. Focus will then be on working in collaboration with others to develop intelligent solutions that help create wealth for existing companies, encourage new start-ups and attract businesses to the region. This will include working closely with TLAs, CRIs, tertiary institutions, government agencies (in particular MSI and NZTE), businesses, incubators and accelerators, investors and professional services companies to achieve measurable outcomes.

Grow Wellington will develop a Strategic Project to foster innovation and economic growth by improving the uptake of applied science, technology and engineering by businesses. The initiatives that will be supported in the Strategic Project will be:

- Clean Technology
- Biomedical
- Manufacturing
- Primary
- Incubation of new science-based businesses
- Regional Partnership with TechNZ
- The establishment of a Marine Testing Centre in Wellington

Other initiatives that we are exploring as part of the project include:

- Becoming the regional partner for IRL
- Supporting a science and technology internship programme called Chiasma
- Agricultural innovation

The Science and Technology project links with the WRS themes of innovation, investment, business and talent attraction, education and workforce planning and 'open for business'.

### **3. Digital, Creative and Services**

The region has a strong skill base, world class capability, an excellent reputation and track record, and willing investors across the Digital, Creative and Services sectors on which to build.

Digital, Creative and Services products require no transport and therefore reduce the disadvantage created by our distance to global market. As a region we need more businesses creating products and services that the world wants to buy. Businesses in these sectors can create products and services people want to buy.

Tertiary institutions are actively working to address skills gaps in these sectors, for example, the establishment of the School of Computer Graphics at Victoria University and the Creative Technologies Diploma available at WelTec.

Grow Wellington's focus for the Digital, Creative and Services sectors will be:

- Developing an investment fund
- Closing the gap between education providers and industry needs
- Promoting Wellington as a film location
- Working with MSI to develop a business case for a Digital Innovation Concept (based on the very successful "start-up house" concept in San Francisco)
- Working with industry to develop other strategic initiatives
- Incubation and acceleration services for digital start ups

Digital, Creative and Services link in with the WRS themes of innovation, investment, business and talent attraction, education and workforce planning and 'open for business'.

#### **4. Innovation**

Innovation underpins all of the region's economic growth opportunities. It is the means by which we create a vibrant economy and community and make ourselves attractive to incoming businesses and talent, and to world markets.

Grow Wellington's innovation approach will target all sizes of businesses. Focus will be on entrepreneurs (in small or large, new or old businesses) as well as companies, to develop innovative offerings and getting to market. Support will be focused on the development of new products or services, new markets, new processes, new distribution and the development of new business models.

Grow Wellington will continue to create a culture or environment where innovation can flourish. Engagement with regional business leaders, NZTE, MSI, Kea and other agencies in a meaningful way will be important to ensure collaborative improvement in innovation outcomes.

A key project that Grow Wellington will continue to support is the Wairarapa Water Use Project – which will stimulate new land use, development of new companies and possibly new innovative technologies.

To ensure opportunities are maximised for innovative high-growth companies, incubation is a key component for each priority sector. Grow Wellington has a high degree of confidence in its subsidiary, Creative HQ's, ability to continue to deliver in this regard.

Innovation links in with the WRS themes of innovation and investment for growth.

## WELLINGTON REGIONAL STRATEGY - FOCUS AREAS

These four key strategic priorities link in with the six key focus areas (as highlighted in the table below) that have recently been adopted by the WRS Committee.

FOCUS AREAS	Innovation	Investment for Growth	Economic Infrastructure	Business & Talent Attraction	Education & Workforce Planning	Open for Business
Science & technology	✓	✓	x	✓	✓	x
Innovation	✓	✓	x	✓	✓	x
Business Attraction	✓	x	x	✓	x	✓
Digital, Creative & Services	✓	✓	x	✓	x	x



## MEASUREMENT

KEY STRATEGIC PRIORITIES	OBJECTIVE	MEASUREMENT 30.06.13	LONG TERM TARGET (Depending on Final Sol)
<b>Flexibility</b>			
Being flexible to adapt to WRS evolution	To be able to adapt organisational activities to meet the new WRS strategy	Successfully adapted to strategic change	
<b>1. Business Attraction</b>			
Telling the Wellington Story	Develop a compelling story for business to buy into locally and internationally	Approach confirmed with PWT and ten ambassadors	A regional story is being promoted internationally
Targeted business talent attraction programme	To attract businesses or business divisions to the region	50 people/businesses attracted who/which will influence where business is undertaken	Ongoing attraction of people and businesses
Targeted student attraction	To attract students to the region	200 additional students in the region from China and Vietnam with an economic benefit of \$5m	The region has 15% of international students in New Zealand
<b>2. Science and Technology</b>			
Clean Technology	To commercialise technology in the cleantech sector	Two science-based businesses developed from the region's research	The CleanTech Centre is active with science-based businesses
Biomedical	To commercialise technology in the biomedical sector	Three business cases being developed through the Health Challenge. Strategic review completed and milestones established subject to Health Challenge outcomes	Biomedical engaged with the Science Park
Science Park	To develop a Science Park which will attract research-based businesses to the region	Business case completed by December 2012 and milestones met by year end	A vibrant Science Park with businesses attracted from overseas
Regional Partnership with TechNZ	To connect businesses to R & D funding and suppliers	\$2m funding from TechNZ obtained for R & D Investment	The region is the leading TechNZ partner in New Zealand
Marine Testing Centre in Wellington	Successfully assist in the evaluation of the feasibility of a Marine Testing Centre	Project funding confirmed	Centre is in place

MEASUREMENT CONT.

KEY STRATEGIC PRIORITIES	OBJECTIVE	MEASUREMENT 30.06.13	LONG TERM TARGET (Depending on Final Sol)
<b>3. Digital, Creative and Services</b>			
Investment Fund (Pounamu)	Support a \$500m investment fund for the digital sector	Fund fully subscribed	Fund is actively investing in local projects
Education and industry needs	Develop an education facility for the digital sector	Education facility concept confirmed	Education facility fully active
Promoting Wellington as a film location	To re-establish Wellington as a film friendly region	90% satisfaction from Film Sector Survey	
Digital Innovation Concept	To develop an Innovation Concept that will support the development of a digital sector in the region	Business case complete and milestones met	Innovation Concept in place
<b>4. Innovation</b>			
Growth in established business	To support existing businesses by connecting them to innovative solutions	\$50m revenue growth from businesses supported	\$100m growth per annum from business supported
Creative HQ	To provide incubation services for start up companies	25 ventures supported. Nine ventures graduated. 69 alumni ventures	Graduation of ten businesses per annum
Wairarapa Water Use Project	To support the development of the Water Use Project	Financial model available for input into Project	Financial Model being implemented
Food	To build on the VWOAP platform to assist food export companies	\$3m export growth from businesses supported	Export growth

## FINANCE AND GOVERNANCE

The Grow Wellington Board reports to the Wellington Regional Strategy Committee.



### Statement of the Board's Approach to Governance

In accordance with Sections 57 and 58 of the Local Government Act which sets out directions for the appointment and role of directors of council controlled organisations, the Grow Wellington Board was appointed in accordance with Greater Wellington Regional Council's policy. This policy requires a transparent process for the identification of directors' skills, their appointment and remuneration.

The Board is responsible for the proper direction and control of the company's activities. The Board guides and monitors the business and affairs of Grow Wellington on behalf of the shareholder, the Wellington Regional Strategy Committee to whom it is accountable, within the framework of the mission and objectives set out in this draft Statement of Intent, being principally to oversee the implementation of the Wellington Regional Strategy.

Recognising its governance responsibilities, the Board has established two sub-committees. The Audit Finance and Risk Committee will monitor financial, project, reputation and organisational risks, ensuring they are appropriately mitigated. The CEO Performance Committee will monitor management performance.

The Chief Executive has the delegated responsibility for the day to day management of Grow Wellington and is assisted by staff as required. Grow Wellington may make use of external advisors from time to time.

All Board Directors will comply with the Code of Conduct set out in the New Zealand Institute of Director's Code of Proper Practice for Directors.

The Chair will conduct a formal performance review for each Board Director biennially.

Board Directors will be supported and encouraged to pursue training and development to enhance their effectiveness on the Board. The Board consists of:

Paul Mersi	Chair; ex-officio all Committees
Barry Brook	Director, Creative HQ Limited
Anders Crofoot	Audit Finance & Risk Committee
Karen Fifield	
Di McCarthy	Chair, CEO Performance Committee
Peter Robertson	Chair, Audit Finance & Risk Committee
Richard Stone	CEO Performance Committee
Rachel Taulelei	

The Board will meet monthly. The Audit Finance and Risk Committee will meet quarterly with further meetings scheduled on an "as needed" basis. The CEO Performance Committee will meet on an "as needed" basis.

The Board will interact with the Board of Creative HQ to ensure good governance.

#### Information provided to WRS by Grow Wellington

- Annual Statement of Intent, including financials for Grow Wellington group.
- Half-yearly Report – including an unaudited report on financials, presented in the same manner as the Statement of Intent financials.
- Annual Report, including financials for Grow Wellington group.
- Annual Financial Statements and Auditor's Report for Grow Wellington group.
- Additional reports and information to WRS Committee as and when required.

## APPENDIX A - “Community Facilities” and “Community Events”

Grow Wellington may not provide operational or capital expenditure for community facilities or events as defined as:

**“Community facilities”** - activities that provide services, entertainment or education to the public generally. Examples include Te Papa, the Karori Wildlife Sanctuary, libraries, galleries (eg The New Dowse) and the proposed Marine Education Centre.

**“Events”** - activities that are operated for the purposes of entertainment, sport, tourist attraction or cultural/community celebration and are open to the public generally. Examples include festivals, concerts, sporting competitions, movie premieres.

Notwithstanding this, Grow Wellington may facilitate (including providing financial or other support for) activities that are integral to its role of achieving sustainable long-term economic growth in the region as defined by the Statement of Intent, including activities that meet the following criteria:

- create or facilitate the success of the region’s Centres of Excellence programme
- assist to attract and retain high value individuals in the region
- facilitate access to international markets for businesses in the region
- boost the innovative and competitive image of the region internationally
- assist to attract investment into the region
- provide an opportunity to grow the skills base in the region

Provided that, before Grow Wellington agrees to facilitate and/or sponsor conferences, seminars or symposia, it ensures that such activities meet at least two of the criteria set out above. In addition, Grow Wellington must ensure an appropriate cost/benefit/risk assessment process is completed prior to funding any such activity.

## SOI PROSPECTIVE ACCOUNTING STATEMENT

### Assumptions used in preparation of the prospective accounting statements

1. The prospective financial information contained in this approved Statement of Intent (SOI) is based on assumptions that Grow Wellington Limited reasonably expect to occur.

Actual results are likely to vary from the information presented and these variations may be material.

2. The following financial information consists of the prospective financial statements which the Board approved in February 2012. The Board is responsible for the prospective financial statements presented including the appropriateness of the underlying assumptions and all other required disclosures.
3. Every year Grow Wellington is required to prepare prospective financial statements for the year ahead as well as financial forecasts for the following two years.
4. The prospective financial statements comply with Financial Reporting Standard No. 42 – Prospective Financial Statements.
5. The following are the key assumptions used in preparing this SOI.
  - There will not be any significant changes in planned service levels
  - There will be no major changes to key legislation affecting Grow Wellington activities
  - Asset lives will be in accordance with Grow Wellington's accounting policies
6. <sup>1</sup>Funding for Grow Wellington from the Greater Wellington Regional Council rates ceases after X . A decision about whether or not the funding will continue will follow a review that will be undertaken before X . The prospective financial statements have been prepared on the basis of continued funding for the years ending X .
7. The Funding Deed with GWRC for the GWRC Rates Funding provides the basis for the development of the prospective financial statements for the year ending 30 June 2013.
8. Grow Wellington also receives grants from Government agencies to undertake services on their behalf. It is possible that some of the grant funding contained in the prospective financial statements may not eventuate. If this occurs programmes will be cut back to accommodate for the loss of revenue.

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<sup>1</sup> As funding for 2012/13 is not yet formally confirmed points 6 and 7 above are unable to be finalised.

## GROW WELLINGTON GROUP

### Prospective Statement of Comprehensive Income – Grow Wellington Group

	Budget <sup>2</sup> FY 2012 \$,000	Budget FY 2013 \$,000	Estimate <sup>3</sup> FY2014	Estimate FY2015
<b>Revenue</b>				
GWRC Rates Funding	4,250	4,000		
Other	1,450	1,520		
<b>Total Revenue</b>	<b>5,700</b>	<b>5,520</b>		
<b>Expenditure</b>				
Innovation		3,060		
Investment for Growth		480		
Building Infrastructure				
Workforce Development		600		
Open for Business				
Business Attraction		1,380		
<b>Total Expenditure<sup>4</sup></b>		<b>5,520</b>		
<b>Profit Before Income Tax</b>		<b>0</b>		
Income Tax Expense		0		
Profit for the Year		0		
<b>Other Comprehensive Income</b>		<b>0</b>		
Tax Expense relating to Other Comprehensive Income		0		
<b>Other Comprehensive Income Net of Tax</b>		<b>0</b>		
<b>Total Comprehensive Income</b>		<b>0</b>		
<sup>3</sup> Depreciation and Amortisation Included		72		

<sup>2</sup> Financials were reported in a different format FY2012

<sup>3</sup> As this is an interim Statement of Intent, FY2014 and FY2015 financials will be included in the final Sol

**Prospective Statement of Change  
in Equity – Grow Wellington Group**

<b>Retained Earnings</b>	<b>Budget FY 2012</b>	<b>Budget FY 2013</b>	<b>Estimate FY 2014</b>	<b>Estimate FY 2015</b>
	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>
Balance at 01 July	57	57		
Total Comprehensive Income	-	-		
<b>Balance at 30 June</b>	<b>57</b>	<b>57</b>		



**Prospective Statement of Financial  
Position – Grow Wellington Group**

	<b>Budget FY 2012</b>	<b>Budget FY 2013</b>	<b>Estimate FY2014</b>	<b>Estimate FY2015</b>
	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>
<b>Assets</b>				
<b>Current</b>				
Cash and Cash equivalents	220	226		
Trade and Other receivables	190	529		
Grant Income Due	140	0		
<b>Total Current Assets</b>	<b>550</b>	<b>755</b>		
<b>Non Current</b>				
Property, Plant & Equipment	150	150		
Intangible Assets	16	16		
<b>Total Non-Current Assets</b>	<b>166</b>	<b>166</b>		
<b>Total Assets</b>	<b>716</b>	<b>921</b>		
<b>Liabilities</b>				
<b>Current</b>				
Trade and Other payables	304	529		
GST payments Due	33	33		
CHQ Incubatee Bonds	10	10		
Employee Entitlements	225	225		
EWI (Inc) Trust Funds	67	67		
Revenue in Advance	20	0		
<b>Total Current Assets</b>	<b>659</b>	<b>864</b>		
<b>Total Liabilities</b>	<b>659</b>	<b>864</b>		
<b>Net Assets</b>	<b>57</b>	<b>57</b>		
<b>Equity</b>				
Retained Earnings	57	57		
<b>Total Equity</b>	<b>57</b>	<b>57</b>		

**Prospective Cash Flows – Grow Wellington Group**

	<b>Budget FY 2012</b>	<b>Budget FY 2013</b>	<b>Estimate FY2014</b>	<b>Estimate FY2015</b>
	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>
<b>Cash Flows from Operating Activities</b>				
<b>Inflows</b>				
GWRC Contributions	4,238	4,669		
Grant Revenue	1,032	1,774		
Other Revenue	400	0		
Cash Inflows from Operating Activities	5,670	6,443		
<b>Outflows</b>				
Payments to Suppliers and Employees	5,636	6,443		
GST Net	6	0		
Cash Outflows from Operating Activities	5,642	6,443		
<b>Net Cash Flows From (Used in) Operating Activities</b>	<b>28</b>	<b>0</b>		
<b>Cash Flows from Investing Activities</b>				
<b>Inflows</b>				
Gain on sale of property, plant and equipment	0	0		
<b>Outflows</b>				
Purchase of property, plant and equipment	32	0		
<b>Net Cash Flows From (Used in) Investing Activities</b>	<b>(32)</b>	<b>0</b>		
Net increase/(decrease) in cash and cash equivalents	(4)	0		
Cash and Cash Equivalents at beginning of year	224	226		
Cash and Cash Equivalents at end of year	220	226		

## Accounting Policies

Any accounting policies adopted in the prospective financial statements in this statement of intent (SOI) that have a significant effect on results and financial position disclosed, are set out below:

### Reporting Entity

The prospective financial statements presented are for the Grow Wellington Limited group which includes the wholly owned subsidiary Creative HQ Limited.

The Companies are incorporated in New Zealand under the Companies ACT 1993. Both are domiciled in New Zealand and operate from Wellington. Grow Wellington Limited is owned by the Greater Wellington Regional Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002.

The main purpose of the prospective financial statements in the SOI is to provide our owners, stakeholders and readers with information about the expected costs of the activities we undertake as designated by the Wellington Regional Strategy. The information in these statements may not be appropriate for purposes other than those described.

For the purposes of reporting Grow Wellington Limited and Creative HQ Limited are designated public benefit entities.

### Basis of Preparation

The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand and have been prepared on an historic cost basis.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

The Company qualifies for Differential Reporting exemptions as it has no public accountability, and is not large. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted except for NZ IAS 7 - Cash Flow Statements.

### Significant Accounting Policies

#### a) Revenue Recognition

The Greater Wellington Regional Council contributions in the Statement of Comprehensive Income are recognised as revenue on entitlement as conditions pertaining to expenditure have been fulfilled.

Other revenue includes grants which are recognised on entitlement as conditions pertaining to eligible expenditure and milestones achieved.

#### b) Property, Plant and Equipment

Costs include expenditure that is directly attributable to the acquisition.

The cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the future economic benefits or service potential will flow to the company and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the statement of comprehensive income.

#### c) Depreciation

Depreciation is charged on a straight line basis on all property, plant and equipment other than land over the estimated useful life. Depreciation is charged to the statement of comprehensive income.

The useful lives and associated depreciation rates have been estimated as follows:

Computer Hardware	2-3 years
Equipment	2-8 years
Furniture	4-10 years

d) Intangible Assets

Intangible assets that are acquired, which have a finite useful life, are measured at cost less accumulated amortisation and accumulated impairment losses. The useful lives and associated amortisation rates have been estimated as follows:

Computer software                      1-3 years

Amortisation is recognised in the statement of comprehensive income on a straight line basis over the estimated useful lives of intangible assets.

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense when incurred.

e) Impairment

All assets are reviewed annually for internal and external factors that may indicate that the service potential of the asset may be impaired. Impairment losses are recognised in the statement of comprehensive income.

f) Trade and Other Payables

Trade and other payables are stated at amortised cost.

g) Employee Benefits

*Short-term benefits*

Employee benefits that the Company expects to be settled within 12 months of balance date are measured at nominated value based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, expected to be settled in 12 months and sick leave.

The Company recognises a liability for sick leave to the extent that the compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent the Company anticipates it will be used by staff to cover those future absences.

The Company recognises a liability and an expense for bonuses where they are contractually obligated or where there is a past practice that has created a constructive obligation.

h) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

i) Trade and other Receivables

Trade and other receivables are treated at their cost less impairment losses. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts according to the original terms of receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flow discounted using effective interest method. Receivables with a short duration are not discounted.

j) Financial Instruments

Financial instruments are initially measured at fair value plus transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:

Non-Derivative Financial Instruments comprise investment in equity, trade and other receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial liabilities are recognised at amortised costs using the effective interest method.

The company does not have any derivative instruments.

k) Income Tax

Any income tax expense recognised in the statement of comprehensive income is the estimated income tax payable in the current year, adjusted to any difference between the estimated and actual income tax payable in prior periods.

l) GST

All amounts are shown exclusive of GST, except for trade receivables and trade payables that are stated inclusive of GST. When GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

Cash flows are included in the cash flow statement on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

m) Expenses

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total expenses of the lease expense, over the term of the lease.

Finance income comprises interest income that is recognised in the profit or loss. Interest income is recognised as it accrues, using the effective interest method.

