

ANNUAL REPORT

FOR THE PERIOD ENDING
31 DECEMBER 2015

Mission statement:

To encourage the development of the New Zealand Marine Industry and help our members build successful businesses



INCORPORATING THE NZ MARINE &
COMPOSITES INDUSTRY TRAINING
ORGANISATION

PROMOTING AND UPSKILLING THE
NEW ZEALAND MARINE INDUSTRY

PRESIDENT'S REPORT

Kia Ora Members

A year into my first term as President of NZ Marine following the 2015 Conference and AGM in the beautiful Bay of Islands finds our industry in pretty good shape overall. We can be proud of our collective successes and achievements as we look forward to the future with a renewed confidence. Many areas of the industry are doing exceptionally well with significant growth in both the domestic markets as well as those offshore. These sectors continue to punch above their weight, which is testament to the quality of the organisations that make up our industry as a whole.

Moving forward, there are still significant challenges to overcome and we are not 'out of the woods' post GFC just yet. We still see an amount of 'cautiousness' in some sectors and there have of course been casualties, which combined has had a significant impact overall, not in the least the loss of around 100 apprenticeship positions and the TEC funding this would have provided. Also, whilst we have in the past enjoyed and very much appreciated Government support through NZTE funding, this is no longer available to industry associations as a result of policy change. These factors combined are a very real blow for us, which I assure you has our urgent attention. Cumulatively this amounts to a loss of approximately \$500,000 in funding with which to work with. Whilst we have managed to budget for a virtual 'break even' financial result this year, we want to (indeed need to) do more. We are not satisfied as a Board to keep just 'getting by' for the next few years, nor should you as members be accepting of that.

So what are we doing? Firstly, we remain committed to not only serving, but growing the industry and providing the resources to achieve this. We have asked you (the members) what is of value to you and you have spoken - quite clearly in fact. On top of valuing the services and activities we currently provide, we have heard an overwhelming call for more visibility and contact from senior NZ Marine management - essentially face-to-face time.

The Board of Management, along with the Executive, has taken your views on board and we are working on this as a project. We have some sound ideas on how to provide these additional services for you and we firmly believe the solution lies in securing additional (and/or freeing up of) resources at senior level. The challenge of course is how to provide increased services with reduced funding. It really is a case of 'value for money' vs 'get what you pay for' as I see it. In reality, the solution can only lie with increased income that can realistically only come from two areas; growth in membership and/or increased subscription fees. To date we have focused on keeping membership cost increases to a minimum whilst providing that 'value for money' aspect. However it has come to a time where we believe in order to provide the additional resources for what we need (indeed what you have asked for), we would need to accept increased fees for the 2017 financial year - ie. more 'value' for more 'money'. We readily accept that no-one likes increased costs, so our commitment is to provide overall value to our industry. We will provide more information when we have determined our financial strategy in this aspect.

Huge thanks to Peter and his team, along with Chris, Michelle and their respective teams at NZ Marine for their efforts which I assure you often go well beyond what is expected in ensuring the organisation runs efficiently and effectively. It is a delight to be working in an environment that is as complex as it is diverse and have minimal problems to deal with.

Lastly, but by no means least, my sincere thanks to members of the Executive and their respective committees/boards, NZ Marine Board of Management and NZ Marine Export Group, for your tireless work in the industry you serve. I have enjoyed working with you all over the past year and I am humbled in my role as President to have such a high calibre of people around me that make up the governance role(s) of our organisation.

Thank you and I wish you all the best for future success and prosperity.

Myles Fothergill



President

EXECUTIVE DIRECTOR'S REPORT

Mission Statement: 'To encourage development of the New Zealand Marine Industry and support our members to build successful businesses'

During 2015 we celebrated our association's first 50 years 1965 – 2015 and focused on how NZ Marine can best support the marine industry to achieve growth between 2016 -2020.

During 2015 we continued to provide a wide range of initiatives to increase business opportunities for our member companies. Our endeavour is to improve NZ Marine member companies profitability and where applicable export receipts resulting in more jobs for New Zealanders. In 2015 we did this through a range of activities including:

- A successful conference at the Bay of Islands where the Minister of Business, Innovation & Employment and Tertiary Education Hon Stephen Joyce congratulated the marine industry for surviving the tough economic times of the past few years and now enjoying and adding value to employment in New Zealand and growing export receipts.
- Upskilling the industry from entry apprenticeship level to CEO/Owner level
- Facilitating networking and joint initiatives with member companies
- Providing national and international statistics to assist members to plan their own future growth strategies
- Providing quality assurance e.g. trailer powerboat Audited Boat Build Programme CPC, Refit groups Code of Conduct and documentation for contracts.
- Providing best business practice with over 40 NZ Marine recommended documents available for members use such as agreement to build vessels, variations agreement, agreement for refit, sales and purchase agreement etc.
- Promoting New Zealand as a destination and for refit for visiting yachts
- Hosting specific events to promote industry members including the Auckland On Water Boat Show, Marine Trades Challenge (Apprentices Build-a-Boat competition), NZ Marine & Composites ITO apprentice graduation, conferences and leverage off maritime events such as the Volvo Ocean Race Stopover in NZ
- Informing members of business opportunities such as international tenders and promoting the industry through our websites and publications such as NZ Marine News and weekly NZMI Fastmail e-news
- Providing a single voice for the New Zealand marine industry soliciting the support of central and local government
- Provision of services to NZ Marine Export Group administration and hosting of the NZ Millennium Cup in the Bay of Islands
- Close liaison with related industry associations such as Composites Association of NZ, RINA, HERA, MOA and MTA
- Gaining NZ Government (Tertiary Education Commission) agreement and license for the NZ Marine & Composite Industry Training Organisation to operate 2015-2020.

Sector Groups of the NZ Marine Industry

The means by which the NZ marine industry sets out to achieve its strategic goals and maximise its effectiveness is through the industry's key sector groups, governance boards and skilled administration support team. Acting on the results of the 2015 member's survey and 2016-2020 Strategic Plan the Executive and the Board of Management re-evaluated the most effective make up of our sector groups and in April 2016 confirmed our sector and regional groups. Each sector group has its own strategy and action plans to advance its relevant sector.

Following are the chairs of our Sector Groups:

- | | |
|--|--------------------------------|
| • Marine Industry Training Board: | Lloyd Stevenson |
| • New Zealand Marina Operators Association Executive: | Darryl Smith |
| • NZ Marine Export Group: | Stuart Robinson |
| • Royal Institution of Naval Architects NZ Division: | Ted Ewbank/Graeme Finch |
| • CPC Manufacturers' Group: | Griff Simpson |
| • Boatbuilders & Refit Group: | Garry Lock |
| • Commercial Vessel Group: | Dave Hopkins |
| • Suppliers Group Committee: | Mike Harris |
| • Tauranga Marine Industry Association | Tony Arnold |

Regional Groups

- | | |
|--------------------------------------|----------------------|
| • Northland and the Far North | Brian Caulton |
| • Wellington | Bob Tait |
| • South Island | Frank Simpson |

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Industry Training

One of the secrets of our success in continuing to compete internationally with NZ built boats, refits and manufacture of equipment is our industry endorsed and run NZ Marine & Composites Industry Training Organisation. It continued to achieve a high rate of trainee achievement and completions in 2015 and continues to serve our and the composites industry very well. Refer to General Manager Mr Chris van der Hor report on industry training overleaf.

Financial position of the Organisation

The association's financial position is sound. The financial result for the 12 months to 31st December 2015 shows a surplus of \$139,817 before depreciation and boat show impairment and a surplus of \$ 7,781 after depreciation and boat show impairment. Members funds were \$1,533,386 as at 31st December 2015 compared with \$1,506,855 as of the 31st of December 2014.

The 2016 budget approved by the Board of Management shows a surplus after depreciation planned for the period ending 31st December 2016. The trading operations of the association for the three months to 31st March 2016 are in line with this budget.

Our membership is steady with 452 members as of December 2015 compared with 451 at December 2014 and 444 at December 2013.

Market situation and opportunities ahead

The "bread and butter" activity of trailer power boat manufacture and sales and servicing of boats and equipment are enjoying good sales on the back of full employment in NZ, low interest rates and an increased population, through net immigration gain in New Zealand. It is pleasing to see the increase in the number of trailer powerboats being exported to Australia.

The equipment sector continued to grow with NZ designed and manufactured products being well received in many countries worldwide.

In the superyacht sector, it is good to see a few new build commissions but unfortunately not sufficient to keep all our superyacht builders busy. The NZ Marine Boatbuilders & Refit Group, supported by the NZ Marine Export Group have a target of increasing the number of cruising yachts visiting New Zealand by 20% to 750 by 2018 and superyachts from 37 in 2013/2014 season to 74 by 2018. We are pleased to report that through a number of initiatives and support provided by Tourism NZ, ATEED, NZTE and superyacht agents we have assisted the growth in superyacht visits to 57 in the 2014/2015 season compared with 37 in the previous period.

Our now largest sector, the Ship and Workboat sector, was in 2015 rebranded as the Commercial Vessel Sector and has further potential to grow. It is pleasing to see several large NZ operators such as Fullers Ferries and Aotearoa Fisheries now procuring commercial vessels from New Zealand. NZ's ascension to the Government Procurement Agreement in August 2016 will provide our Commercial Vessels Sector with good opportunity to supply Government Vessel Requirements from over 25 countries.

Recently I was appointed to Ministry of Business, Innovation and Employment's Procurement Business Reference Group and through this, I hope to further encourage NZ Government policies to encourage Government departments look to New Zealand boatbuilders for procurement of their vessel needs.

EXECUTIVE DIRECTOR'S REPORT

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The latest Strategic Plan is now available

Thank you to the many company owners and senior management that volunteer their time on the various sector groups, committees, boards and the 160 companies that have apprentices in NZ Marine & Composite ITO training.

This combined with the energetic team at NZ Marine House under the sound direction of Chief Operating Officer and General Manager of the NZ Marine & Composites ITO Chris van der Hor, Events Manager Michelle Khan and Export Manager and Executive Assistant Stacey Cook we are privileged to serve our industry members.

We look forward to championing and supporting one of the most dynamic and successful manufacturing based industries in NZ as we embark on our 2016-2020 plan.

Peter Busfield

Executive Director

Mission Statement

'Provide leadership in the development of skills and training excellence, to the marine and composite industries'

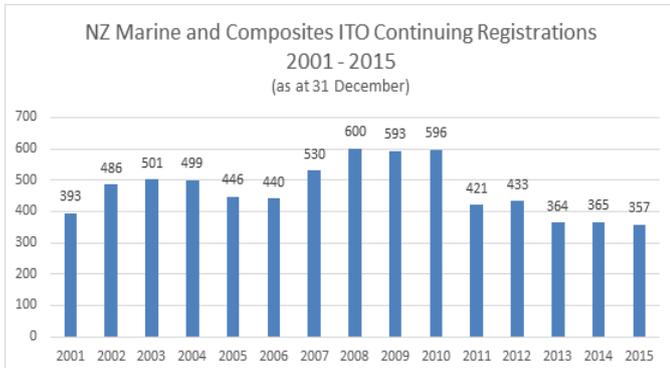
Statutory Obligations

The NZMAC ITO, along with 11 other TEC funded Industry Training Organisations (ITOs) currently recognised by the Tertiary Education Commission, has the following statutory obligations under the Industry Training and Apprenticeships Act 1992 and the Tertiary Education Strategy:-

- Develop and maintain skill standards that are registered by the New Zealand Qualifications Authority.
- Develop and maintain arrangements for the delivery and assessment of industry training.
- Comply with any conditions of recognition.
- Comply with any prescribed quality assurance requirements.
- Develop and maintain arrangements for the collective representation of employees in the governance of the organisation.

Statistics

a) Continuing Registrations – Yearly Totals – as at 31 December

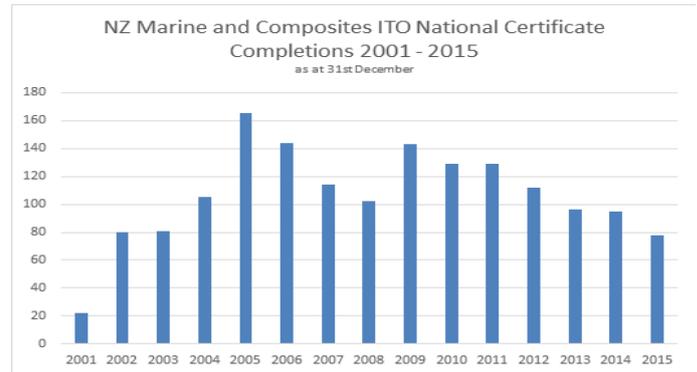


b) Continuing Registrations – as at 31 December 2015 (may be subject to variation once TEC evaluate data during April 2016)

Industry Sector	Non-NZ Apprentices	New Zealand Apprenticeships	TOTAL (Continuing Registrations)	TOTAL (Percentages - Rounded)
Boatbuilding	63	221	284	79.5%
Marine Sales and Services	7	1	8	2.2%
Composites	13	26	39	10.9%
Marina Operations and Services	22	0	22	6.2%
Competitive Manufacturing	0	0	0	0%
First Line Management	4	0	4	1.1%
TOTAL (Continuing Registrations)	109	248	357	100%
TOTAL (Percentages - rounded)	30.5%	69.5%	100%	

Plus 4 non-funded secondary school Gateway students.

c) National Certificate Completions (1/1/15 – 31/12/15)



Between 2001 and 2015, 1517 National Certificates have been issued.

- d) Unit Standard Credit Achievement (1/1/15 – 31/12/15) = 20,692
- e) Employers with Continuing Apprentices (as at 31/12/15) = 164
- f) National Certificate Completions 2015: 82

Tertiary Education Commission (TEC)

a) New Zealand Apprenticeships

TEC introduced New Zealand Apprenticeships as from 1/1/14 iTEC introduced New Zealand Apprenticeships as from 1/1/14 to replace the Modern Apprenticeship programme. Apprentices registered as "Modern Apprentices" prior to 1/1/14, will continue their training under the Modern Apprenticeship training programme.

While Modern Apprenticeships were targeted at 16-21 year olds, New Zealand Apprenticeships are now open to all age groups. However they are restricted to either Level 4 qualifications with at least 120 credits or multiple qualifications that together have a value of at least 120 credits. Those qualifications need to be at Level 3 and Level 4 on the New Zealand Qualifications Framework, and have at least 60 credits at Level 4. A Code of Practice has been published by TEC which includes the requirement for ITOs to arrange direct workplace training support and assessment services.

Back in 2000, it was clear to the NZ Marine and Composites ITO (Boating ITO at the time) that the most effective way to ensure positive outcomes from the training was to provide direct face to face site visit support to apprentices and employers. The government introduced Modern Apprenticeships during 2001 which formalised the requirement for 16-21 year old apprentices to be supported with quarterly site visits. While the Boating ITO was approved as a Modern Apprenticeship Co-ordinator at the time, it was decided to exceed the contractual requirements of Modern Apprenticeships by continuing to visit all apprentices regardless of age. This approach was sensible and has worked extremely well over time with high qualification completion rates being achieved along with a high degree of apprentice and employer satisfaction.

In practical reality, trainees and apprentices and their employers will not notice any difference in services provided, as it has always been the policy of the NZ Marine and Composites ITO to provide field officer workplace training support and assessment services

to all registered trainees and apprentices, irrespective of age, registered qualification, and TEC funding category/subsidy rate.

b) **TEC Audit/TEC Re-recognition**

During December 2014, TEC conducted a three day intensive on-site audit of the ITO operational systems and processes with an emphasis on data recording and reporting. A very positive audit report was received which demonstrates TEC has a high level of confidence in the NZ MAC ITO operational systems and processes.

This audit report constitutes a crucial component of the re-recognition process which determined TEC's decision to continue to recognise the NZ Marine and Composites ITO as an industry training organisation. NZ Marine and Composites ITO's re-recognition application was accepted and our 5 year re-recognition as an ITO commenced from 1st May 2015 till May 2020.

c) **TEC Income/Industry Training Register**

The TEC provides 70% of the funding, while 30% is required to be raised direct from the industry. The lower than projected level of registered apprentices during 20154 has resulted in a corresponding decrease in total income. (The financial accounts provide a full breakdown of the fiscal position of the NZ Marine and Composites ITO.)

Following on from 2014, the fiscal environment during 2015 has continued to remain challenging with soft uneven industry conditions coupled with the fourth year of being funded by TEC under a part performance based funding model. Under this model, the NZ Marine and Composites ITO reports enrolment and achievement data in near real time to the Industry Training Register (ITR), a data collection and performance management reporting system. From the ITR data collected, TEC measures performance and determines funding entitlement. ITOs can be financially penalised if registered apprentice/trainees under-achieve, remain registered beyond their pre-determined duration and if they over-enrol in training.

While registrations have remained at a lower than budgeted level during 2015, the NZ Marine and Composites ITO has been able to achieve very respectable educational performance indicator results under this new funding environment.

NZ Marine and Composites ITO Educational Performance Indicator (EPI) performance - 2015

- Credit Achievement = 78%
- Programme Completion Achievement = 69%

(may be subject to variation once TEC evaluate data during April 2016)

Comparative 2015 EPI performance data of other ITOs will be published later this year, but it is expected that the EPI performance data will place the NZ Marine and Composites ITO as a high performing ITO.

d) **External Evaluation and Review**

NZ Marine and Composites ITO has been scheduled for an EER review in June 2017. This review is one of NZQA's policies

and will provide an independent judgement of the educational performance and capability in self-assessment of the NZMAC ITO. Educational Performance is evaluated through answering questions primarily focused on the quality of learning and teaching, and the achievement of learners. The NZMAC ITO's capability in self-assessment indicates how effectively the NZMAC ITO uses self-assessment information to understand performance and bring about improvement.

Qualifications and Quality Assurance

a) **Quality Management System (QMS)**

Progress on the review of policies and procedures for NZMAC ITO continues with the additional review of templates, forms, and information for trainees. There are ongoing governance and management policies and procedures which require review. It is anticipated this work will be completed by May 2016.

b) **Programmes**

Recruitment of staff has been the focus for the year to date. Programmes for the 2015 approved New Zealand qualifications need to be submitted to NZQA for approval which involves a 12 week process for each approval. It is anticipated there will be 27 programmes developed. Then the associated learning materials and assessment require review and/or development. A contract to develop higher Level 6 qualifications with an experienced tertiary marine tutor will also be scoped.

Composites Industry Training

Since September 2007, training for the Composites Manufacturing Industry (excluding Aeronautical Composites) has been the responsibility of the NZ Marine and Composites ITO. This has been a logical extension to the training that has historically been offered in composite boatbuilding.

At the end of 2015, composites industry training stood at 13% of the total continuing registrations. A name change from NZ Marine ITO to NZ Marine and Composites ITO was endorsed in 2015 to better reflect the TEC gazetted coverage of the two industry sectors and the valued relationship between NZ Marine and CANZ.

Off-Job Training

Comprehensive off-job training provision was offered during 2015 with 8 block courses and 2 study group classes being held throughout New Zealand by a total of 6 training providers. Subsidised travel and accommodation is provided to apprentices needing to travel to attend block courses.

School to Work Programme

The School to Work initiative is a project co-funded by the Tertiary Education Commission (TEC) which has been designed to create a career pathway for Year 12 and 13 students. This allows students to experience the marine or composites industries while still earning credits towards completion of NCEA qualifications. NZMAC ITO matches a learner with a marine or composites employer and typically, selected students will be employed on a part-time basis (usually 2 days per week – or as agreed by the school and employer) for the duration of the school year. Students will work towards earning unit standard credits at Level 2 or 3 that will be awarded towards NCEA Level 2 or 3 and will attend school for the remaining 3 days per week

working towards NCEA credits. NZMAC ITO will develop an individualised learning plan (ILP) for each student and will assess and report credits gained in the workplace.

School to Work is designed to assist students with a genuine interest in a career in the marine or composites industries to gain industry experience while completing Level 2 or 3 NCEA qualifications.

Marketing/Promotional Activities

The NZ Marine and Composites ITO has begun work on updating marketing resources to promote careers and training at all major boat shows and at several secondary school career expos. There will be a new 'Become One' publication with specific programme/qualification details provided in smaller brochures. The new marketing material will likely involve an updated set of brand/style guidelines to dictate a cohesive look and feel for the NZ Marine and Composites ITO brand. This new look will also be reflected in the website development and future publications.

Marine Trades Challenge (MTC) – 2015

The Marine Trade Challenge (Build a Boat and Sail It Competition) is designed as a celebration of the skills of boatbuilding apprentice trades-people. The 2015 MTC was held on 28 February 2015 at the Volvo Ocean Race venue, Viaduct Harbour, Auckland. Four teams from regional high schools went head to head with four teams from Auckland boat building companies. High school students built dinghies suitable for sailing, rowing or outboard power while the professional teams produced small catamarans. Apprentices Inc took out the 37 South Best Built Boat trophy while Southern Spars claimed the Harken Overall trophy. In the secondary schools division, Auckland Grammar claimed first place with Mercury Bay Area School chasing them for second.

Graduation

The fourteenth annual graduation ceremony took place at the Royal New Zealand Yacht Squadron, Westhaven, Auckland on the 3rd of December 2015. The annual graduation is a well-established event on the NZ Marine and Composites ITO calendar as it represents an opportunity for the marine and composites industries to acknowledge and celebrate the success of the graduating apprentices/trainees. During 2015, 82 National Certificates were issued to apprentices/trainees.

During 2014, 95 National Certificates were issued to 93 apprentices/trainees, including the first graduates in marina operations and services.

Summary

Soft and uneven industry conditions have continued into 2015 resulting in a lower than average number of continuing apprentice/trainee registrations. In addition, the new part-performance based funding model that was introduced during 2013, has continued to create a challenging performance and fiscal environment. The big challenge as we move forward, is to build up to a higher number of apprentices/trainees participating in training in order to ensure the future capability for industry as well as our financial viability of the NZMAC ITO. Despite the decrease in apprentice/trainee registrations, the NZMAC ITO has adapted well by satisfying all TEC and NZQA operational, audit and compliance requirements.

Significant projects undertaken during 2015 include the continuation of the compulsory targeted review of qualifications (TRoQ), and the appointment of experienced and qualified personal, an operational audit being carried out by TEC, a state-of-the-art data processing system being fine-tuned, and the full outcomes of the Industry Training Review being implemented which has included the introduction of New Zealand Apprenticeships.

Priorities for 2016 will focus on the completion of the TRoQ process with all training programme being available to industry, completion of our Quality Management System (QMS) for future audits, developing our new marketing material to promote the new qualifications and training programmes, and ensuring financial viability by building up registrations.

My eighth year managing the NZMAC ITO has been a very challenging and stimulating one and I am very appreciative of the support I have received from our member companies, the NZ Marine & Composites Industry Training Board and the excellent teamwork provided by the NZ Marine staff. There is still much to do and I look forward to your ongoing support

Many thanks and much appreciation.



Chris van der Hor
General Manager



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BOATING INDUSTRIES ASSOCIATION OF NEW ZEALAND INC

Financial Report for the Year to 31 December 2015

We take pleasure in presenting to you the Association's Financial Statements for the year ended 31 December 2015.

The Income Statement that is presented has been consolidated in line with last year to preclude internal entries between the various divisions within Boating Industries Association. The various divisions include New Zealand Marine & Composites Industry Training Organisation (NZMACITO) and New Zealand Marine Industry Association (NZMI). For management purposes these statements will still be kept separate.

Boating Industries Association of New Zealand Inc (BIA) – The Group – Members' activities and administration resulted in a surplus for the twelve months to 31 December 2015 of \$7,781. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$104,224. EBITDA is used to calculate an entity's profitability by eliminating the effects of Financing and Accounting decisions.

During the financial year BIA received revenue mainly from Membership Subscriptions, Industry Training Fund, Student Contributions and Industry Contribution, Modern Apprentice Co-ordinator Income, Boat Shows and Export Offshore Licencing Income totalling \$2,883,490.

Costs for the year totalled \$2,743,674 (the largest costs incurred by the Association include NZMI Boat Shows & Special Events and Salaries & Wages) resulting in a Net Cash Surplus of \$139,817.

As at 31.12.15, BIA members' funds totalled \$1,533,386 compared to \$1,506,855 last year.

The Association is showing a strong position in terms of its Balance Sheet with a surplus of Current Assets compared to Current Liabilities of \$739,613 and a strong proprietorship ratio of 73%.

RSM New Zealand

RSM NEW ZEALAND

Chartered Accountants

Auckland

6 April 2016

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM New Zealand is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

Boating Industries Association of New Zealand Incorporated
Income Statement
For the year ended 31 December 2015

	2015	2014
	\$	\$
REVENUE		
Completion Charge & Sale of Training Material	50,498	53,312
Corporate Sponsorship & Advertising	10,500	18,100
Export Offshore Licencing Income	59,769	60,391
Function Room Hire	33,473	41,884
Industry Training Fund from NZ Government	919,912	812,680
Interest	35,593	36,358
Marine Trades Challenge	4,092	-
Membership Subscriptions	257,729	251,272
Modern Apprentice Co-ordinator Income from NZ Govt	-	(299)
NZMI Boat Shows & Special Events Income	1,082,437	1,002,687
NZMI Members Industry Contribution to Training	166,212	161,366
Other Boat Show Contributions - NZ Boat Shows	10,000	10,000
Rent	43,771	60,437
Sector Group Administration	73,982	63,480
Special Contracts Income	54,966	52,485
Student / Industry Contribution	45,871	46,361
Sundry Income	34,685	8,706
Total Income	2,883,490	2,679,222
Less Expenses		
Accident Compensation Levy	3,298	3,563
Accommodation & Travel Subsidy for Apprentices	9,322	7,868
Accounting Fees	102,743	110,651
Audit Fees	17,000	15,000
Bad Debts	4,998	9,522
Bank Charges	2,861	2,750
Cleaning & Laundry	6,862	6,078
Computer Expenses	59,953	59,856
Consultancy	15,810	12,750
Doubtful Debts Expense	23,014	-
Entertainment	1,179	406
Export Offshore Licencing Expenses	6,805	13,484
FBT	30,610	31,356
Freight & Cartage	6,724	7,244
General Expenses	20,222	18,284
Graduation Ceremony	2,795	637
Hire - Plant & Equipment	3,360	2,774
Insurance	8,067	8,785
Legal Fees	5,521	4,541
Light & Power	9,708	9,978
Market Research & Statistics	2,498	20,196

The above information must be read in conjunction with the accompanying notes to the financial statements and Independent Auditor's Report

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Boating Industries Association of New Zealand Incorporated
Income Statement
For the year ended 31 December 2015

	2015	2014
	\$	\$
Moderation & Assessment	770	490
Motor Vehicle Expenses	38,781	45,425
Motor Vehicle Lease Costs	5,638	-
NZMI Boat Shows & Special Events Expenses	778,699	711,010
NZQA Completion Certification	1,401	390
NZQA Fees	20,156	22,654
NZQA Development Review (TRoQ)	-	68,299
Postage	5,067	5,343
Printing & Stationery	24,644	31,074
Printing of Study Notes	4,533	5,379
Publicity & Promotion	33,147	55,016
Purchase of Off Job Training & Assessment Services	74,366	92,661
Recruitment / Temp Expenses	1,456	1,269
Rent & Rates	151,630	151,674
Repairs & Maintenance	8,996	2,571
Salaries & Wages	1,093,357	1,052,667
Sector Group Meetings	8,056	4,583
Security	697	540
Staff Training & Team Building	11,941	2,501
Subscriptions	24,450	23,523
Telephone & Tolls	24,055	25,912
Travelling Expenses	88,483	76,595
Total Expenses	<u>2,743,674</u>	<u>2,725,300</u>
NET SURPLUS / (DEFICIT) BEFORE DEPRECIATION AND IMPAIRMENT	<u>139,817</u>	<u>(46,078)</u>
Less Depreciation and Impairment		
Depreciation	136,362	141,840
Depreciation Recovered	(4,326)	(991)
Gain on Sale	-	(6,000)
	<u>132,036</u>	<u>134,849</u>
NET SURPLUS / (DEFICIT)	<u><u>\$7,781</u></u>	<u><u>(\$180,927)</u></u>

The above information must be read in conjunction with the accompanying notes to the financial statements and Independent Auditor's Report.

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Boating Industries Association of New Zealand Incorporated
Statement of Movements in Members' Funds
For the year ended 31 December 2015

	2015	2014
	\$	\$
MEMBERS' FUNDS AT START OF YEAR	1,506,855	1,687,782
SURPLUS & REVALUATIONS		
Net Surplus / (Deficit) After Tax	7,781	(180,927)
Movements in Revaluation Reserves	<u>18,750</u>	<u>-</u>
Total recognised revenues & expenses	26,531	(180,927)
MEMBERS' FUNDS AT END OF YEAR	<u><u>\$1,533,386</u></u>	<u><u>\$1,506,855</u></u>

The above information must be read in conjunction with the accompanying notes to the financial statements and Independent Auditor's Report.

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Boating Industries Association of New Zealand Incorporated
Balance Sheet
As at 31 December 2015

	2015 \$	2014 \$
EQUITY		
Retained Earnings	1,390,636	1,382,855
Revaluation Reserve	142,750	124,000
TOTAL MEMBERS' FUNDS	<u>\$1,533,386</u>	<u>\$1,506,855</u>
Represented by:		
CURRENT ASSETS		
ANZ	532,009	628,058
Kiwibank	302,579	289,272
Accounts Receivable	402,747	345,810
Prepayments	34,514	40,738
CPC Programme	-	1,809
NZMI Refit Group	18,474	3,548
NZMI Ship & Workboat Group	10,630	7,580
National Boat Show - Advance	7,802	7,802
Inventory	<u>3,358</u>	<u>4,305</u>
Total Current Assets	1,312,113	1,328,922
NONCURRENT ASSETS		
Fixed Assets as per Schedule	472,557	591,778
Investments		
Shares - National Boat Show	50	50
Intangibles		
Trademarks	2,416	1,810
Auckland On The Water Boat Show	<u>318,750</u>	<u>300,000</u>
Total Intangibles	321,166	301,810
Total Non-Current Assets	<u>793,773</u>	<u>893,638</u>
TOTAL ASSETS	<u>2,105,886</u>	<u>2,222,560</u>

The above information must be read in conjunction with the accompanying notes to the financial statements and Independent Auditor's Report.

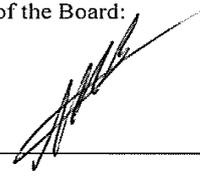
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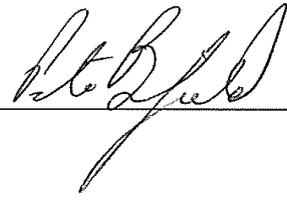
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Boating Industries Association of New Zealand Incorporated
Balance Sheet
As at 31 December 2015

	2015	2014
	\$	\$
CURRENT LIABILITIES		
GST Due for payment	42,962	78,051
Accounts Payable	183,174	322,598
CPC Programme	982	-
Income in Advance	322,368	306,623
Provision for Doubtful Debts	23,014	-
Health & Safety Guide	-	8,433
Total Current Liabilities	<u>572,500</u>	<u>715,705</u>
TOTAL LIABILITIES	<u>572,500</u>	<u>715,705</u>
NET ASSETS	<u><u>\$1,533,386</u></u>	<u><u>\$1,506,855</u></u>

For and on behalf of the Board:

President 

Executive Director 

Date 5TH APRIL 2016

The above information must be read in conjunction with the accompanying notes to the financial statements and Independent Auditor's Report.

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Boating Industries Association of New Zealand Incorporated
Notes to the Financial Statements
For the year ended 31 December 2015

2015 2014
 \$ \$

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These are the financial statements of Boating Industries Association of New Zealand Incorporated (BIA), trading as New Zealand Marine Industry Association (NZMI) and New Zealand Marine & Composites Industry Training Organisation (NZMACITO). BIA is incorporated under the Incorporated Societies Act 1908.

Measurement Base

These financial statements of BIA have been prepared in accordance with generally accepted accounting practice in New Zealand on an historical cost basis, except that certain intangible assets are recorded at valuation.

The information is presented in New Zealand dollars.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

(a) Fixed Assets

Fixed assets are recorded at original cost less an allowance for depreciation.

Depreciation is calculated on the basis of allocating the cost or valuation of assets over their useful lives, on a straight-line basis at the following rates as set by the Executive Committee of BIA:

Boat Show Equipment	3.6 - 30.0%
Leasehold Improvements	5.5 - 50.0%
Office Furniture	6.5 - 80.4%
Office Equipment	2.0 - 80.4%
Motor Vehicles	21.0%
Software	16.6 - 48.0%

(b) Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

(c) Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Inventory comprises promotional stands and materials.

(d) Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

Boating Industries Association of New Zealand Incorporated
Notes to the Financial Statements
For the year ended 31 December 2015

	2015	2014
	\$	\$
(e) Sponsorship and Grants		
Sponsorship and Grants are recognised in operating revenue unless specific conditions are attached and repayment is required where these conditions are not met. In these cases, the sponsorship or grant is treated as a liability until the conditions are met.		
2. AUDIT		
These financial statements have been subject to audit, please refer to the Independent Auditor's Report.		
3. TAXATION		
From 1 July 2005, BIA was granted full income tax exemption under the Income Tax Act 2007, section CW 39.		
4. FIXED ASSETS		
Fixed assets comprise:		
Boat Show Equipment		
At cost	402,593	397,638
Accumulated Depreciation	<u>(132,208)</u>	<u>(117,660)</u>
Book Value	<u>270,385</u>	<u>279,978</u>
Leasehold Improvements		
At cost	408,939	408,939
Accumulated Depreciation	<u>(273,116)</u>	<u>(244,475)</u>
Book Value	<u>135,823</u>	<u>164,464</u>
Office Furniture		
At cost	92,499	92,499
Accumulated Depreciation	<u>(83,890)</u>	<u>(80,593)</u>
Book Value	<u>8,609</u>	<u>11,906</u>
Office Equipment		
At cost	303,503	289,136
Accumulated Depreciation	<u>(257,501)</u>	<u>(216,960)</u>
Book Value	<u>46,002</u>	<u>72,176</u>
Motor Vehicles		
At cost	224,700	234,276
Accumulated Depreciation	<u>(212,962)</u>	<u>(171,022)</u>
Book Value	<u>11,738</u>	<u>63,254</u>
Total Fixed Assets	<u><u>\$472,557</u></u>	<u><u>\$591,778</u></u>

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Boating Industries Association of New Zealand Incorporated
Notes to the Financial Statements
For the year ended 31 December 2015

	2015 \$	2014 \$
5. COMPLIANCE PLATE CODE PROGRAMME		
Compliance Plate Code (CPC) programme is a joint initiative of BIA and the Royal New Zealand Coastguard Federation to establish boat manufacturing safety and building performance standards. BIA administers the programme on behalf of CPC members in a trust capacity. Funds held on behalf of CPC members are included in BIA's cash reserves and offset by a corresponding amount showing in the Balance Sheet as a current liability. Movements for the year were as follows:		
Income	36,102	29,072
Expenses	<u>33,311</u>	<u>32,080</u>
Net Surplus / (Deficit)	2,791	(3,008)
Members' Funds at the start of the year	<u>(1,809)</u>	<u>1,199</u>
Members' Funds at the end of the year	<u><u>\$982</u></u>	<u><u>(\$1,809)</u></u>

6. NZMI REFIT GROUP

BIA administers the programme on behalf of the Group in a trust capacity. Funds have been paid on behalf by BIA and appear in the Balance Sheet as a current asset. Movements for the year were as follows:

Income	44,181	75,700
Expenses	<u>59,107</u>	<u>73,893</u>
Net Surplus / (Deficit)	(14,926)	1,807
Members' Funds at the start of the year	<u>(3,548)</u>	<u>(5,356)</u>
Members' Funds at the end of the period	<u><u>(\$18,474)</u></u>	<u><u>(\$3,548)</u></u>

7. AUCKLAND ON THE WATER BOAT SHOW

BIA owns and thereby controls 100% of the Auckland On The Water Boat Show.

It has been independently revalued based on an indicative valuation dated 11 February 2016, effective 31 December 2015, by RSM New Zealand.

Opening valuation	300,000	300,000
Valuation	<u>318,750</u>	<u>300,000</u>
Change in Valuation	<u><u>\$18,750</u></u>	<u><u>-</u></u>

Valuation effect:

Opening Revaluation Reserve	124,000	124,000
Change in Valuation	<u>18,750</u>	<u>-</u>
Closing Revaluation Reserve	<u><u>\$142,750</u></u>	<u><u>\$124,000</u></u>

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Boating Industries Association of New Zealand Incorporated
Notes to the Financial Statements
For the year ended 31 December 2015

	2015	2014
	\$	\$
8. NZMI SHIP & WORKBOAT GROUP		
The Group's objective is to increase business opportunities for the New Zealand commercial work boat sector. BIA administers the programme on behalf of the Group in a trust capacity. Funds have been paid on behalf by BIA and appear in the Balance Sheet as a current asset. Movements for the year were as follows:-		
Income	11,334	8,833
Expenses	<u>14,384</u>	<u>9,068</u>
Net Surplus / (Deficit)	(3,050)	(235)
Members' funds at the start of the year	<u>(7,580)</u>	<u>(7,345)</u>
Members' funds at the end of the year	<u><u>(\$10,630)</u></u>	<u><u>(\$7,580)</u></u>

9. CAPITAL AND OPERATING LEASE COMMITMENTS

At balance date the capital commitments totalled \$0.00 (2014: \$0.00).

There are operating lease commitments for the building in which BIA is based, located at 85 Westhaven Drive, Auckland. Varying lease terms have been allocated to four separate areas of the building. Upon expiration of each lease term and if the respective area is not to be released, a notice period of between three months and six months will be required from either party to terminate. The period of the lease committed for each area varies from no minimum term to a maximum term ending 30 June 2017. The annual total rent is \$129,500 plus GST.

Period:		
0 - 1 year	32,375	-
1 - 2 years	8,094	-
2 - 5 years	-	-
> 5 years	-	-

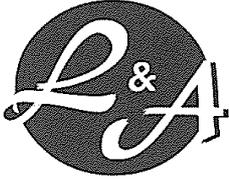
10. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2014: \$0.00). BIA has not granted any securities in respect of liabilities payable by any other party whatsoever.

11. RELATED PARTIES

All related party transactions are invoiced at market rates, no special or reduced rates are provided. Related party transactions comprise exhibition fees, sponsorship, training / administration fees and membership subscription fees charged to Executive Committee members or parties related to those members.

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Lennie & Associates Chartered Accountants

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BOATING INDUSTRIES ASSOCIATION OF NEW ZEALAND INCORPORATED INDEPENDENT AUDITOR'S REPORT

To the members of Boating Industries Association of New Zealand Incorporated

Report on the Financial Statements

We have audited the financial statements of Boating Industries Association of New Zealand Incorporated (BIA) on financial pages 1 to 9, which comprise the balance sheet as at 31 December 2015, and the income statement and statement of movements in members' funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Executive Committee's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, BIA.

Opinion

In our opinion, the financial statements on financial pages 1 to 9 present fairly, in all material respects, the financial position of Boating Industries Association of New Zealand Incorporated as at 31 December 2015, and of its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Report on Other Legal and Regulatory Requirements

In accordance with Rule 15 of the Rules of BIA of 29 June 2005 we have obtained all the information and explanations we have required.

In our opinion proper accounting records have been kept by Boating Industries Association of New Zealand Incorporated as far as appears from an examination of those records.

Lennie & Associates

Lennie & Associates
6 April 2016
Auckland



NZ Marine Industry Association

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