

**The New Zealand Council of the
New Zealand Labour Party Inc**

Special Purpose Financial Statements

31 December 2023



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**Statement of Financial Performance
for the year ended 31 December 2023**


	2023 \$	2022 \$
Income		
Annual Conference Income	83,177	109,517
Broadcast Allocation	1,123,471	-
Donations	4,262,157	2,042,151
Forgiveness of Loan	50,000	30,000
Fundraising income	18,135	182,308
Interest Income	114,547	45,782
Investment Income/(Loss)	48,224	(23,390)
Levies, Membership & Affiliation	749,570	474,280
Promotion Income	79,343	36,305
Sundry Income	20,805	238,690
Total Operating Income	<u>6,549,429</u>	<u>3,135,643</u>
Expenses		
Accounting	7,992	12,770
Annual Conference	59,159	194,014
Audit	54,790	48,300
Bank Charges	30,667	64,187
Broadcast Allocation spending	1,123,471	-
By-Elections	-	79,010
Computer & Software	188,685	159,706
Council & Travel	159,448	186,813
Depreciation	34,221	38,897
Doubtful Debts	7,435	6,000
Employee Remuneration	913,477	790,324
Fundraising	26,846	16,059
General Election	4,328,361	61,475
General	11,495	5,611
Insurance	23,702	25,005
Interest	1,750	4,000
Leased Premises	85,047	12,519
Legal	13,621	47,892
Membership	14,854	5,295
Occupancy	27,064	14,438
Printing, Postage & Stationery	12,424	12,864
Loss on disposal of asset	-	1,108
Promotion	45,883	20,073
Repairs & Maintenance	4,472	19,873
Travel & Related	37,798	47,917
Utilities	7,795	38,523
Website	8,565	8,275
Welfare programme	-	24,926
Write-down of asset value	-	7,991
Total Operating Expenses	<u>7,229,022</u>	<u>1,953,865</u>
Gross (deficit)/surplus before tax	<u>(679,593)</u>	<u>1,181,778</u>
Taxation Expense	6	56,781
Net (deficit)/surplus after tax	<u>(685,837)</u>	<u>1,124,997</u>

The accompanying notes should be read in conjunction with these Special Purpose financial statements

**Statement of Financial Position
as at 31 December 2023**

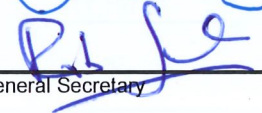
		2023 \$	2022 \$
Current Assets			
Accounts Receivable	2, 4	166,206	101,865
Assets held for resale		3,800	6,200
Cash and Cash Equivalents	4	460,017	845,133
GST Receivable	4	181,345	17,719
Inventory		6,781	4,111
Prepayments		40,367	45,663
Provisional tax paid		-	25,747
Short-term Term Deposits		1,723,170	2,342,050
Taxation receivable FY23	4, 6	31,716	-
		<u>2,613,402</u>	<u>3,388,488</u>
Non-Current Assets			
Assets Held by Third Party (Held on behalf)		473,200	573,200
Fixed Assets	3	150,401	179,456
Investment Funds	4	666,710	603,742
Receivable - LPP Ltd	4, 8	331,746	239,091
Term Deposits	4	250,000	-
		<u>1,872,057</u>	<u>1,595,489</u>
Total Assets		4,485,459	4,983,977
Current Liabilities			
Accounts Payable		40,682	113,706
Accruals and Other Payables		83,173	177,768
Employee Entitlements		161,860	120,243
Funds held on behalf of Labour Entities	8	456,699	396,863
GST Payable		4,281	-
Loans from LECs and Branches	4, 5	-	85,000
Loans from external entities		816	-
Property Sale Proceeds (Held on behalf)	8	1,006,359	527,132
Taxation Payable FY22	6	8,390	54,229
		<u>1,762,260</u>	<u>1,474,941</u>
Total Liabilities		1,762,260	1,474,941
Net Assets		<u>2,723,199</u>	<u>3,509,036</u>
Equity			
Accumulated Funds		2,436,208	3,122,045
Asset Revaluation Reserve		286,991	386,991
		<u>2,723,199</u>	<u>3,509,036</u>

For and on behalf of the New Zealand Council of the New Zealand Labour Party by:



President

Date: date to file with EC is 30/6/24 but thru



General Secretary

Date: 22-6-24

The accompanying notes should be read in conjunction with these Special Purpose financial statements

**Statement of Movements in Equity
for the year ended 31 December 2023**

	2023	2022
	\$	\$
Opening Accumulated Funds	3,122,045	1,997,048
Net Surplus/(Deficit) for the year	<u>(685,837)</u>	<u>1,124,997</u>
	<u>2,436,208</u>	<u>3,122,045</u>
Opening Revaluation Reserve	386,991	426,991
Revaluation during the year	<u>(100,000)</u>	<u>(40,000)</u>
	<u>286,991</u>	<u>386,991</u>
Total Equity Reserves	<u>2,723,199</u>	<u>3,509,036</u>

The accompanying notes should be read in conjunction with these Special Purpose financial statements

Notes to the Special Purpose Financial Statements for the year ended 31 December 2023

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The reporting entity is the New Zealand Council of the New Zealand Labour Party (the Council). These special purpose financial statements cover the activities of the New Zealand Council Head Office only. These special purpose financial statements do not include Labour Party Properties Limited, Labour Party Properties Inc, Labour Electorate Committees (LECs) or Branches of the Council, with the exception of certain tax balances as described within the accounting policies set out below.

The special purpose financial report was authorised for issue by the Council in accordance with a resolution dated 22 June 2024.

Basis of Preparation

The financial statements of the Council are special purpose and have been prepared in accordance with the accounting policies set out below. The New Zealand Labour Party Constitution and Rules 2016 require the Council to carry out an audit of their financial statements.

The accounting policies have been applied in respect to the preparation of these special purpose financial statement are set out below. There have been no changes in accounting policies during the year.

Measurement Base

The financial statements have been prepared on the historical cost basis, except for the revaluation of assets held by a third party, which has been valued as identified in a specific accounting policy below. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

Comparative Figures

Certain comparative figures have been reclassified to align with current year presentation.

Particular Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Council.

(a) Trade and Other Receivables

Trade and other receivable are recognised initially at fair value, less an allowance for any uncollectable amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

(b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost or fair valuation less accumulated depreciation and accumulated impairment losses.

Depreciation has been calculated using the maximum rates permitted by the Inland Revenue as follows:

Computer Equipment	20% - 50%	Straight Line & Diminishing Value
Intangible (Software)	16.67%	Straight Line
Fraser House Renovations	5% - 25%	Diminishing Value
Motor Vehicles	25%	Diminishing Value
Office Equipment	20% - 26.4%	Straight Line & Diminishing Value

Notes to the Special Purpose Financial Statements for the year ended 31 December 2023

Items of property, plant and equipment are capitalised which meet the capitalisation criteria, i.e. assets expected to provide benefit over one year, and exclude any items of routine repairs and maintenance in nature.

At each reporting the Council assesses whether there is an indication that an asset may be impaired. If there is an indication of impairment the carrying value of assets are adjusted to the recoverable amount.

(d) Revenue

Revenue is measured at the fair value of consideration received or receivable, and is recognised on the following

Levy Income

Levy income is recognised in the period levies are struck. Levies received which relate to the next period are considered as income in advance.

MP Contributions

MP Contributions are recognised in the period to which they relate on an accrual basis.

Donations

Donations including those recognised as Victory for Labour are recognised fully in the period it is received.

Fundraising Income

Fundraising income, which includes General Elections Revenues, Leadership revenues, By-Election revenues and appeal income are recognised fully in the period it is received.

Interest Income

Interest income is recognised as it accrues, using the effective interest method.

Affiliation Fees

Affiliation fees are recognised on an accruals basis.

Annual Conference

Conference income is recognised on an accrual basis when an invoice has been issued.

Membership Fees

Membership subscriptions are recognised fully in the period they are received.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis.

(f) Employee Entitlements

Employee entitlements to salaries and wages, annual leave and other benefits are recognised when they accrue to employees.

(g) Goods and Services Tax

With the exception of trade payables and trade receivables, all items are stated exclusive of Goods and Services Tax.

(h) Income Tax

The income tax expense recognised for the year is the estimated liability for the New Zealand Council of the New Zealand Labour Party including the Labour Electorate Committees, Branches and other entities.

(i) Operating Leases

Operating lease payments are recognised as an expense in the period the amounts are payable.

**Notes to the Special Purpose Financial Statements
for the year ended 31 December 2023**

(j) Assets held by third party (held on behalf)

Assets held by third party include land and buildings owned by Labour Party Properties Inc., which the New Zealand Council of the New Zealand Labour Party have the right of use to for an indefinite period. While the assets are legally owned by Labour Party Properties Inc., they are held on trust with the ultimate beneficial owner being the New Zealand Council of the New Zealand Labour Party. As a result the financial statements recognise the asset on this basis, consistent with the value in Labour Party Properties Inc.'s financial records.

(k) Financial Assets and Liabilities

When a financial asset or financial liability is recognised initially, it is measured at its original cost.

Subsequently the financial liability is measured at amortised cost.

Financial assets are also measured at amortised cost unless there is objective evidence of impairment in which case the asset is recognised net of impairment.

2 ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Accrued Income	49,951	56,535
Trade Receivables	143,990	65,629
Allowance for Doubtful Debts	(27,735)	(20,299)
	<u>166,206</u>	<u>101,865</u>

3 FIXED ASSETS

2023	Cost / Valuation \$	Depreciation Expense \$	Accumulated Depreciation \$	Book Value \$
Computer Hardware	40,283	6,146	30,110	10,173
Computer Software	95,949	15,991	47,975	47,974
Fraser House Renovations	125,080	8,087	50,747	74,333
Office Equipment	38,332	3,997	20,411	17,921
TOTAL	<u>299,644</u>	<u>34,221</u>	<u>149,243</u>	<u>150,401</u>

2022	Cost / Valuation \$	Depreciation Expense \$	Accumulated Depreciation \$	Book Value \$
Computer Hardware	37,517	5,953	23,964	13,553
Computer Software	95,949	15,991	31,983	63,966
Fraser House Renovations	125,080	10,841	42,660	82,420
Office Equipment	35,931	6,112	16,414	19,517
TOTAL	<u>294,477</u>	<u>38,897</u>	<u>115,021</u>	<u>179,456</u>

**Notes to the Special Purpose Financial Statements
for the year ended 31 December 2023**

4 FINANCIAL INSTRUMENTS

2023	Amortised Cost \$	Fair value \$
Cash and short-term deposits	2,183,187	-
Investments	-	666,710
Loans from other Labour entities	-	-
Receivable LPP Ltd	331,746	-
Term deposits	250,000	-
Trade and other receivables	379,267	-
TOTAL	3,144,200	666,710

2022	Amortised Cost \$	Fair value \$
Cash and short-term deposits	3,187,183	-
Investments	-	603,742
Loans from other Labour entities	(85,000)	-
Receivable LPP Ltd	239,091	-
Term deposits	-	-
Trade and other receivables	340,956	-
TOTAL	3,682,230	603,742

5 LOANS FROM RELATED PARTIES (BRANCHES)

Loans are held by several related party organisations to the New Zealand Council. Interest is charged on these loans.

Related Party debts of \$35,000 (2022: \$13,000) have been repaid during 2023, and \$50,000 (2022: \$30,000) forgiven.

	2023 \$	2022 \$
Non-Current	-	85,000
Total Related Party Loans	-	85,000

6 TAXATION PAYABLE

This is the taxation calculation for the New Zealand Labour Party including Labour Electorate Committees and Branches.

	2023 \$	2022 \$
Net Assessable Income	42,279	197,180
Less: Non-profit organisation Deduction	(1,000)	(1,000)
	41,279	196,180
 Taxation Expense (incorporated society rates)	 6,244	 56,630
Less Provisional Tax Paid	(37,960)	(45,688)
Tax (Refund Due)/Payable	(31,716)	8,390

Notes to the Special Purpose Financial Statements for the year ended 31 December 2023

7 OPERATING LEASE COMMITMENTS

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	2023	2022
	\$	\$
Not later than one year	8,280	8,280
Later than one and not later than five years	10,350	18,630
Later than five years	-	-
Total	<u>18,630</u>	<u>26,910</u>

8 RELATED PARTY INFORMATION

Ultimate Controlling Party

The New Zealand Council of the New Zealand Labour Party is the supreme governing body of the Party.

Related party transactions

The Council has had transactions during the year with the following related parties:

Labour Party Properties Ltd. The following balances are held at year end:

Receivables: **331,746** (2022: 239,091) which includes \$12,000 management fee each year.

Labour Constituent organisations, including 72 electorate committees, branches, sectors et al that represent the membership in New Zealand. The following balances are held at year end:

Receivables: **-1,917** (2022: -43,873)

Loans Payable: **0** (2022: -85,000)

Other Payables: **-2,062** (2022: -2,134)

Property Sale Proceeds held for LECs: **-586,198** (2022: -527,132)

Liability of Money held on behalf: **-456,699** (2022: -396,863)

9 PROPERTY SECURITIES

Ricoh New Zealand Limited holds a property security over an asset of the Council. (2022: Ricoh New Zealand Limited)

10 COMMITMENTS AND CONTINGENCIES

There are no commitments in the year (2022: \$0).

The BNZ guarantee that was held in relation to a mortgage that was previously repaid was discharged during 2023.

11 SUBSEQUENT EVENTS

The following adjusting event occurred between the reporting date and the date of authorisation of these financial statements (2022: Nil).

Since balance date, LPP Inc signed an agreement for the sale of Fraser House, currently held on behalf for NZLP.

The sale price is considered representative of the building's value as at 31 December 2023 and resulted in a decrease in the building's fair value of \$100,000.

Independent Auditor's Report

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To the Members of the New Zealand Council of the New Zealand Labour Party

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the special purpose financial statements of the New Zealand Council of the New Zealand Labour Party (the "Labour Party") which comprise the statement of financial position as at 31 December 2023, and the statement of financial performance, and statement of movements in equity for the year then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the New Zealand Council of the New Zealand Labour Party as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with Accounting Policies set out in the notes to the financial statements (Note 1).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Labour Party in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for the Labour Party in the area of compliance reporting in respect to donation and election expenses returns. The firm has no other relationship with, or interest in, the Labour Party.

Emphasis of Matter

We draw attention to Note 1 of the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared in accordance with the accounting policies set out within the financial statements and, therefore, may not be suitable for another purpose. Our report is intended solely for the Labour Party and should not be distributed to or used by parties other than the Labour Party. Our Opinion is not modified in respect of this matter.

Councils' Responsibilities for the Special Purpose Financial Statements

The Council is responsible on behalf of the Labour Party for the preparation and fair presentation of these special purpose financial statements in accordance with Accounting Policies set out in Note 1 and for such internal control as those charged with governance determine is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, those charged with governance on behalf of the entity are responsible for assessing the Labour Party's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Labour Party or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-8/>

Restriction on use of our report

This report is made solely to the members of the Labour Party, as a body. Our audit work has been undertaken so that we might state to the members, those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Labour Party and its members, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



B R Smith
Partner
Wellington

26 June 2024