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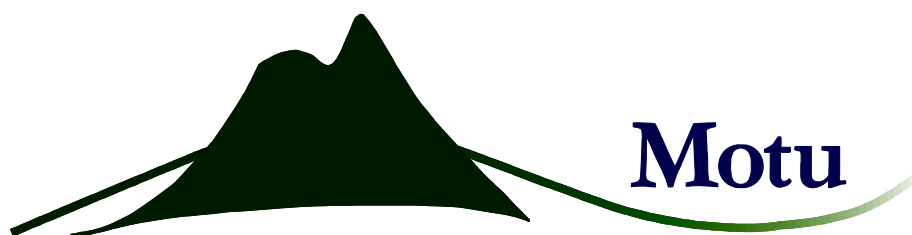
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## **Using Poutama Trust's Data to Evaluate the Success of Poutama's Assistance to Māori Businesses**

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Jason Mika, Eru Pomare and Storm Savage each contributed to this research while working as interns at Motu Economic and Public Policy Research.

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# Contents

|                                                                                          |    |
|------------------------------------------------------------------------------------------|----|
| Foreword.....                                                                            | 3  |
| 1. Introduction.....                                                                     | 4  |
| 2. About Poutama Trust .....                                                             | 4  |
| 2.1. Background .....                                                                    | 4  |
| 2.2. Services .....                                                                      | 5  |
| 2.3. Criteria for assistance.....                                                        | 6  |
| 3. Poutama Trust database.....                                                           | 6  |
| 4. Evaluating enterprise assistance.....                                                 | 8  |
| 4.1. Best practice evaluation of enterprise assistance: “Six steps to heaven”.....       | 8  |
| 4.2. Evaluating enterprise performance in New Zealand: Morris and Stevens (2010) ..      | 9  |
| 5. Assessing the efficacy of using Poutama Trust’s database for evaluative research..... | 10 |
| 5.1. Poutama Trust data.....                                                             | 10 |
| 5.2. Deriving financial information from the IR10 form.....                              | 14 |
| 6. Success factors for Poutama Trust grant recipients .....                              | 17 |
| 6.1. Introduction .....                                                                  | 17 |
| 6.2. Empirical approach.....                                                             | 18 |
| 6.3. Results .....                                                                       | 20 |
| 7. Conclusions and Recommendations.....                                                  | 22 |
| References .....                                                                         | 23 |
| Appendix.....                                                                            | 24 |
| IR10 Tax Form .....                                                                      | 28 |

## Foreword

Motu Economic and Public Policy Research (Motu) has worked with Poutama Trust over 2013-2016 to analyse the use of Poutama's data in evaluating the effectiveness of Poutama's grant assistance for its business clients. Motu employed Jason Mika as an intern from August to December 2013 to initiate work on this project with Motu senior fellow Arthur Grimes. During this period, Jason investigated the potential research use of Poutama Trust's database on the grants it has distributed to small Maori businesses. He completed this investigation and made recommendations on potential future investigations to be conducted by interns over subsequent summers.

In the 2014/15 summer, intern Storm Savage wrote a report detailing certain success factors for Poutama Trust grant recipients. Storm conducted an empirical analysis on some of the key firm characteristics within the Poutama database. From her analysis we discovered that firm size (proxied by number of employees), and a firm's ownership structure, had significant effects on the measured success of Poutama grant recipients.

In the 2015/16 summer, intern Eru Pomare conducted a further analysis of the financial data held within the Poutama database (access to the entirety of Poutama's client financial data off-site in an accessible form proved difficult). Eru extended Jason's work by investigating further the research potential of the Poutama database, looking in particular at the quality of the financial data that it contains. This work has resulted in recommendations for potential improvements in the gathering of financial data from clients.

This report brings together the work of all three interns over 2013-2016 in a single document that contains the key findings from all three projects. We thank Poutama Trust, and particularly Vonese Walker, for their assistance in producing this report.

# **1. Introduction**

Poutama Trust is a charitable trust that assists the growth of Māori businesses. We examine the use of Poutama's data for evaluating the effectiveness of Poutama's grants in helping the business clients to prosper. In the next section, we briefly outline what Poutama Trust is, and the services that it provides. Section three describes the different components of Poutama's online database, and how it has changed over the years. The fourth section discusses related literature on enterprise assistance policy evaluation that is relevant to Poutama Trust. The fifth section contains an assessment of the client financial data that is contained within the Poutama online database, and gives some recommendations on how it could be improved for the purposes of assistance evaluation. Section six contains an assessment of some firm specific factors that might indicate whether a Poutama client will be successful following receipt of a grant. The final section contains a conclusion and some recommendations.

## **2. About Poutama Trust**

### **2.1. Background**

Poutama Trust was established as a charitable trust in 1988 for the purpose of promoting Māori enterprise development. Poutama primarily offers business grants and advisory services for existing small Māori businesses nationwide. Along with Māori Women's Development Incorporated (MWDI), Poutama is one of the few long-standing formal providers of financial assistance to Māori enterprises outside of traditional sources such as the banks. Poutama's assistance is funded from investment income generated from a capital fund originally contributed by Government and Māori.

Poutama's residual connection with government is a provision in the trust deed for the Minister for Māori Development to appoint (and remove) Poutama trustees, a legacy of the government's original contribution of the capital fund upon which Poutama was founded. As an independent charity, Poutama operates with limited bureaucratic interaction, allowing it to provide services as it sees fit.

## 2.2. Services

Poutama currently provides a range of different services. These services include: business advice and planning services; the distribution of financial support through a range of investment grants; and facilitation of business networks between like-firms or ‘clustering’.

Poutama’s business advisory service is conducted by its business advisors, who travel the country to meet with clients. Each business advisor has a region or area in which they operate, servicing the clients in that particular region. Business advisors give clients advice on how to plan for business growth, and refer them to other business facilitation services that are available. The business advisors take clients through the application process if the client appears eligible, and are also the primary evaluators of applications for Poutama’s investment grants.

Perhaps Poutama’s most well-known function is its distribution of grants for investment activities. Grant funding assistance comes in three main categories:

- (i) Putea Kimihia (business investigation), which enables businesses to explore and develop innovative ideas, or new market opportunities;
- (ii) Putea Tipuranga (business growth), which enables businesses to purchase services or capital goods that will help the business grow;
- (iii) Putea Whakaaro (business training), which enables an existing business to gain relevant skills and management support through short courses and expert advice.

All grants provided by Poutama are for 50% of the total cost of investment, up to \$10,000 per year. Client firms generally have access to a lifetime funding limit of \$60,000 although there are some instances where these funding limits have been exceeded where Poutama judges it to be appropriate.

Based on the principle of whanaungatanga, Poutama actively facilitates information-sharing and collaboration among like Māori enterprises. This ‘clustering’ of Māori enterprises is a service that has gained emphasis within Poutama in recent years, due to the positive results and feedback from the enterprises involved. Some of the main purposes of these clusters are to: gain recognition in large markets that would be difficult for the individual firms to enter without support; gain value from a shared marketing platform; utilise each other’s knowledge, experience, and business networks; and to support and help smaller enterprises grow through knowledge-sharing and mentorships.

### **2.3. Criteria for assistance**

The criteria for assistance act as a filtering and rationing mechanism to allocate the limited available grant assistance. The primary criteria for eligibility are that enterprises must:

- (i) have 50% or more Māori ownership;
- (ii) have been trading for at least 12 months;
- (iii) achieve annual revenues of \$60,000 or more;
- (iv) be able to supply annual accounts for the last year or since the business commenced; and
- (v) demonstrate access to funds to cover 50% of the cost of the items for which the grant funding is sought (as the grants match an applicant's funds dollar-for-dollar up to \$10,000 in any given year).

This means that successful applicants ('treated firms') who are awarded and utilise the provision of grant assistance mostly comprise existing Māori small and medium sized enterprises (rather than pre-start-up or new enterprises), that have some access to alternative sources of capital.

Poutama has very few unsuccessful applications on record. The business analysts at Poutama work with many of the firms prior to the application process so if a firm is not likely to receive a grant they will tend not to submit an application or else they will withdraw their application. As a result of this feature, we have very few firms that apply but that do not receive a grant (i.e. 'untreated firms') in the Poutama dataset, and have very limited information on these untreated firms.

## **3. Poutama Trust database**

There are 1,815 records available on the online database. Each of the individual records represents an application for a grant. They contain a range of potentially useful data; however, often not all fields in each application are filled out.

Each online record contains several different sections. The majority of these sections contain information provided from the applicant, the rest containing analysis by the responsible business advisor.

The different sections are as follows:

- Investment details: Briefly describes the business, and outlines the investment activity for which the grant is sought, including the quoted prices from suppliers.
- Business development: Details the ownership of the business and key management personnel. Summarises the current market situation and outlines how the investment will allow the business to become more profitable/efficient.
- Financial information: Contains a summary of some key financial figures that are taken from the client's annual accounts and entered into the database by the business advisor. The database then automatically calculates a set of financial ratios from the finance summary, which the business advisor then comments on.
- Business approach: Emphasises the firm's approach to export markets, research and development plans, and its innovation focus. It lists, if any, government support programs that have been used by the business, and outlines the client's views on what the importance of being Māori has on the approach of the business.
- Repeat general information: Information on how the last grant from Poutama helped the business, and outlines changes in staff numbers and whether the business has grown. Note that this section is only filled out if the applicant has received a grant previously.
- Repeat financial information: Includes estimated percentage changes in turnover, income, market share, profitability, and expenses. This section is also only for returning applicants.
- Key Questions: A part of the business approach section, filled out by the Poutama business advisor. The advisor gives their opinion on how sustainable the business is and what might occur if it were not to receive the grant. The advisor also gives their opinion on the quality of the business plan provided.
- Application summary: The business advisor summarises all points.
- Recommendation: Summarises the investment and gives a recommendation on whether it should be approved. At the end of the record it shows who the business advisor is/was and the approval status of the application with dates.

Other components of the application, such as the attached business plan and annual accounts, are not available through the online database. These documents are either stored within an internal database at Poutama, or at an offsite storage facility.

Over the years, Poutama has trialled some additional features within their information systems. The two most notable in recent years are the 'client follow-up process' and 'Analysis One'. The client follow-up process was a system where a business advisor would follow-up on a client's performance in the six to 12 months following the distribution of their grant, to monitor progress. They found that this process produced some useful information about firm performance that was not previously known, and that was useful for evaluation. The issue with the client follow-up process is that it is time-intensive and this time is at the cost of time spent



with new clients. The other feature, Analysis One, is a business intelligence software package offered by Crowe Horwath. The software is capable of conducting complex and comprehensive financial analysis of a firm.<sup>1</sup> For Poutama staff to use Analysis One themselves would require extensive training, again competing for their constrained time. For this reason, Analysis One has not been further implemented within the Poutama database.

## **4. Evaluating enterprise assistance**

### **4.1. Best practice evaluation of enterprise assistance: “Six steps to heaven”**

In a paper analysing methods of evaluating small and medium enterprise (SME) policy and enterprise assistance in developed countries, Storey (1998) outlines six stages of evaluation. Storey describes steps one to three as “monitoring” whereas steps four to six are considered “evaluation.” The difference is that the analytical rigour applied from steps four to six becomes successively more scientific and objective.

Step six is considered “best practice” insofar as enterprise policy evaluation is concerned. Storey argues a critical pre-condition for evaluation is the specification of SME policy and targets (i.e., measureable aims), which often must be inferred from policy because objectives are rarely specified (Storey, 1994). Without objectives and measures, only monitoring is possible.

Unlike steps one to three, which assess the value of enterprise policy on the basis of recipient uptake and perceptions, steps four to six involve comparison with other assisted and non-assisted firms, as well as accounting for “selection bias”. Not taking into account selection bias has been shown to materially inflate the impact of enterprise assistance policy.

The ideal for Poutama Trust would be to conduct evaluation research using the methods Storey identifies as best practice. This would be important not only in terms of knowing the impact of Poutama Trust’s assistance for Māori enterprises but also whether such evaluation methods are appropriate, effective and accurate in assessing the value of enterprise assistance for Māori.

The problem with any monitoring and evaluation is that it can be expensive and time consuming. It is possible to reduce these costs by collecting a good volume of quality data. By

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<sup>1</sup> When Poutama was using Analysis One, the analytics were conducted by Crowe Horwath consultant, Heta Hudson, who ran all the models and provided Poutama with interpretations.

having the appropriate data for answering a specified research question, it makes it easier and more cost effective to produce good evaluative analysis. The sorts of data that should be collected and efficient ways of collecting that data will be discussed later in this report.

Some of the key considerations for a 'six step' evaluation might include:

1. Establishing a group of participating enterprises to evaluate (grant recipients);
2. Defining and establishing a control group of matched (i.e. similar) enterprises;
3. Interviewing firms in both groups on awareness, uptake, and value of assistance (steps 1-3). This sort of monitoring is akin to the survey based research that was conducted by Battisti (2007) on participant views and experiences of Poutama Trust services.
4. Collecting relevant data on the business characteristics that are of interest and enterprise performance over time; and
5. Analysing data to produce evaluations.

## **4.2. Evaluating enterprise performance in New Zealand: Morris and Stevens (2010)**

Few enterprise policy evaluations apply the kinds of statistical techniques Storey (1998) describes as best practice often because of difficulties obtaining data. One of the first to do so in New Zealand is a study by Morris and Stevens (2010). In their study, Morris and Stevens compared the performance of firms that received government support targeting high growth enterprises with those that did not receive assistance (the control group). The study used several econometric techniques to measure net economic benefits (i.e. benefits relative to scheme costs). They overcame the problem of access to data by drawing on the Longitudinal Business Database (LBD). The LBD comprises approximately 700,000 distinct firms and includes participation data for all support programmes administered by New Zealand Trade & Enterprise (NZTE), Foundation for Research, Science and Technology (FRST) and Te Puni Kōkiri (TPK) (Morris & Stevens, 2010).

One of the problems with evaluating enterprise assistance is the inability to observe what would have happened to enterprises that did not participate in assistance. This unobserved outcome is called the 'counterfactual'. Another imperative in evaluation is to compare "like with like," that is to say, ensuring participating and nonparticipating enterprises are similar in character before comparisons can be drawn. Morris and Stevens (2010, p. 34) apply the method of propensity score matching. Propensity score matching tries to ensure enterprises that received assistance and those that did not are similar in character. Treated and untreated enterprises are then grouped into strata with similar propensities of being treated. The effect of the enterprise

assistance is estimated by comparing the difference in outcomes (i.e., income, valued added and productivity) between treated and untreated enterprises.

The results of their analysis show that “treatment effects translate to \$102,000 higher sales, \$34,100 higher value-added and \$3,400 per worker higher productivity” for high growth enterprise assistance recipients compared to similar enterprises that did not receive assistance. They also estimate value for money of the assistance at 134-203% of value added by participating enterprises compared to costs (grants plus delivery costs) (Morris & Stevens, 2010).

The Morris & Stevens study illustrates that sophisticated evaluation techniques are possible using New Zealand’s official business statistics, and provide statistically robust estimates of the value and impact of government enterprise assistance. The methods do, however, rely on access to quality data such as the LBD, which is not always straight-forward to obtain. For research to be conducted on Poutama grant recipients using the LBD, the data that Poutama holds would have to be collected in a way that is consistent with LBD protocols.

Although the LBD provides good benchmarking for economically significant enterprises, it does not identify specific Māori enterprises (except those with Māori Authority tax codes). This means that research using the LBD would have to use businesses with similar statistical properties, which are not necessarily Māori, as a control group. This would be basing the evaluation on the assumption that Māori-firm performance is comparable to a national standard of general-firm performance, which is not necessarily true, but would nevertheless be useful for analysing Poutama clients within the framework of firm profit maximisation.

## **5. Assessing the efficacy of using Poutama Trust’s database for evaluative research**

### **5.1. Poutama Trust data**

The value of the data contained in the Poutama database can only be determined once a specific research objective has been established. Due to the nature of Poutama investment grants, and their emphasis on developing markets and increasing profitability, it is reasonable to consider that an evaluation of clients’ financial performance is a potential research objective for Poutama Trust. With this objective in mind, we have made an assessment of the client financial data contained within the Poutama online database.

In our assessment we had access to the online database, where we could look at the financial summaries contained in each application, on an application-by-application basis. We also had a spreadsheet that was provided in 2014, that held the financial variables 'gross profit margin', 'net profit margin', and 'net profit', for applications up until late 2014. The assessments we made are based on this data.

Financial data from annual accounts can be useful for evaluative research. However, it is important to take caution when using financial data to measure impacts, as it is often difficult to compare financial data from different periods or between firms. This is due to several reasons, the most prominent being that the magnitude of financial figures will vary across firms and in the same firm over time.

Naturally, financial data will vary in magnitude between firms of differing sizes, to the point where it can be difficult to make evaluations using raw data due to a lack of comparability. Some simple techniques have been developed to control for these differences in magnitude in order to increase comparability between firms. One such technique is the use of financial ratios, which has become common practice in financial analysis. Financial ratio analysis is the practice of looking at one financial figure as a ratio of another, e.g., income relative to total assets is known as 'return on assets'. Analysing ratios instead of absolute figures works as a control for firm size, which enhances comparability. Another reason financial ratios are analysed is because they show the relationship between different aspects of a firm, which can provide insights into the firm's efficiency, profitability, and other features of firm performance that the single figures cannot explain by themselves.

The most important feature of financial ratios is their comparability. This is the reason financial ratio analysis is used. Without comparability, there is very little evaluative value in financial ratios. When financial ratios are analysed, they are compared to both: (i) financial ratios for the same firm; and (ii) the same ratios that have been calculated from similar businesses' annual accounts, e.g., similar firms, or industry benchmarks. For financial ratios to be analysed, they must be compared to some benchmark (e.g. one that is taken from the industry or one that is derived from previous performance within a single firm). For financial data to be comparable, it needs to be collected in a way that is consistent. The ratios must be calculated using like information from each of the annual accounts in question, and collected using the same methods each time.

During our investigation, we found that some of the applicant financial data has been recorded in a way that can produce misleading financial ratios if used without care when

analysing a client-firm. This raises issues about the consistency of the protocols for reporting financial data within the Poutama online database. The most likely causes for error or inconsistency in the reporting of financial data are the use of incorrect totals from the annual financial statements, or differences in the nature of accounts that make up these totals in the reports from different firms. The risk of this is high, as there is substantial variation in the way that financial information is reported between firms, especially amongst small-to-medium sized firms that are eligible for reduced disclosure requirements under the New Zealand accounting framework. This affects the way that financial ratios are calculated, as variations in reporting practices can mean that the same totals in different firms' annual accounts contain different types of information, especially within a firm's income statement.

The primary inconsistencies that we found within Poutama's client financial data were in the profitability ratios. There are multiple cases where the gross profit margin<sup>2</sup> and the net profit margin<sup>3</sup> are greater than 100%. This is generally because the figure that is used for gross profit or net profit includes many different types of income, such as government grants, or equity transfers. When these figures are added together they are sometimes larger than the figure (which may also be inaccurate) that they are being divided by. A way to stop this problem would be to have more data entry points within the online database for different types of income, so that more precise ratios could be derived. If the different types of income are separated, it allows the analyst to derive a more specific and comparable definition for income and a more specific financial ratio to analyse. For example, by isolating a figure for pure operating income, that excludes any other type of income, it will likely produce a more consistent gross profit ratio.

Which totals are used to derive financial ratios is a matter of preference, and depends on which aspect of firm performance one wishes to analyse. It is important to only match ratios with other ratios that have been calculated using the same formula and that are derived from the same type of accounts. This is more easily achieved if there are several different types of profit specified in the database, so analysts can choose which aspects they wish to analyse.

One of the main issues with the financial data from Poutama's database is the lack of data for each firm over time. When analysing financial data in an attempt to evaluate a firm's performance, it is very useful to have data from several consecutive reporting periods. This is even more important when looking to evaluate the effect of some intervention, such as a grant from Poutama Trust. By having data for consecutive periods, the analyst is able to visualise

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<sup>2</sup> Gross profit margin (GPM) = gross profit/revenue

<sup>3</sup> Net profit margin (NPM) = net profit/revenue

incremental changes over time, and to see the effects of an intervention, such as a Poutama grant. In particular, when attempting to analyse how a single firm's performance changes after it has been "treated", in this case with financial assistance from Poutama, one must analyse performance results from before and after the treatment. This means the analyst must have data for the firm from before the treatment period, and have follow up data for several subsequent periods, so the analyst can attempt to evaluate additionality. When there is just a single piece of financial information without context, it is difficult to derive any insights on changes in the firm's performance that are due to the assistance.

Assessing additionality is difficult without having good data on a group of similar subjects that have not received treatment (control group). Observing the difference between the performance of a group of treated and untreated firms is the best way to assess the additionality created by the treatment. A potential control group could be created if Poutama were to collect the data of firms whose applications had been denied, on an ongoing basis. This would mean collecting data from the firm in the years subsequent to the application denial. However, this potential control group could suffer from the bias that the firms that are denied are less likely to be successful or experience growth, making it difficult to assess whether the differences in firm performance are from the grants received by the treatment group, or just because these firms were in a better financial state than the denied applicants before the grants were distributed.

Another possible control group could be taken from the general population of firms in New Zealand. Statistics New Zealand maintains a comprehensive business database called the New Zealand Longitudinal Business Database (LBD), which contains financial information collected from IRD tax returns. A group of like firms from this database could be matched and compared to the firms receiving assistance from Poutama. This could potentially produce useful evaluative research, assessing the additionality created by Poutama grants. In order for Poutama firms to be matched to the LBD, the data that Poutama holds would have to be collected in a way that is consistent with the LBD data collection methods.

The financial data contained in the LBD is collected from IRD tax records. Each year, all businesses must file tax returns, which requires them to attach a copy of their annual financial statements, or to fill out an IR10; a summary form of their annual financial statements. The IR10 form, a copy of which is attached to this report, is a fill-in-the-box type format which asks the user to enter various totals from their annual financial accounts. It is a simple system that is used by all types of firms throughout New Zealand, and the data that it produces is comprehensive and consistent. This enables analysts to evaluate policy and funding interventions using the LBD's firm level financial data (e.g. Morris and Stevens 2015).

It would be valuable to explore the possibility of altering the Poutama database to be consistent with the data contained within the IR10. It would mean a substantial increase in the amount of financial data recorded by Poutama, which could lead to the calculation of more appropriate financial information for decision making. It would also mean that the financial data that Poutama holds would be consistent with corresponding financial data in the LBD. This is potentially very valuable, if Poutama were to attempt to evaluate the additionality of the financial assistance it provides, by using matched firms from the LBD as a control group.

Importantly, the collection of IR10 tax data from clients could be done without either Poutama or its clients incurring much extra workload (or possibly even with reduced workload) as client-firms are required by law to file tax returns on an annual basis. Poutama could ask its clients to commit to handing in copies of their tax returns to Poutama each year when those clients are submitting them to IRD. If this was done for two or three years after a client's last grant, as well as Poutama collecting the same data from up to three years before the application was made, it would create a rich dataset that is comparable to outside data, enabling thorough evaluation of effectiveness.

## **5.2. Deriving financial information from the IR10 form**

Having the financial data contained within the IR10 form for each of the Poutama clients would allow for the calculation of many different types of financial ratios. It would also allow for the exclusion of certain parts of the financial statements that might obscure the information that is calculated in the financial ratios, e.g. it would enable exclusion of certain types of income from an income total. Also, it would be possible to derive a range of other financial information. For example, the analyst is able to calculate "earnings before interest, tax, depreciation and amortization (EBITDA)", which can be used as an indicator of a firm's operational cash flow. Using the EBITDA figure as a measure of income allows for the calculation of financial ratios that can be more appropriate for analysis in some circumstances than those ratios that are calculated using standard accounting income. Once the desired methods for calculation have been established, they can be applied to like firms within the LBD to produce corresponding financial ratios and industry benchmarks. Consistency would be easily achieved by establishing a certain formula that could be easily communicated between users and applied each time. For example, for gross profit margin the analyst can take the Gross Profit figure from box number six in the IR10 form, and divide it by the Gross Income figure in box number two.

Many of the financial ratios derived from the IR10 for analysis would be similar to those already employed by Poutama, the difference being an improvement in consistency and the resulting comparability. Additional components of the financial accounts available within the database would give Poutama staff the flexibility to analyse many different aspects of its clients' firms. The same ratios being used currently within the Poutama database could be calculated with more accuracy, and additional ratios could be calculated that better portray the business characteristics that Poutama is most interested in. Having more information available within the database also allows for an outside analyst (not the client's business advisor) to better understand the financial state of each firm.

The IR10 in general is not a comprehensive source of financial information. It is a summary form that is designed to be convenient for the collection of financial data for statistical purposes. The IR10 provides data that is useful for aggregating and analysing groups of firms' performances, but lacks additional detail that may be useful to conduct a comprehensive financial analysis of a single firm. Comprehensive financial analysis of a single firm requires an analyst to look at all available financial information over several periods, and also at other non-financial factors that have influence. Poutama has had experience with this sort of comprehensive analysis when they were applying the Analysis-One software provided by Crowe Horwath, though this process was subsequently found to be too time consuming. What we suggest is something of a middle ground; relatively inexpensive improvement of data quality, with the ability to produce statistics that are of a similar quality to those produced within the New Zealand Government. The main advantage that using the IR10 for recording financial data has over Poutama's current system is that it helps to identify features of the annual accounts more accurately and be consistent with data in the LBD, allowing for high quality evaluation of programme effectiveness.

Financial ratios that resemble information currently being used in the Poutama database, and which could be calculated using the IR10 form include:

- Gross Profit Margin: IR10 box six, divided by box two.
- Net profit margin: Box 29, divided by box 2. Different incomes cannot be excluded or included here as it has implications for taxation, which is a part of the calculation.
- Return on assets: Box 29, divided by box 43.
- Return on equity: Box 29, divided by box 51.
- Current ratio: Box 30 plus box 31 plus box 32, divided by box 48 =  $(B30+B31+B32)/B48$
- Net working capital: Box 30, plus box 31, plus box 32, minus box 48.



- Debt to equity ratio: Box 51, divided by box 50
- Sales growth: Box 2 year 2 minus box 2 year 1, divided by box 2 year 1.

In addition to these ratios that are currently being used by Poutama, there is further financial information that could be derived from this dataset that would be useful for Poutama's analysis. One particularly useful feature to analyse is the firm's earnings before interest, tax, depreciation and amortization (EBITDA). EBITDA is often used to give an indication of a firm's operational cash flow (note that EBITDA is not equal to operational cash flow as it does not account for changes in the firm's various accruals). The benefit of using this figure instead of net income is that it works as a control for the firm's liability structure, and amount of fixed assets. It is often used in analysing a firm's ability to service debt, and to analyse the returns on capital investment projects. Another useful thing about using EBITDA is that the analyst can choose which types of income they wish to analyse. Earnings can be defined purely as revenue, or can include other incomes such as the income from interest, rent, or other incomes. This gives the analyst flexibility in which aspects of firm performance they wish to analyse.

An example of how a version of EBITDA could be calculated from an IR10 form is: Box 27, minus box 15, minus box 13. It is also possible to ignore certain types of income by subtracting the corresponding boxes. This can be useful if the analyst wants to isolate certain types of income, e.g. the income that comes directly from the firm's core operations.

The formulas outlined above are essentially the same as those that are currently being employed within the Poutama database. The improvements are: the accuracy of the ratios is improved because the financial information is broken into more sections; and, because the accuracy is improved, so is the consistency of the figures that are produced; the increase in the amount of variables available means that the analyst can better see what is influencing the ratio figures, and how they change over time. These improvements to the quality of the current financial ratios being used by Poutama, plus the ability to derive more complex financial information, such as the EBITDA figure, from the online database, will increase the efficacy of the Poutama database for evaluative analysis. Furthermore, employing these methods for data collection at Poutama would mean that the Poutama client data would be consistent with clients' tax returns and with the New Zealand LBD, which would potentially allow for evaluation to be conducted using that data.

## **6. Success factors for Poutama Trust grant recipients**

### **6.1. Introduction**

Much of the financial data contained within the Poutama database lacks the consistency required for it to have useful evaluation potential. There are, however, other data contained within the Poutama database that are less susceptible to inconsistent reporting. We have conducted a formal analysis using some of the non-financial data contained within the Poutama database to assess potential success factors for Poutama clients. This analysis illustrates how the data on recipient firms can be used to extract features of interest to Poutama and its clients.

The analysis uses data from a spreadsheet that we obtained from Poutama in 2014. We look at firm specific factors that may have had an impact on the success of firms that receive Poutama grants. Identifying these factors can provide an additional tool to the Poutama staff when assessing grant applications. We have identified a firm as being successful if, after receiving their first grant, they have returned for at least one subsequent grant (success is therefore a binary variable). This speaks to the firm's survival as well as an assessment by Poutama staff that the firm has had some level of success since their last application. Poutama encourage businesses to apply for funding after their initial grant to continue to support the firm and meet the Poutama objectives.

From the time that Poutama began using digital records in 2003, they provided 1,253 grants to 815 different firms through to 2013 and, using our definition of success, 32% of the firms are successful. We use a probit regression to estimate the effect of a firm's characteristics on its probability of success, finding that the number of full time employees (i.e. firm size) and the firm's ownership structure have an impact. Sole traders and firms with 'other' structures have a lower probability of returning for a subsequent grant than limited liability companies, trusts and partnerships.

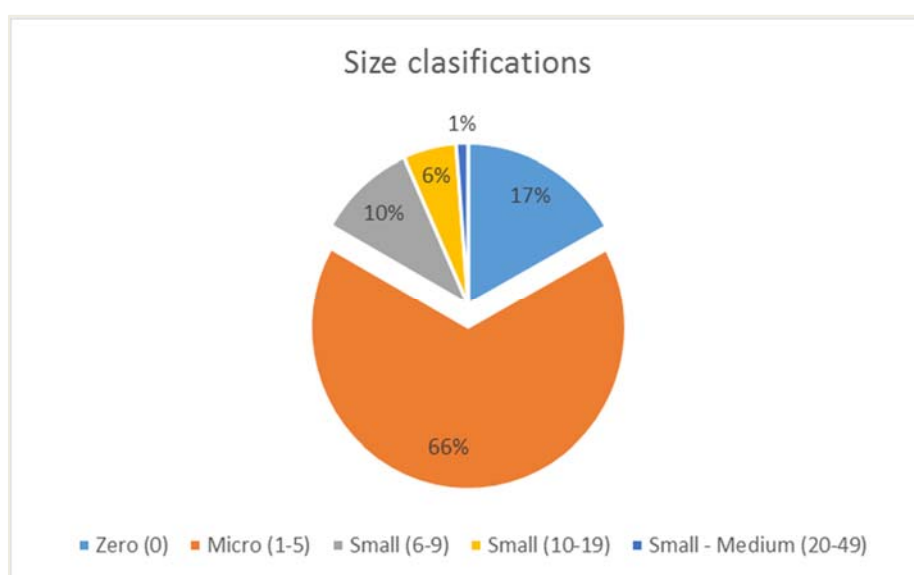
Many studies examine potential determinants of firm survival (Schutjens & Wever, 1999; Manjon-Antolin & Arauzo-Carod 2008; Saridakis, Mole & Storey, 2008). Christie and Sjoquist (2011) examine determinants of new firm survival in the state of Georgia finding that larger firms have a greater chance of survival; they also find firm age to be a significant factor. Our study differs from some of these papers as we are looking at a wide firm age range whereas most of these other studies focus on new firms only.

## 6.2. Empirical approach

Our aim is to determine if there are any firm specific characteristics that can help predict if firms that receive Poutama grants will be successful in the future. Grant recipients are encouraged to apply for subsequent grants after their initial grant to continue the growth of the business. A subsequent grant indicates that the firm has survived and continues to have growth prospects. For the application to be accepted the business should also be able to show an improvement in some key indicators (Size, Profitability, etc) though this is not always the case. Therefore, to measure a firm's success we use a binary variable that indicates if a firm has returned for a subsequent grant after being initially funded. By this measure of success, we find that 32% of the firms are successful over the period 2003-2013.

As our success measure requires survivorship of the firm we can compare this to New Zealand-wide survival rates from the 2014 business demography data published by Statistics New Zealand. The business demography statistics group firms into birth years, industry, and size<sup>4</sup>; then identifies the survival rate for each category in the separate birth years. The 2014 business demography statistics contain survival rates for firms born between 2004 and 2012.

**Figure 1: Poutama grant recipients – size classification by employee numbers**

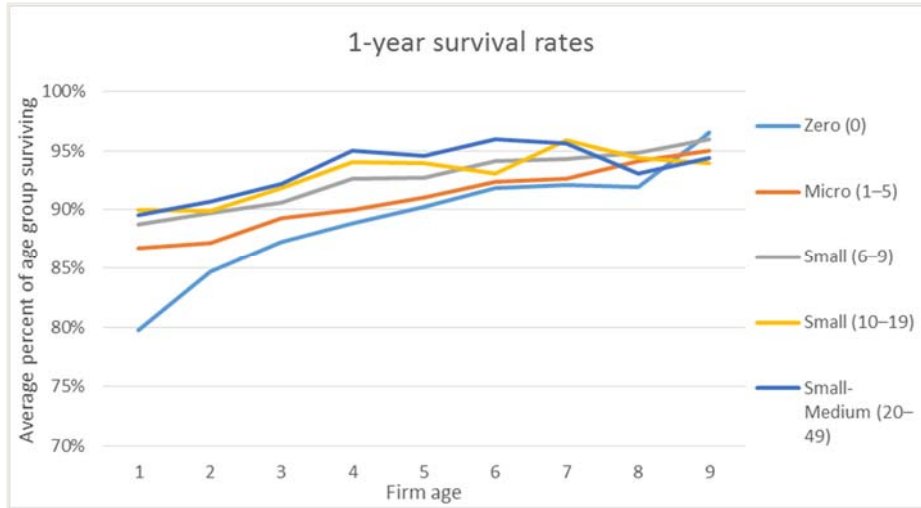


The majority of Poutama grant recipients are micro firms (Figure 1). As illustrated in Figure 2, using data from the Statistics New Zealand Business Demography database, smaller firms in general have a lower survival rate than larger firms. However, even for smaller firms one-year survival rates are significantly greater than the 32% success rate represented in our

<sup>4</sup> Classifications are determined by employee numbers.

sample. This may be because our measure also includes an assessment of future growth prospects by the business analysts at Poutama which is a much higher bar than simply survival. To enable better comparisons of the Poutama firms with other New Zealand firms, it would be useful for Poutama to collect more reliable survivorship data on firms to which Poutama has provided grants.

**Figure 2: Marginal survival rates for firms aged 1-9 years (source: Statistics New Zealand)**



To create a set of all the firms that have received grants we reduce the sample to include only the entry from a firm's first grant; this allows us to capture the initial characteristics of the firm before any effect of the grant.

Using this sample, we run a probit<sup>5</sup> regression of firm success on size, age, profitability and controls for region, business structure, grant type, and industry. All explanatory variables are defined in Table 1, with descriptive statistics in Table 2;  $P(repeat = 1|x)$  is the probability that a firm will be a repeat recipient conditional on its characteristics ( $x$ ).

$$P(repeat = 1|x)$$

$$= \beta_0 + \beta_1 FTemp + \beta_2 PTemp + \beta_3 age + \beta_4 profit + \beta_5 grant\ amount \\ + \gamma_i industry + \alpha_j region + \delta_k grant\ type + \lambda_h business\ structure$$

To create a more reliable subset of this data we have removed some entries in 2 stages as detailed below and re-ran the probit regression above on both new subsets.

<sup>5</sup> A probit regression estimates the probability that a firm will be successful according to our measure of success (survivorship).

The first subset (1) excludes:

- Firms with grants not between \$1 and \$10000; and
- Firms with net profit margin<sup>6</sup> (NPM) not between -100% and 100%

Firms with grants above \$10,000 are not compliant with the \$10,000 annual cap of the grants, and because of this they are excluded. Furthermore, an NPM outside the (-100%, ... , 100%) range may not be representing the actual profitability as this indicates that a firm is making or losing more profit than they are generating in sales revenue.

The second subset (2) further excludes any entry that is missing all of the key numerical variables (Full time employees, Net profit margin and age) and also excludes applications from the years 2003 and 2013. Poutama began keeping digital records in 2003. Many of the grant applications added to the database in 2003 are missing key information or were for grants awarded before 2003 and entered into the system when it was created; 2013 is excluded on the basis that these firms have had less chance to reapply and therefore may have a lower chance of success.

We note that for some firms, \$10,000 will not be material to their operations particularly given the time-consuming application process. Due to this factor it is possible that firms that experience significant growth will be recorded as unsuccessful as they will not reapply after their first grant. In addition, for recent years, the firms have had less time to reapply and therefore they may be treated as being less likely to be successful compared to firms that applied before them; we address this to some extent by excluding recent years from the data set<sup>7</sup>.

As there is no control group for this dataset, our work is descriptive. We are able to look at the factors that may determine the survival of the firm but we cannot attribute this survival to the grant as every firm in our sample has received a grant. We have also not attempted to identify the magnitude of a firm's success, as our regression does not include any indication of how many grants the firm has received.

### 6.3. Results

Full statistical results are presented in Table 3. Our analysis finds that two initial firm characteristics - size and business structure - contribute to the success of Poutama Trust grant recipients. Size as measured by the number of full time employees is significant at the 10% level

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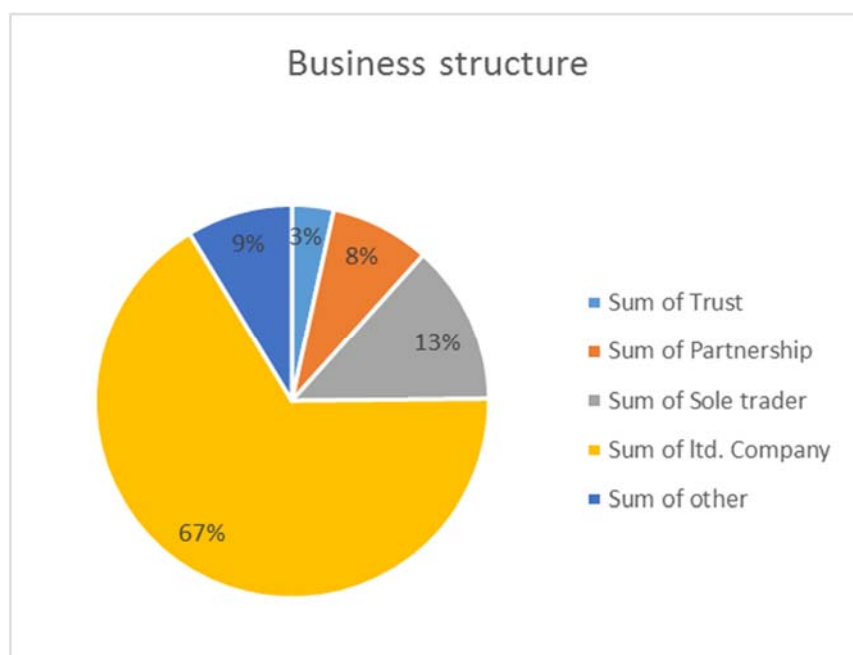
<sup>6</sup> NPM = Net profit/sales.

<sup>7</sup> The rate of success from 2003-2009 is 34% compared with a success rate of 26% for the period 2010-2012.

in the full set and both subsets of our data. The marginal effect<sup>8</sup> of a firm employing an additional full time staff member is 0.00739. This means that a firm with one more employee is 0.739% more likely to apply for another grant from Poutama. For one additional staff member this is not a substantial change in the success rate but becomes more relevant if a firm has several more staff members.

In the Poutama database businesses are listed as one of five business structures: trust, partnership, sole trader, limited company, or other.<sup>9</sup> Figure 3 depicts the shares of recipients across the five business structure categories. We find the coefficient on sole trader is negative and significant at the 5% level across the 3 sets. The marginal effect of sole traders is 0.113 showing that sole traders are 11.3% less likely to succeed than limited companies.<sup>10</sup> In the two subsets of the data we generated we found that ‘other’ structured firms are also less likely to succeed than are companies. These ‘other’ structures include incorporated societies, joint ventures, charitable trusts and collectives; they are 11.6% (in the first subset) less likely to succeed than limited companies.

**Figure 3: Poutama grant recipients – business structures**



<sup>8</sup> Marginal effects referred to are those in the regression using the full set of data unless otherwise stated and are calculated holding the variables constant at their mean. Refer to the appendix for the full output of marginal effects.

<sup>9</sup> In the probit regression, company is the omitted (base) category so results are relative to limited liability companies.

<sup>10</sup> There are 108 sole traders in the full sample; 26% of those firms have no listed employees (full or part time) and 30% have only one listed employee (full or part time).

In the full dataset and the second subset there is an indication that investigation grants have a greater effect on the probability of success compared with growth grants, although there is no significant difference using the first subset. It is possible that a firm that receives an investigation grant may have a greater chance of returning for a subsequent grant if the investigation is successful and they wish to pursue the opportunity and require another grant to do so. An example of an investigation grant is payment for travel to attend an international trade fair; if the fair is a success the firm may require another grant to act on the new opportunities gained from the fair.

## **7. Conclusions and Recommendations**

This report provides an analysis of the Poutama Trust database, and how it may be used to conduct an evaluation of the effectiveness of Poutama's grant programme. It also contains a descriptive report on firm-specific factors that might indicate the prospects of success of Poutama clients. We find that larger recipients are more likely to receive a repeat grant while sole traders and 'other' structured entities are less likely than companies to receive a repeat grant.

During our investigation of the financial data held in the Poutama online database, we found that the financial data had been reported in a way that includes inconsistencies across firms. Furthermore, financial data tends to be recorded only in the year that an application is made, meaning that there is limited financial data that is linked over consecutive years. As David Storey's (2010) six steps suggest, it is important to have linked financial data from before and after a grant for the data to be of full use in evaluative analysis.

Our report outlines how the IR10 tax form could be employed to easily collect high quality financial data over consecutive years, and how this data could be used in conjunction with the New Zealand LBD to evaluate Poutama's grant assistance. We recommend that Poutama investigates gathering its client data based on the IR10 categories in order to gather consistent data across firms and across time using categories that firms must already use when submitting tax returns. Adopting this approach will enhance the comparability of data across clients and make the data more amenable to investigating the success factors that underpin Poutama's grant programme.

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## Appendix

**Table 1: Regression variable definitions**

| Variable           | Definition                                                                       |
|--------------------|----------------------------------------------------------------------------------|
| FT emp             | Count variable of full time employment                                           |
| PT emp             | Count variable of part time employment                                           |
| Age                | Count variable of current age in years from firms start date to application date |
| Profit             | $NPM = \text{net profit} / \text{sales}$                                         |
| Grant amount       | Dollar value of grant                                                            |
| Industry           | Agriculture, forestry and fishing excluded                                       |
| Region             | Auckland excluded                                                                |
| Grant type         | {growth, investigation, training}                                                |
| Business structure | {sole trader, trust, partnership, other}                                         |

**Table 2: Descriptive statistics**

| Variable         | Mean     | Std. Dev. | Min      | Max    |
|------------------|----------|-----------|----------|--------|
| Grant amount     | 6664.789 | 3654.267  | 0        | 30000  |
| Full Time staff  | 2.406518 | 5.710069  | 0        | 87     |
| NP margin        | 234.9564 | 5822.850  | -12135.4 | 137565 |
| Age              | 2.921011 | 5.104910  | 0        | 74     |
| Number of Grants | 1.53366  | 1.002035  | 1        | 8      |
| Repeat Grant     | .317402  | .4657508  | 0        | 1      |
| Part time staff  | 3.674725 | 8.160998  | 0        | 100    |
| Growth           | .6731946 | .4693328  | 0        | 1      |
| Investigation    | .3329253 | .4715487  | 0        | 1      |
| Training         | .0844553 | .2782398  | 0        | 1      |
| Trust            | .0342717 | .1820377  | 0        | 1      |
| Partnership      | .0820073 | .274544   | 0        | 1      |
| Sole trader      | .1321909 | .3389057  | 0        | 1      |
| Ltd Company      | .6646267 | .47241    | 0        | 1      |
| Other            | .0869033 | .2818659  | 0        | 1      |

**Table 3: Marginal effects (Calculated holding variables constant at their mean)**

|                     | Full set                   | (1)                        | (2)                         |
|---------------------|----------------------------|----------------------------|-----------------------------|
| <i>Repeat Grant</i> |                            |                            |                             |
| Grant amount        | 0.00000208<br>(0.00000477) | 0.00000395<br>(0.00000618) | -0.00000127<br>(0.00000665) |
| Full Time Employees | 0.00739*<br>(0.00415)      | 0.00755*<br>(0.00419)      | 0.00914*<br>(0.00475)       |
| Part time employees | -0.00525<br>(0.00374)      | -0.00667<br>(0.00440)      | -0.00938<br>(0.00638)       |
| Age                 | -0.00360<br>(0.00436)      | 0.000351<br>(0.00397)      | -0.000250<br>(0.00420)      |
| NP margin           | 0.00000513<br>(0.00000454) | -0.000737<br>(0.000730)    | -0.000401<br>(0.000775)     |
| Investigation (d)   | 0.0667*<br>(0.0385)        | 0.0504<br>(0.0421)         | 0.0897*<br>(0.0465)         |
| Training (d)        | 0.0660<br>(0.0655)         | 0.0424<br>(0.0697)         | -0.0136<br>(0.0682)         |
| Northland (d)       | 0.00545<br>(0.0703)        | -0.0226<br>(0.0746)        | -0.0756<br>(0.0743)         |
| Waikato (d)         | -0.110*<br>(0.0603)        | -0.115*<br>(0.0641)        | -0.158**<br>(0.0651)        |
| Hauraki (d)         | -0.0534<br>(0.199)         |                            |                             |
| Bay of Plenty (d)   | -0.0911**<br>(0.0465)      | -0.0976*<br>(0.0508)       | -0.105*<br>(0.0537)         |
| East coast (d)      | -0.0880<br>(0.0790)        | -0.0596<br>(0.0914)        | -0.166**<br>(0.0780)        |
| King country (d)    | -0.181*<br>(0.0934)        | -0.259***<br>(0.0606)      | -0.243***<br>(0.0787)       |
| Taranaki (d)        | 0.286**<br>(0.131)         | 0.259*<br>(0.136)          | 0.124<br>(0.146)            |
| Wanganui (d)        | -0.0266<br>(0.124)         | -0.0143<br>(0.130)         | 0.00551<br>(0.141)          |
| Manawatu (d)        | -0.238***<br>(0.0577)      | -0.233***<br>(0.0597)      | -0.240***<br>(0.0579)       |
| Hawkes bay (d)      | -0.0800<br>(0.0628)        | -0.0624<br>(0.0710)        | -0.0735<br>(0.0735)         |
| Wellington (d)      | -0.000467<br>(0.0632)      | -0.0177<br>(0.0681)        | -0.00233<br>(0.0754)        |
| Malborough (d)      | -0.142**<br>(0.0689)       | -0.167**<br>(0.0665)       | -0.184***<br>(0.0659)       |
| Canterbury (d)      | -0.0914<br>(0.0746)        | -0.118<br>(0.0735)         | -0.150**<br>(0.0735)        |
| Otago (d)           | 0.128<br>(0.117)           | 0.102<br>(0.132)           | 0.145<br>(0.146)            |
| Southland (d)       | -0.0587<br>(0.119)         | -0.0314<br>(0.149)         | -0.131<br>(0.135)           |
| Trust (d)           | 0.0493<br>(0.100)          | -0.0317<br>(0.101)         | -0.0421<br>(0.103)          |

|                                     |                      |                      |                       |
|-------------------------------------|----------------------|----------------------|-----------------------|
| Partnership (d)                     | -0.0772<br>(0.0590)  | -0.0780<br>(0.0645)  | -0.120*<br>(0.0648)   |
| Sole trader (d)                     | -0.113**<br>(0.0480) | -0.119**<br>(0.0519) | -0.145***<br>(0.0542) |
| other (d)                           | -0.0767<br>(0.0621)  | -0.116*<br>(0.0602)  | -0.155**<br>(0.0624)  |
| manufacturing (d)                   | 0.117<br>(0.0757)    | 0.143<br>(0.0875)    | 0.143<br>(0.0956)     |
| Energy & Water (d)                  | 0.0986<br>(0.221)    | 0.225<br>(0.248)     | 0.139<br>(0.228)      |
| Construction (d)                    | -0.0219<br>(0.0989)  | 0.0259<br>(0.115)    | 0.00925<br>(0.123)    |
| Trades (d)                          | 0.00960<br>(0.0868)  | 0.0757<br>(0.0981)   | 0.0613<br>(0.104)     |
| Retail (d)                          | 0.144*<br>(0.0732)   | 0.170**<br>(0.0809)  | 0.216**<br>(0.0885)   |
| Accommodation café & restaurant (d) | 0.0398<br>(0.0936)   | 0.151<br>(0.108)     | 0.172<br>(0.118)      |
| Transport & storage (d)             | -0.0259<br>(0.148)   | -0.00609<br>(0.154)  | 0.0104<br>(0.163)     |
| Communications (d)                  | 0.144<br>(0.0934)    | 0.185*<br>(0.103)    | 0.157<br>(0.109)      |
| Finance & insurance (d)             | 0.0688<br>(0.334)    |                      |                       |
| business & property services (d)    | 0.119<br>(0.0954)    | 0.186*<br>(0.103)    | 0.177<br>(0.109)      |
| education (d)                       | 0.217<br>(0.141)     | 0.309*<br>(0.160)    | 0.243<br>(0.173)      |
| health (d)                          | 0.0801<br>(0.0945)   | 0.143<br>(0.107)     | 0.213*<br>(0.114)     |
| cultural and rec services (d)       | -0.0313<br>(0.0780)  | 0.0223<br>(0.0973)   | 0.0207<br>(0.102)     |
| personal & other services (d)       | 0.0719<br>(0.0672)   | 0.143*<br>(0.0765)   | 0.153*<br>(0.0849)    |
| tourism (d)                         | 0.248***<br>(0.0703) | 0.317***<br>(0.0794) | 0.298***<br>(0.0889)  |
| N                                   | 815                  | 669                  | 584                   |

*Marginal effects; Standard errors in parentheses  
(d) for discrete change of dummy variable from 0 to 1  
\*  $p < 0.1$  \*\*  $p < 0.05$  \*\*\*  $p < 0.01$*

Year ended 31 March 

- You only need to complete this form if you are in business.
- Please complete both pages of this form. Copy each amount from your financial statements.

|                                                                                |                                                                                          |                                                            |     |                       |    |                       |  |  |  |  |     |
|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------|-----|-----------------------|----|-----------------------|--|--|--|--|-----|
| Your full name                                                                 |                                                                                          |                                                            |     |                       |    |                       |  |  |  |  |     |
| Your IRD number                                                                |                                                                                          | (8 digit numbers start in the second box 1 2 3 4 5 6 7 8 ) |     |                       |    |                       |  |  |  |  |     |
| Multiple activity indicator                                                    |                                                                                          | 1                                                          | Yes | <input type="radio"/> | No | <input type="radio"/> |  |  |  |  |     |
| Profit and loss statement                                                      |                                                                                          |                                                            |     |                       |    |                       |  |  |  |  |     |
| Gross income from                                                              | Sales and/or services                                                                    | 2                                                          | \$  |                       |    |                       |  |  |  |  | 0 0 |
| Cost of goods sold                                                             | Opening stock (include work in progress)                                                 | 3                                                          | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Purchases                                                                                | 4                                                          | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Closing stock (include work in progress)                                                 | 5                                                          | \$  |                       |    |                       |  |  |  |  | 0 0 |
| Gross profit                                                                   | (if a loss, put a minus sign in the last box)                                            | 6                                                          | \$  |                       |    |                       |  |  |  |  | 0 0 |
| Other gross income                                                             | Interest received                                                                        | 7                                                          | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Dividends received                                                                       | 8                                                          | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Rental, lease and licence income                                                         | 9                                                          | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Other income                                                                             | 10                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
| Total income                                                                   | Add up all income entered in Boxes 6 to 10 (if a loss, put a minus sign in the last box) | 11                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
| Expenses<br>(as per financial statements)                                      | Bad debts                                                                                | 12                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Accounting depreciation and amortisation                                                 | 13                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Insurance (exclude ACC levies)                                                           | 14                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Interest expense                                                                         | 15                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Professional and consulting fees                                                         | 16                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Rates                                                                                    | 17                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Rental, lease and licence payments                                                       | 18                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Repairs and maintenance                                                                  | 19                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Research and development                                                                 | 20                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Related party remuneration                                                               | 21                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Salaries and wages paid to employees                                                     | 22                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Contractor and sub-contractor payments                                                   | 23                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
|                                                                                | Other expenses                                                                           | 24                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
| Total expenses                                                                 | Add up all expenses entered in Boxes 12 to 24                                            | 25                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
| Exceptional items                                                              | (if there is a negative amount, put a minus sign in the last box)                        | 26                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
| Net profit/loss before tax                                                     | Box 11 less Box 25, add Box 26 (if positive) or deduct Box 26 (if negative)              | 27                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
| Tax adjustments                                                                | (if there is a negative amount, put a minus sign in the last box)                        | 28                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |
| Current year taxable profit/loss (if a loss, put a minus sign in the last box) |                                                                                          | 29                                                         | \$  |                       |    |                       |  |  |  |  | 0 0 |

| <b>Balance sheet items</b>                              |                                                                                   |             |    |  |       |
|---------------------------------------------------------|-----------------------------------------------------------------------------------|-------------|----|--|-------|
| <b>Current assets</b><br>(as at balance date)           | Accounts receivable (debtors)                                                     | <b>30 ▶</b> | \$ |  | . 0 0 |
|                                                         | Cash and deposits                                                                 | <b>31 ▶</b> | \$ |  | . 0 0 |
|                                                         | Other current assets                                                              | <b>32 ▶</b> | \$ |  | . 0 0 |
| <b>Fixed assets</b><br>(closing accounting value)       | Vehicles                                                                          | <b>33 ▶</b> | \$ |  | . 0 0 |
|                                                         | Plant and machinery                                                               | <b>34 ▶</b> | \$ |  | . 0 0 |
|                                                         | Furniture and fittings                                                            | <b>35 ▶</b> | \$ |  | . 0 0 |
|                                                         | Land                                                                              | <b>36 ▶</b> | \$ |  | . 0 0 |
|                                                         | Buildings                                                                         | <b>37 ▶</b> | \$ |  | . 0 0 |
|                                                         | Other fixed assets                                                                | <b>38 ▶</b> | \$ |  | . 0 0 |
| <b>Other non-current assets</b><br>(as at balance date) | Intangibles                                                                       | <b>39 ▶</b> | \$ |  | . 0 0 |
|                                                         | Shares/ownership interests                                                        | <b>40 ▶</b> | \$ |  | . 0 0 |
|                                                         | Term deposits                                                                     | <b>41 ▶</b> | \$ |  | . 0 0 |
|                                                         | Other non-current assets                                                          | <b>42 ▶</b> | \$ |  | . 0 0 |
| <b>Total assets</b>                                     | Add up all assets entered in Boxes 30 to 42                                       | <b>43 ▶</b> | \$ |  | . 0 0 |
| <b>Current liabilities</b><br>(as at balance date)      | Provisions                                                                        | <b>44 ▶</b> | \$ |  | . 0 0 |
|                                                         | Accounts payable (creditors)                                                      | <b>45 ▶</b> | \$ |  | . 0 0 |
|                                                         | Current loans                                                                     | <b>46 ▶</b> | \$ |  | . 0 0 |
|                                                         | Other current liabilities                                                         | <b>47 ▶</b> | \$ |  | . 0 0 |
| <b>Total current liabilities</b>                        | Add up all liabilities entered in Boxes 44 to 47                                  | <b>48 ▶</b> | \$ |  | . 0 0 |
| <b>Non-current liabilities</b><br>(as at balance date)  |                                                                                   | <b>49 ▶</b> | \$ |  | . 0 0 |
| <b>Total liabilities</b>                                | Add Box 48 to Box 49. Print your answer in Box 50                                 | <b>50 ▶</b> | \$ |  | . 0 0 |
| <b>Owners' equity</b>                                   | (if in debit, put a minus sign in the last box)                                   | <b>51 ▶</b> | \$ |  | . 0 0 |
| <b>Other information</b>                                |                                                                                   |             |    |  |       |
|                                                         | Tax depreciation                                                                  | <b>52 ▶</b> | \$ |  | . 0 0 |
|                                                         | Untaxed realised gains/receipts                                                   | <b>53 ▶</b> | \$ |  | . 0 0 |
|                                                         | Additions to fixed assets                                                         | <b>54 ▶</b> | \$ |  | . 0 0 |
|                                                         | Disposals of fixed assets                                                         | <b>55 ▶</b> | \$ |  | . 0 0 |
|                                                         | Dividends paid                                                                    | <b>56 ▶</b> | \$ |  | . 0 0 |
|                                                         | Drawings                                                                          | <b>57 ▶</b> | \$ |  | . 0 0 |
|                                                         | Current account year-end balances (if in debit, put a minus sign in the last box) | <b>58 ▶</b> | \$ |  | . 0 0 |
|                                                         | Tax-deductible loss on disposal of fixed assets                                   | <b>59 ▶</b> | \$ |  | . 0 0 |

Cut off this page and staple it to page 3 of your return. You do not need to send in your financial statements as well.

**RESET FORM**