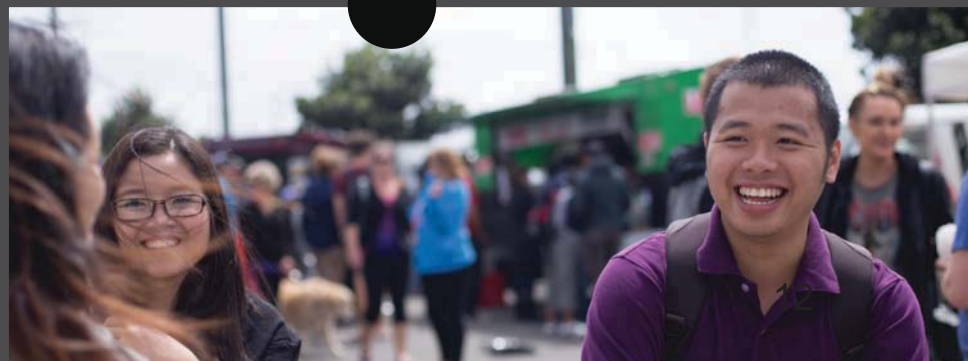


GROW

WELLINGTON

ANNUAL REPORT 13/14

GROW WELLINGTON FOR THE
FINANCIAL YEAR ENDED
30 JUNE 2014



CONTENTS

Chair message	... 3
CEO message	... 4
Economic overview	... 5
Highlights of the year	... 6
Report on Programme Outcomes	... 8
Attracting business, investment and talent	... 9
Strengthening innovation	... 17
Building business capability	... 21
Building sector scale and connectedness	... 23
Developing the workforce	... 28
Report on Statement of Intent measures	... 29
Statement of Intent measures	... 30
Financial Statements	... 35
Board Members and Company Directory	... 64
Board Members	... 65
Company Directory	... 67

CHAIR MESSAGE



The 2013-14 year has been a positive one for the Grow Wellington Group (which includes Creative HQ, Lightning Lab, Education Wellington and Film Wellington). It has seen a number of important changes and some consolidation of activities. The Group has now had its first full year under a revised Wellington Regional Strategy and as a co-supplier (along with Positively Wellington Tourism) to Wellington City Council in delivering the early stages of its Destination Wellington initiative.

The Board has been pleased with the way that Grow Wellington's management and staff have embraced change and taken on the challenge of striving to have a greater impact with the limited resources under its control. While strategies, objectives, and business plans are able to be altered relatively swiftly, an organisation cannot achieve high-impact and high-quality outcomes in new areas of focus without recruiting appropriately skilled staff. It is pleasing to report that for the second half of the 2014 year, Grow Wellington had fully realigned its staff resources and the beneficial results of that were already coming through well before year-end.

Change has not ended there though. Over the next year or two, it will continue to be generated by Grow Wellington itself (from a desire to continually improve and increase its impact), and also by the environment within which it works. Review by both New Zealand Trade and Enterprise and Callaghan Innovation of the nature and delivery mechanisms of their interventions will have consequences for Grow (and the region), as will consideration currently under way by Grow Wellington's stakeholder councils to merge Grow Wellington with Wellington City Council's tourism, venues, and major events activities. At the same

time, most political parties are declaring a renewed interest in regional economic development, especially with respect to central government policy and funding.

Grow Wellington sees all of these drivers of further change as providing potential opportunities, both for the region and the organisation itself, and is a proactive and positive participant in ongoing discussions with the various agencies involved. For the region to achieve its maximum potential, irrespective of how these discussions and changes pan out, it remains as critical as ever that there is genuine and high-quality stakeholder cooperation across the region; both amongst and between councils, the business community and central government, and their respective agencies.

The year has ended with a more positive feel about the Wellington region's economy (reflected both in official statistics and general sentiment) but there is still a sense of frustration that it is underachieving and could do better on a number of fronts. To that end, Grow Wellington remains focused on further improving on its 2013/14 outcomes and having an even better bang-for-buck impact in 2014/15.

Grow Wellington's staff and management are crucial to the organisation's continuing improvement in terms of impact, and have demonstrated over the past couple of years that they can be both focused and adaptable. On behalf of the Board, I extend our appreciation for their efforts and application as we look forward to a year of further opportunity and challenge.

Paul Mersi
Chair



Wellington harbour view.

CEO MESSAGE



It has been my pleasure to lead Grow Wellington throughout a dynamic year of new and exciting activity.

Our Business Attraction team has had a busy year in-market, attending events in Australia, the US and the UK to generate the awareness and leads that we then seek to convert to having smart businesses and people choose to come to the region. A number of local businesses have supported us at these in-market events, helping to make our promotional campaigns real through their role as ambassadors for the region.

By the end of the year, there were 42 business leads in our pipeline, with an estimated economic value of more than \$70 million annually, and we are currently focusing our activities on actively pursuing the most likely of these in order to bring them to the region.

We also developed an impressive suite of collateral to market the region and, reflecting the strength of our film sector, we took the lead in New Zealand by developing guidance material for international film makers to invest in co-productions with our companies.

We have certainly had a fantastic year marketing the region's business capability and potential to the world. Building on the launch of the WellingtonNZ website (in conjunction with Positively Wellington Tourism and Wellington City Council), our High Tech Capital campaign has gathered worldwide attention and focused the eyes of international tech businesses and investors on the region.

Our Education Wellington team led a number of delegations to our target Asian markets. We believe that this effort has helped the Wellington region achieve a 3% increase in student numbers over a period when the numbers coming to New Zealand overall dropped by almost 2%.

To strengthen innovation in the region, our subsidiary company Creative HQ, under the leadership of new CEO Stefan Korn, has charted its direction for the coming years. It will target its efforts around incubation, digital acceleration and unleashing the innovative capacity of larger businesses through a start-up mentality approach.

For the second year, Creative HQ's digital accelerator programme, Lightning Lab had an even more impressive result than its debut year, with more than \$3 million in investment being offered to the participating entrepreneurs. We will now help roll out the programme in Auckland and Christchurch.

A number of ideas for the development of tech precincts have been promoted throughout the region and we will

offer our skill and expertise to bring the best options for the region to fruition.

We continued to deliver business capability and sector growth programmes for our key sectors. Over \$5 million of business capability and research and development funding was allocated under the regional business partner programme, greatly exceeding our SOI target. Our headline events such as AnimfxNZ, EdTech for Export, and the Visa Wellington On a Plate Supplier Showcase resulted in deals, sales and distribution agreements for our local participants.

Our intern service continues to be appreciated by the tertiaries and businesses alike and we facilitated well over 200 internships this year.

Our intern service continues to be appreciated by the tertiaries and businesses alike and we facilitated well over 200 internships this year. It works well for both businesses and skilled students –over the eight years of the Summer of Tech programme, for example, an average of 65% of students have gone into employment with businesses in which they were interns. Such has been its success, we're now helping to expand Summer of Tech into the manufacturing sector.

At an operational level, we have maintained our rigour in project design and validation, while increasing our level of activity and impact. This year we drew down a portion of the reserve funding carried forward from last year. We have fully allocated the remaining reserve to be spent in the coming financial year.

Thank you to all stakeholders, who have been very helpful in providing feedback on our activities and performance throughout the year. Many have commented on our increased communication, and I hope this reflects an increased level of listening on our part as well. Also, a big thanks to the team at Grow Wellington, who are committed to accelerating the region's rate of economic growth.

In the coming year, our sights are set on projects which we believe will be game-changing for the region. In addition to our high level of involvement in the small-to-medium enterprise sector, we will be increasing our connection with larger companies and institutions, to maximise the value of the contribution that these players make to the economy overall.

Gerard Quinn
Chief Executive

ECONOMIC OVERVIEW

The Wellington region enjoyed renewed economic growth in the last financial year following an extended period of relative inactivity. Gains have been made in many of the long term economic measures in our Statement of Intent.

Over the year, we have seen an increase in business activity and growth in numbers of businesses operating in Wellington. Business confidence and profitability has improved and a growing number of businesses have signalled their intention to increase investment and take on more staff.

The region recorded a 2% increase in jobs over the year to June 2014 and demand for labour continues to increase. Skill shortages have been particularly acute in information and communication technology (ICT) as that sector continues to expand. The region has also seen growth in construction activity and employment largely generated by the significant road investment programme and seismic strengthening of buildings in Wellington as well as activity driven by the Canterbury rebuild.

The region's screen sector has benefited from The Hobbit productions and is poised to gain further from projects such as the upcoming Avatar films.

Our primary sector has enjoyed high export prices, which are having positive flow-on benefits throughout the region, although some exporters faced challenges from the downturn in the Australian economy and the high New Zealand dollar.

We have seen export expansion and diversification in many sectors. For example, the region's culinary reputation has been enhanced with increased sales of innovative food and beverage products, ranging from craft beer to chocolate.

The region is also benefiting from the net inward migration flows as fewer Wellingtonians leave and increased numbers of expatriates and new migrants arrive, many bringing valuable skills. As migration is an increasingly important source of skills to meet employers' shortfalls, Grow Wellington is actively working to increase its share of arrivals into New Zealand.

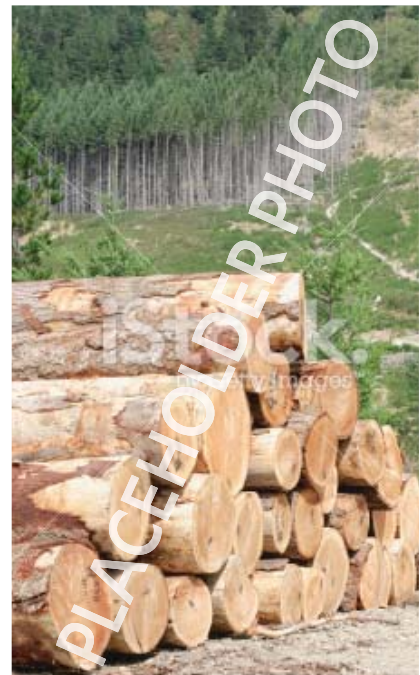
Overall, business confidence and activity is positive and the Wellington region is poised to grow in years to come.



Mayor of Wellington, Celia Wade-Brown, welcomes a new migrant at an International Student Welcome organised by Grow Wellington and Wellington City Council.



Rochelle Harrison (owner) at work in the newly established Wellington Chocolate Factory.



The region's primary sector has enjoyed high export prices.

HIGHLIGHTS OF THE YEAR

By the end of the year, there were 42 business attraction leads in



our pipeline, with an estimated economic value of \$70 million annually and we were instrumental in assisting two game development companies to move to the region.

We received international recognition for the high tech capital website which showcases the strength of the region's tech sector, and is a key tool to attract business, talent and investment to the region.



Businesses continued to seek out skilled students for projects and this year we placed over 200 interns and developed a pilot initiative to extend the successful Summer of Tech intern programme into the manufacturing sector.



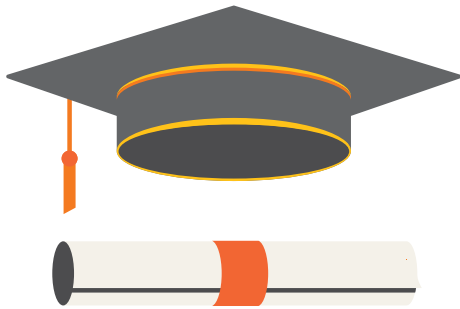
We drove the VOWAP Supplier Showcase where 41 regional food and beverage producers showcased their products to restaurateurs and buyers. Several producers signed new deals to distribute outside the region.

Film Wellington helped attract screen projects in excess of \$10 million, managed 1306 filming enquiries, and took the national lead in communicating the government's revised screen incentives.





In the UK we teamed up with Xero, Immigration New Zealand and recruiter 920 Career Agents to successfully attract skilled ICT staff from the UK.



We helped increase overall international student enrolments in the region by 3%, against a national decline of -1.8%.

We allocated or facilitated \$4.9 million of research and development funding, and as a regional business partner of NZTE and Callaghan Innovation, further supported businesses with \$358,000 in capability funding.



Our start-up incubator, Creative HQ, supported 21 ventures: helping two companies to close investment, and achieving two high growth exits with another likely early in 2014/15. Creative HQ's groundbreaking App4IR challenge provided local start-ups the opportunity to work with a large government client to develop new software. This has spurred significant interest from many other government agencies.





**REPORT ON
PROGRAMME
OUTCOMES**

ATTRACTING BUSINESS, INVESTMENT AND TALENT

This year, we stepped up our work to attract businesses, investment, skilled people and students.

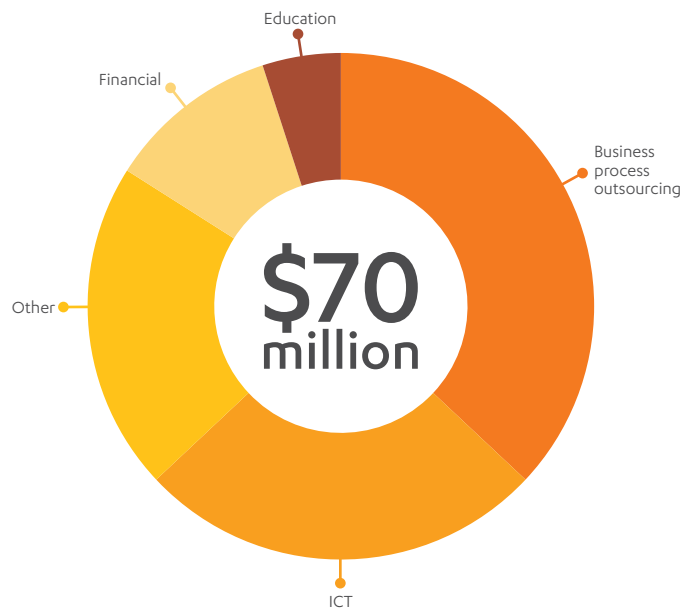
Our attraction campaigns promoted the Wellington region in our target markets of Australia, the UK and the US (for businesses, skilled staff and investment) and Asia (for students).

These in-market campaigns not only generate awareness but more importantly create opportunities to engage with business attraction leads, which we then seek to convert to having smart businesses and people choose to relocate to the region. We provide relevant information for business decision making, show decision makers the region, and connect them with similar companies which have made the decision to move to Wellington.

There are currently 42 business and investment attraction targets in the pipeline, with an estimated economic value of more than \$70 million annually. Of these 21 are being actively pursued, while a further 21 are being assessed further.

The 21 live leads include globally-leading software firms, research facilities and an international restaurant brand. Other leads from recent in-market activity will be added once initial assessment has been done.

Pipeline leads by industry sector



Live leads



The Do Business in Wellington section of www.wellingtonnz.com

Our regional attraction work has been boosted by a contract from Wellington City Council to work jointly with Positively Wellington Tourism on components of the Destination Wellington initiative – promoting Wellington as a great place to visit, live, work and do business and focusing on targeted opportunities to deliver economic growth for the region.

As part of the Destination Wellington programme, we have been instrumental in developing the business, work and study components of the new WellingtonNZ website.

We have also developed relevant and compelling marketing collateral aimed at business decision-makers, a comprehensive information toolkit to assist entities making a decision about whether to locate in the Wellington region, plus a business engagement plan with a focus on retention of key companies and an international student attraction strategy among other activities.

A talent attraction strategy was developed after assessing and analysing statistical data and engaging with a large number of employers and recruiters in the region. Talent attraction collateral was developed with the tagline ‘Make it here’ and is being used by Grow Wellington and recruitment firms to promote the region.

ICT

Information and communications technology (ICT) is a priority sector for the Wellington region and we have worked to attract skilled staff, where the local industry has considerable skills shortages, as well as ICT businesses.

In March, we represented the Wellington region at the South by South West (SXS) technology and business trade show in Texas, which attracted over 70,000 people over four days. We joined Immigration New Zealand, NZTech, New Zealand Trade and Enterprise (NZTE) and a number of Wellington tech businesses to focus a national campaign onto the Wellington region, highlighting our sector strengths and opportunities.

Australia is a key market in our business attraction strategy and in May we exhibited at technology conference CeBIT, the largest such event in the Asia Pacific region. Five Wellington ICT businesses accompanied Grow Wellington to promote the region. While the primary objective was



Marketing material developed by Grow Wellington.





Above: Grow Wellington's stand at South by South West (SXSW) technology and business trade show in Texas.

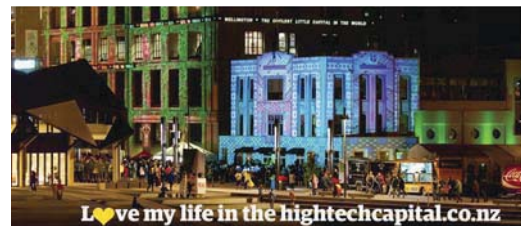
Below: The Grow team at CeBIT technology conference in Sydney.



business attraction, attending CeBIT also provided an excellent opportunity to connect with tech talent and investors, and showcase the range of great roles and opportunities available in Wellington. We generated 170 leads, with a significant number in the strong probability category.

In May, we worked with technology firm Xero, Immigration New Zealand and recruiter 920 Career Agents to attract skilled people from the UK, particularly in ICT. We participated in the Australia and New Zealand 'Down Under Live' events in Birmingham and Newcastle supported by an online marketing campaign profiling the opportunities in the region in ICT, engineering and health. We know from these activities that visitors to our stand have received job offers from businesses in the region and Xero has made offers to ICT talent. We also developed partnerships with several recruitment and migrant advisory firms in London looking to place candidates globally, and these firms will be ongoing strategic partners.

We developed the high tech capital website and supporting marketing material to showcase the region's burgeoning tech sector to the world and help attract business, talent and investment. The site was used for in-market campaigns such as those in the US and Australia.



Marketing material developed by Grow Wellington.



Tweet received from Rob Janoff, marketing expert and creator of the Apple logo, generated by the campaign.

Game development

To position Wellington as an attractive location for game development studios to relocate or expand into, we attended two game development conferences. At Game Connect Asia Pacific (GCAP), Australia's largest game development conference, we met with Camshaft Software and Ludus Silva, who have since relocated to Wellington. We also attended the world's largest such conference, Game Developers Conference (GDC), in San Francisco in March. We are following up other leads from both these events.

Business process outsourcing

We attended five Australian business process outsourcing and in-house customer services industry events, and a conference in the UK. We targeted the relocation and expansion of back office functions of financial services businesses in the Asia Pacific insurance industry and the Australian superannuation industry. This has resulted in a number of quality connections made and over 20 leads generated that we are working on.

Science and technical services

Throughout May and June, we engaged with research institutes, businesses and education providers regarding business and investment attraction opportunities in the science and technical services area.

As part of the attraction strategy for this sector, we developed potential investor relationships at the Healthtech Innovation and Investment Workshop in Auckland and TechConnect in the US in June. TechConnect focuses on commercialising innovation in science and tech, in areas such as advanced materials, energy and efficiency, biotech and pharmaceuticals, advanced manufacturing and sustainability. We developed relationships with leading US investors, software firms, the venture partner director of a large multinational, heads of innovation and emerging technologies and other influential parties, all with potential opportunities for businesses here.

INVESTMENT

We have completed a comprehensive review and map of the investment landscape in the region, the outcomes of which have shaped our investment attraction programme for the next financial year.

We continue to work with NZTE to develop the region's investment strategy as part of a consistent 'NZ Inc' approach, which will improve effectiveness in the medium and long term. We co-produced a regional investment profile with NZTE that we can use to advise international

In early 2014 gaming development companies Camshaft Software and Ludus Silva moved from Melbourne to the Wellington region.

Grow Wellington was instrumental in their relocation, having provided support such as connecting them with the game development sector and professional services advice, as well as hosting them to familiarise them with the region.

They have now settled in the Hutt Valley.



Automation – The Car Company Tycoon Game from Wellington business Camshaft Software.

investors of the prime sectors for investment in the region. We have also initiated an outreach programme to trade offices of countries that have a diplomatic and trade presence in New Zealand.

We sold the merits of the Wellington region at a Creative HQ event connecting Taiwanese high-net-worth individuals with Wellington ICT start-ups, from which two businesses are exploring investment opportunities.

During the 2013/2014 year, we hosted international trade and investment delegations, including delegations from China (Chengdu Municipal Government and the provinces of Shanxi and Hebei). Trade and investment opportunities will continue to be explored with the delegations.

We are also working with an Australian ICT investor looking to invest in the Wellington start-up community as well as a local software development company and have connected several businesses looking to raise capital with potential investors.

CASE STUDY

Game developers move to Wellington

A group of independent game developers who moved from Melbourne to Wellington are enjoying being part of the industry in the high tech capital.

The co-founders of Camshaft Software – Andrew Lamb and Caswal (Caz) Parker – which makes the car tycoon game Automation, moved to the region in 2014, along with Jayelinda (Jaye) Suridge, developer of the game Ludus Silva.

And they have already set up a group for game developers to meet and share expertise.

“We had a lot of help and support when we started out in game development in Melbourne so we were keen to contribute to the scene here,” says Andrew.

“In Melbourne, there have been quite a few successful studios and from that people have gone on to work on their own projects. I can see the same sort of thing happening in Wellington.”

Grow Wellington worked with the developers over the past year to support their relocation, making connections with Wellington’s thriving gaming community and with professional services expertise, as well as familiarising them with the region.

“Grow Wellington has been very helpful and the relocation was a lot

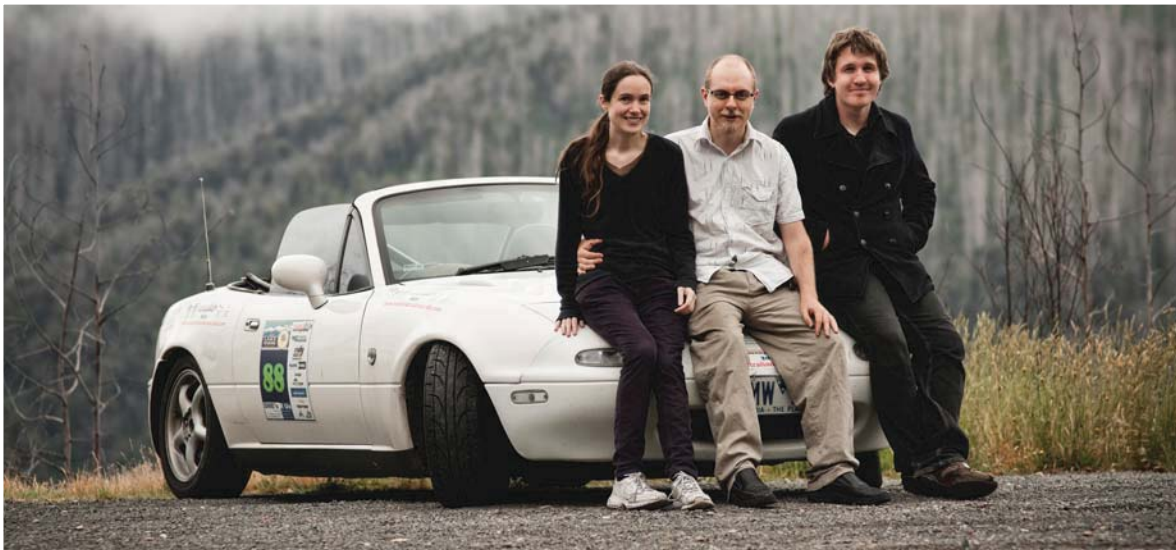
easier having one point of contact,” says Andrew.

The game, in which you design and build cars from scratch, is still in development but is available in a test version.

“Essentially, you play the CEO of say Ford or Nissan or Rolls Royce and design, test and build your cars, as well as get into the finer points of choosing dealership locations and identifying export strategies.”

The developers chose the region chiefly for lifestyle reasons but have also been impressed with the infrastructure and support available in the gaming community.

“The cost of living is good, there’s fibre to the home, the outdoor environment is fantastic and we love all the craft breweries,” says Andrew. “Our colleague in Frankfurt wants to come to New Zealand now too.”



Left to right: Jaye Suridge, Caz Parker and Andrew Lamb.

SCREEN

Wellington's strong film and screen sector is one of the region's priority high-value sectors. Our screen programme, Film Wellington, works to attract screen projects, develop the sector and make it easy to film in the region.

Attracting screen projects

We have made introductions, nurtured relationships, created forums, helped develop screen IP and production cases, all used to successfully bid for television commercial work in excess of \$10 million. The new national screen incentives implemented on 1 April 2014 will provide a competitive offering that will hopefully increase this contribution in coming years.

We facilitated filming for TV commercials, films and TV series as well as a myriad of short films and digital content. Highlights include the Gibson Group television drama series, *War News* – a WWI story filmed entirely in the Wellington region – the third instalment of KHF Media's successful series *Girl vs Boy 3* filmed in both Wellington and Lower Hutt, and several large international commercial shoots in the region for companies such as Honda, Whittakers and Z Energy, all creating work for hundreds of people during the projects.



Film Wellington facilitated filming for TV commercials, films and TV around the region.

Working with local councils, Film Wellington also assisted with the permits for road closures and the traffic management required for projects of this scale.

In December, we headed to Los Angeles for the premiere of *The Hobbit: The Desolation of Smaug* where we hosted international media alongside government agencies and the Miramar group of film companies.

While in Los Angeles, we hosted leading industry writers and creators at our 'Big Fish Wanted' dinner where we

encouraged them to consider writing their projects in the region using our local talent. Guests included decision-makers who might bring production and investment to the region, as well as exposing local writers to US networks and studios. Long term, this will ensure growth and longevity for the local screen industry, particularly in television production.

As a direct result of the dinner, Oscar-winning writer David Seidler was invited to speak at AnimfxNZ and the official launch of the PIPI Writers Trust. He is now collaborating with New Zealand writers on a production.

We communicated the revised national screen sector incentives (which came into effect on 1 April 2014) to stakeholders in Los Angeles during a week-long schedule of events and meetings, in conjunction with Regional Film Offices of New Zealand, Film New Zealand and the New Zealand Consulate in Los Angeles.

Film Wellington in partnership with screen producers took the New Zealand lead in producing material highlighting how to structure New Zealand co-productions with other countries.

This has been well-received by the film sector in Los Angeles, London and in Asia, and by filmmakers at the Sundance and Cannes film festivals. As a result, there are now several large projects considering opportunities in the region.

Film Wellington has also established an internship scheme with the Wellington-based NZ Film and Television School and Wellington City Council to train location scouts and managers, one of the biggest skills needs in the region and one that plays a significant role in helping to attract productions. The pilot internship begins in July 2014.

Ensuring filming in the region is easy

Film Wellington, the longest-established regional film office, works to maintain Wellington's reputation as being one of the easiest regions in which to film.

Over the last year, Film Wellington and the region's councils provided support for a range of projects, including location suggestions and permissions, contacts for facilities and talent, liaison with property caretakers and affected parties and information on local industry.

A key function is the issuing of film permits on behalf of the eight councils in the Wellington region. In the last year, Film Wellington handled 1,306 enquiries, exceeding the annual target by 117%, and facilitated 188 film permits requiring the issue of 360 location permits.

In 2013, a number of regional film offices, including Film Wellington, joined forces to form Regional Film Offices of NZ. The key drivers of this collaboration are to better attract productions, support sector development initiatives and improve regulatory functions including permitting and access to locations throughout New Zealand.

Developing the sector

To develop the sector, Grow Wellington was a strategic partner for the eighth AnimfxNZ conference held in February 2014. As in previous years, AnimfxNZ provided

attendees with opportunities for capability building and networking with leading industry professionals in the animation, game development and visual effects industry. Highlights were two highly-regarded international speakers, Oscar winner David Seidler and Microsoft gaming founder Alex St John, who exposed local talent to world-leading ideas and success stories.

Membership of PIPI, a programme that works with writers and designers to commercialise their creative content, was extended to include Massey and Victoria universities. The PIPI Trust has now taken over responsibility for the programme from Grow Wellington, although we remain represented on the Trust Board. The Trust is seeking funding to support its activities as well as to create opportunities to market the intellectual property generated through the programme.

Film Wellington also supported major projects after filming had wrapped, such as the promotion of Jemaine Clement and Taika Waititi's Wellington feature film *What We Do in the Shadows* at the Sundance Film Festival in the US in February, as well as the film's Wellington premiere in June.

At Sundance, we worked alongside the Ministry of Foreign Affairs and Trade (MFAT) to promote the region as a place to make films and increase awareness of the new national screen incentives.



STUDENT ATTRACTION

Through our Education Wellington programme, we have worked successfully to attract students with international student enrolments up 3% in 2013 compared to a decline in the national average of -1.8%.

The top five source markets in 2013 were China, India, Japan, Vietnam and Germany. China continued to be a key focus in 2013 and the enrolments from China increased 7% from 2012 against an average increase nationally of 2%.

The international education market contributes around \$177 million to the Wellington region, or 7% of the sector's contribution nationally.

This year, we have been in South East Asia, Japan and China promoting the region's educational opportunities at student fairs, international schools and furthering relationships with key education consultancy firms.

We led a delegation of tertiary education providers to Vietnam in September 2013 and March 2014 and travelled to Indonesia in August and September 2013. In March, we led a delegation to the China International Education Exhibition Tour 2014 in Beijing and Shanghai. In addition, we brought together 14 education providers from around the region that participated in the Wellington City Council Mayoral delegation to Japan and China in May 2014.

We carried out social media campaigns alongside these visits, generating interest in the Wellington region. In addition, we developed an online English language proficiency test, which then refers prospective students to providers in the region.

We developed a suite of collateral and tools under the tagline 'the Wellington campus' that the region's education sector and overseas agents can use to promote the region.

During the year, we also hosted three delegations of education agents from Japan and China, which exposed them to education opportunities in the region.

In association with Wellington City Council and Mayor Celia Wade-Brown, we officially welcomed over 400 international students and international partners to the region at an event at Te Papa, making sure that their first experience of our region will generate word of mouth recommendations in their home countries.



The region's school sector grew 11% (compared to national gains of 2%) and the institutes of technology and polytechnics (ITP) sector grew 18% (compared to a national decline of 1%).



Marketing material targeting Chinese students.

STRENGTHENING INNOVATION

We work to strengthen the region's innovation system, a key driver in raising GDP. Our work ultimately aims to increase the uptake of applied science, technology and engineering by businesses.

CREATIVE HQ

Creative HQ, a wholly owned subsidiary company of Grow Wellington, aims to discover and support companies and entrepreneurs who will be successful, have high growth and contribute to long term economic prosperity.

This requires them to develop the start-up ecosystem to encourage entrepreneurship and connect entrepreneurs with investors, research capability, management expertise and a host of support agencies. During the 2013/14 year, we streamlined Creative HQ operations to support newly improved incubation and acceleration initiatives.

Creative HQ's incubation programme produced excellent results for businesses with nine exits, two of which are considered high growth – Noble Bond and My Info Safe. Following the transition of funding provision from NZTE to Callaghan Innovation, Creative HQ refined its incubation programme to better meet the needs of entrepreneurs as their ventures mature through various growth stages.

Building on its success from last year, Creative HQ's digital start-up accelerator Lightning Lab accepted another 10 teams (29 entrepreneurs in total) into the three-month mentorship programme. The concluding pitch event, Demo Day, was again well received by the investment and innovation communities and resulted in \$3.1 million of investment offered to Lightning Lab ventures, of which \$2.4 million closed because the companies were oversubscribed.

Creative HQ has also partnered with Canterbury Development Corporation and the Icehouse in Auckland to assist in expanding the Lightning Lab initiative as part of the national Accelerator Programme run by the Ministry of Business, Innovation and Employment (MBIE).

Creative HQ is as innovative as the companies it supports and this year facilitated the first crowdsourcing competition in the public sector. In partnership with Inland Revenue, the App4IR competition encouraged start-ups and freelancers to develop an app to help Inland Revenue better engage with taxpayers. Traditionally, start-ups struggle to engage with large government

departments due to the resource requirements of standard procurement processes.

The App4IR competition provided start-ups with the opportunity to work with a large government department, while allowing Inland Revenue to tap into the rich local talent base. It resulted in more than 300 applications and 50 submitted apps, and the winning freelancers received \$10,000 and will further develop the app with Inland Revenue.

Creative HQ also continued its highly popular seminar programme, with highlights being the visits of US entrepreneurs and investors Troy Henikoff and Bill Payne.

The growth of Creative HQ's alumni companies continues with total revenues of \$13.7 million. The 2013/14 year saw another exciting investment with a large New Zealand marketing and distribution company acquiring a share of Noble Bond. 100% of incubator companies received commercial validation (in the form of investment or revenues). More than \$3 million in investment interest was offered to Lightning Lab companies. \$1.5 million in funding and investment was achieved by Creative HQ incubator companies.



Potential investors at Lightning Lab pitch event.

INNOVATION

Innovation Profile

We profiled innovation in the region through an interactive map and case studies, which will be used to showcase the Wellington region to local, national and international audiences, especially potential investors. The Innovation Profile also aims to inspire the region's businesses and stimulate even greater innovation, research and development and commercialisation.

We have mapped the distribution across the region of 900 innovative businesses in manufacturing and ICT, as well as the density and clustering of businesses by sector and by innovation. Detailed case studies were produced on 18 businesses.

Innovation ecosystem

- We have identified three key projects that will significantly enhance the region's innovation ecosystem. Grow Wellington has been working in partnership with other organisations on each project:

- Gracefield innovation precinct

In mid-2014, we advised Callaghan Innovation during the validation stage of its business planning for the establishment of the Gracefield innovation precinct as a high value manufacturing hub. We will be closely involved in the initiative, particularly to attract anchor tenants and businesses that may relocate to the precinct.

- ICT innovation precinct

Grow Wellington has worked with Wellington City Council on the early stages of a proposed ICT innovation precinct, one of the council's '8

Big Ideas'. While this is a long-term project, we anticipate that in the coming year this precinct will become a significant component in the region's response to the recently announced ICT graduate school initiative.

We also commissioned a report from a local consultancy firm to scope the investigation and analysis of innovation precinct options. The report is being used in local discussions, as well as on the multiparty mission sponsored by MBIE and Callaghan Innovation to investigate such precincts overseas.

- Spring

We supported Massey University to run Spring, a pilot commercialisation accelerator, for final-year design students working with industry. We will continue to take an active role on the steering group, along with representatives of Wellington City Council and the university.

Research and development investment

We are the regional business partner for Callaghan Innovation, facilitating and allocating funding for business research and development projects in the region.

Through this partnership, we have connected regional businesses with a total of \$4.9 million worth of grant funding. Research and development (R&D) funding channelled into the region through Grow Wellington far exceeds previous years' amounts, as well as our Statement of Intent target.

R&D project grants

Funding between 30% and 50% of an R&D project, the amounts invested this year have been larger and focused

Solving big data problems

SYL SEMANTICS

Well managed data gives businesses a competitive edge - it's an information asset. However, as Sean Wilson, CEO of Wellington software company Syl Semantics, points out, "it's becoming more like a 'data landfill' as too many businesses don't know what data they've got, let alone which bits to use or lose. And it's costing them money."

Five years ago, Sean's passion for new and innovative technology came together with chief data scientist Peter de Vocht's idea to better enable searches across multiple information systems - the aim being to deliver more relevant results. With the expertise of chief technology officer Adrian Johns, Peter's "original bit of code" became a commercial product.

Syl Semantics was the company's first product that helped solve "the big data problem" for large organisations.

Most big businesses hold information about their customers, staff, suppliers, sales and finances in separate information systems.

Using semantic (natural) language, Syl searches every system and returns highly relevant results, very quickly. It gives large organisations a single view of everything they've got.

The product features a semantic dictionary of over 300,000 English words and 25 million relationships between words, jargon, abbreviations, synonyms and acronyms. Syl can reconfigure and refine the dictionary for any sector from banking to the legal sector to health and telecommunications. While Syl's search software helps people find what they're looking for, another innovative tool, Syl Discover, tells them what the data is so they can manage its lifecycle and associated costs.

With success amongst its growing stable of large New Zealand clients and a staff of 11, Syl has attracted interest from clients and investors from Australia, the UK and US.

"Syl's local network of supporters has been invaluable: ICTE coaches for capital raising coaching; a partnering agreement with Datacom in which they implement Syl's technology and service its clients; NZTE funding for a strategic review and research into a potential academic graduate from Victoria University of Wellington over the summer; and an investment grant from New Zealand Venture Investment Fund which matched its funding from angel investors.

Sean is convinced that Wellington is the world's best kept secret and delights in forcing Syl's slower meetings into a dia.

"Some people say we need to develop an IT precinct here and I say 'we've got one and it's called Wellington'. It's a five to 10 minute walk between most meetings. Silicon Valley is 50 miles long."

While other cities are positive and inspirational, he highlights that Wellington is a low cost city to work and live in, and the ideal place to prove technology before taking on international markets.

"Public sector clients are rigorous - making them a great testing ground," Sean says. While he takes the sold plane to other places, his team is passionate about Wellington. "The culture of innovation here means people will give you a go."

Timeline: 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014

www.sylresearch.co.nz

A case study of Syl Semantics from the regional Innovation Profile.

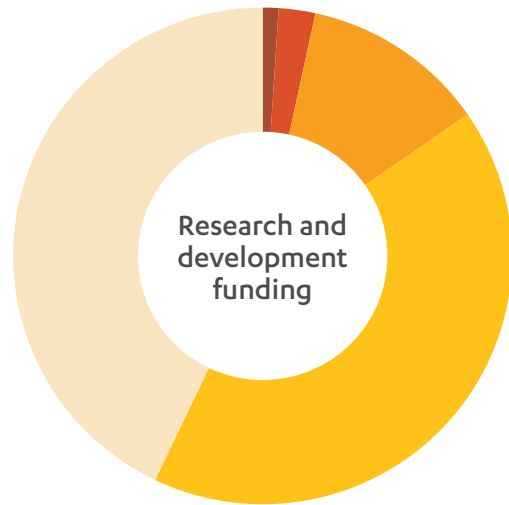
on a smaller number of high growth companies. A total of \$2.1 million was invested in 19 companies, an average of \$110,000 per project. A further \$2 million worth of project grants was identified, qualified, and referred to Callaghan Innovation, including our three largest referrals to date. The projects were across a variety of sectors – from ICT to manufacturing – and different stages of the business lifecycle.

R&D student grants

These grants fund student projects and internships in industry. We played a key part in enabling regional companies to access six month postgraduate internships (18 in the region, 25% of the national total), as well as undergraduate summer internships (26 in the region). We also facilitated funding for one Masters and one PhD project.

Getting Started programme

We allocated \$50,000 of Callaghan Innovation funding to regional businesses through the Getting Started programme. While the programme, capped at \$5,000 per business, can be worthwhile for businesses beginning to build their R&D capability, it can be difficult to integrate into other R&D investment processes and we have given Callaghan Innovation feedback on how this may be done more effectively.



- R&D Getting Started grants \$50,119
- R&D Student Grants - Masters/PhD Fellowships \$116,466
- R&D Student Grants - internships \$586,040
- R&D Project Grants referred to Callaghan Innovation \$2,045,200
- R&D Project Grants \$2,102,525



David Percy, Managing Director of Pertronic in Lower Hutt, who received funding for internships during the year.

CASE STUDY

Mindscape

Wellington ICT firm Mindscape has had a boom year off the back of its software product Raygun, a tool that helps developers identify and fix software errors. The company has achieved record growth and raised more than \$1 million in investment.

Co-founders John-Daniel (JD) Trask and Jeremy Boyd say all this success has been due in no small part to Grow Wellington.

In June 2014, Mindscape was granted a \$540,000 research and development grant from Callaghan Innovation, facilitated through Grow Wellington in its role as a regional business partner for the Crown agency. The grant will play a significant part in allowing Mindscape to employ 10 new staff in Wellington.

It follows on from a \$150,000 Callaghan Innovation grant in 2012 that helped build Raygun, also facilitated through Grow Wellington.

JD says that, as part of the R&D funding process, the team at Grow Wellington has been catching up with him every couple of months for the last two years or so.

“Grow Wellington has taken a strong interest in our business and really

worked to understand the specifics that make us unique.”

Now, the company’s plans for the coming year are well underway.

“We’re looking to open a small office in San Francisco in the next six to 12 months. Approximately 45% of our market is in the US and there are so many conferences, events and user groups there that we simply couldn’t attend them enough by flying in all the time.”

The research and development grant will be invested into an engineering project to expand the scope of their software and also take on more technical staff, boosting numbers from 10 to 20.



John-Daniel Trask, co-founder of Mindscape.

BUILDING BUSINESS CAPABILITY

Grow Wellington is the regional business partner for NZTE and in this role has allocated funding of \$433,000 to help local businesses build their capability. Of this, \$358,000 of funding was redeemed by businesses, who matched that amount with an equal amount of co-investment, bringing the total amount of regional investment in boosting commercial capability across business to \$716,000.

We have worked with 374 businesses across the region and of these 171, or approximately 44%, received funding to build capability within their business. The main areas for capability development were in business planning, followed by business systems, business sustainability, marketing and governance. Of this funding, 46% was allocated to businesses within Wellington City and the remaining 56% to businesses in the rest of the region.

Of the businesses that we have engaged with over the past year, 124 were new to Grow Wellington, and a total of over 500 new connections were made linking businesses to expert service providers, NZTE, Callaghan Innovation, chambers of commerce, industry and business associations and other businesses.

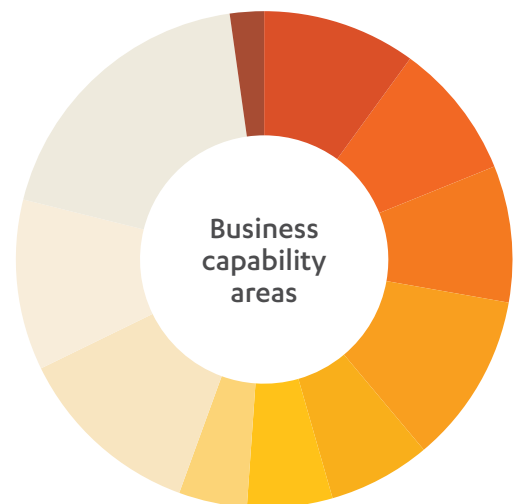
Where we have engaged with businesses for two consecutive years, we can observe trends of 40% in revenue growth and 19% in full-time equivalent (FTE) staff growth.

For those businesses that have received funding, the change in revenue growth and FTE growth is 29% and 25% respectively.

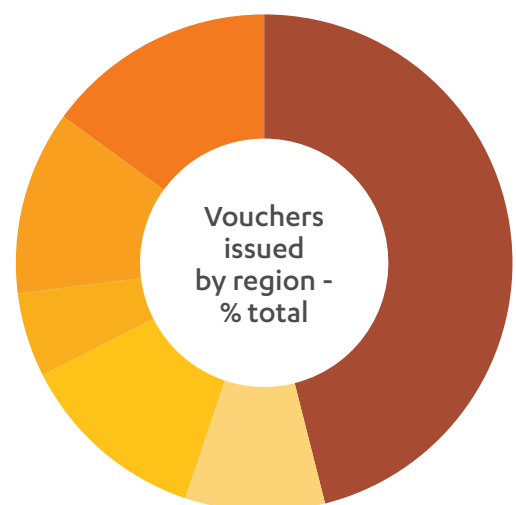
NZTE has extended Grow Wellington’s contract for the regional business partner programme until 30 June 2015. The programme will be subject to a review by MBIE during the coming financial year.

Enhancing investment connections and capability

We have focused mostly on helping businesses to be successful in raising capital rather than enhancing investment connections as earlier determined in our Statement of Intent. Through our engagement with businesses, we observed that many have a need to focus on key commercial areas of their business before looking to raise capital.



● Managing resources	9	● Capital raising	4
● Business operations	8	● Business systems	11
● Lean	8	● Business sustainability	10
● Governance	10	● Business planning	17
● Finance	6	● Other	2
● Export	5		



● Wellington	46.1	● Porirua	5.5
● Upper Hutt	9.1	● Wairarapa	12
● Lower Hutt	12.4	● Kapiti	15

As a result, we delivered the Investment Breakfast Series programme for businesses that are not of scale or export capability to participate in NZTE's Better By Capital programme. The programme focused on helping businesses better define strategy, determine governance needs and balance legal structure and financial management, in turn preparing them for capital raising activity.

The series was held twice with 15 participating businesses that have potential for growth as early stage exporters or are looking to export in the next 12 to 18 months. Since the programme, two businesses have been successful in raising capital, another four are in the midst of raising capital and the rest are planning to raise capital in the next 12 months.

To support this initiative, we formed the Capital Providers Group, an informal collective of service providers from finance, legal, banking, strategy and governance disciplines.

An improved networking programme

We successfully activated the business clinic programme. The aim of the clinics is to connect like-minded businesses to address the challenges of business competencies and to encourage their continued development in core commercial disciplines to enable growth.

We have coordinated 11 clinics over the year with expert service providers delivering knowledge in areas such as financial management and cash flow, governance and advisory boards, market validation and customer qualification, social media, export development, intellectual property and succession planning. Nearly 60 businesses from around the region attended and 25 of these businesses have further developed capability with funding available through the NZTE regional business partner scheme.



Grow Wellington's networking programmes include the Investment Breakfast Series and Business Clinics.

BUILDING SECTOR SCALE AND CONNECTEDNESS

The Wellington Regional Strategy has identified those sectors where the region has a competitive advantage and Grow Wellington works to develop them through implementing sector strategies, identifying opportunities for industry growth, removing barriers to growth and helping companies collaborate.

ICT, SCREEN AND DIGITAL SECTOR

Development of the strategy to address the needs of digitally-focused businesses in the ICT and screen industries is underway and will be released in the coming financial year. We have met with key corporate players as well as sector oriented businesses that we engage with regularly to get their insights into a sector strategy for the region.

EdTech for Export conference

One example of ICT sector development was the annual EdTech for Export conference held in June 2014. The conference was delivered and co-funded by Grow Wellington and largely funded by Education New Zealand. It provided a forum for industry development, export growth and collaboration in the education technology industry and a wide range of businesses and professions was represented including online learning, e-publishing, digital content and gaming and app development.

EdTech for Export enabled delegates, including a number of businesses in the region, to forge new business connections both nationally and internationally and also showcased the products and services of more than 12 leading ed tech businesses. Feedback shows the conference was viewed as a success and delegates were encouraged by the ability to leverage the connections of the four leading international speakers.

MANUFACTURING SECTOR

The manufacturing sector strategy, which will be published early in the coming financial year, is broad and covers industries such as polymer and plastics, pharmaceutical and chemical, machinery and equipment, and food and beverage.

Key themes from the strategy are:

- collaborating with the digital sector to find opportunities
- finding the right export markets for manufacturers, and
- adding value through design.

Projects and programmes of work are already underway under each of these key themes and include helping to



The EdTech for Export conference in June 2014 connected businesses and professionals in the rapidly growing education technology sector from New Zealand and internationally.

extend the Summer of Tech internship programme into the manufacturing sector, designing and leading a digital manufacturing cluster and scoping a programme to activate start-up initiatives in manufacturing.

Supplier Showcase

We were the key partner in organising the Supplier Showcase in February where 41 regional producers showcased their products to the hospitality industry – a 36% increase on last year. We also took the opportunity to host retail food and beverage buyers from further afield, mainly from Auckland. Suppliers reported signing up an average of two new restaurants for the festival; a number added products to their retail agreements; and at least six producers secured new distribution with buyers in the four months post the event.

Visa Wellington On a Plate

We continued to financially support the Visa Wellington On a Plate festival, which was held in August 2013 and is estimated to have generated an additional \$4.1 million in value to the Wellington regional economy.

In keeping with our approach to facilitate initiatives and then handover to businesses, organisations or sectors, the Wellington Culinary Events Trust was formed in January 2014 and will oversee the delivery of the festival, with a view to expanding events outside of the festival itself. Grow Wellington will continue to provide financial support to the event for the coming financial year and is represented on the Trust Board.

Food and Beverage Association

We have continued to be involved with the Wellington Food and Beverage Association. The group shares occupational health and safety plans and Grow Wellington negotiated a collective contract for testing with lab services on behalf of the group. Future activity will continue to focus on health and safety data and process sharing, and energy consolidation options for electricity and gas.

In June 2014, we also organised a one day Food and Beverage Business School where businesses explored key areas for the industry including food certification and food technology, social media and increasing business scale.

Craft beer cluster

We have continued our work with the craft beer cluster, formed last year by Grow Wellington, by commissioning a report to highlight challenges and opportunities for the sector. This noted a number of areas, including regulatory and compliance issues, market entry, and supply chain efficiencies, in which we then facilitated access to expert knowledge and assistance for the cluster.

We also supported a number of the cluster businesses to attend the Great Australasian Beer Spectacular (GABS) in May 2014. The GABS festival is Australasia's largest beer-oriented consumer event. Several new business deals were cemented with one brewery extending their distribution arrangements and another in talks to establish a contract manufacturing facility in Australia for product delivered



A local food producer presents her products at the Supplier Showcase in February.

to the Australian market. In support of this initiative, we worked with Positively Wellington Tourism to promote the region and its craft beer through a media insert distributed to more than 14,000 readers in Melbourne and Sydney. We also worked with NZTE who supported a Path to Market programme for the brewers.

Clean Tech Centre

Grow Wellington has supported and managed the Clean Technology Centre for four years. While we have continued to make services available to tenants at the centre, the number of tenants has declined and the expected economic impact of the investment has not eventuated. We are evaluating this programme of work, as we do with all programmes, to make sure it is providing sufficient business and economic benefit to justify the ongoing public investment. Throughout the year, Grow Wellington has worked with key stakeholders to develop a more successful clean tech initiative. The role and operation of the Clean Tech Centre will need to

be reconsidered to provide the best economic benefit to the region, and it is likely that the future of the Clean Tech Centre will involve a different type and scale of tenant.

We are committed to and focused on supporting high growth, export oriented businesses with a sustainable focus across the region. We believe we will now be able deliver support to a broader range of businesses across the region through minimising direct costs into the centre.

We welcome the formation of the new clean tech association by some of the Clean Tech Centre tenants and will continue to support this new independent clean tech cluster in the same way in which we support other industry clusters.



Wellington craft brewers join forces with Grow Wellington and Positively Wellington Tourism at the GABS festival in Melbourne.

CASE STUDY

Wellington craft beer

While the size of New Zealand's brewing industry is relatively static, Wellington craft brewers are on a high growth trajectory. The region's craft beer generated around \$13.5 million in 2012/13 – a figure that's likely doubled since then.

It comes as no surprise to ParrotDog owners Matt Kristofski, Matt Stevens and Matt Warner.

"When we entered the market, Wellington was definitely the largest consumer of craft beer nationwide," says Matt Stevens.

They found it helped that industry leaders such as Tuatara had carved out a niche for new players to follow. Other support followed from Grow Wellington.

In February 2014, ParrotDog took part in the Visa Wellington On a Plate Supplier Showcase, run by Grow Wellington in conjunction with the Wellington Culinary Events Trust. This not only enabled them to gain vital exposure for their company from industry buyers but to make consumers aware of the diversity of product in their own backyard.

The company's involvement with Grow Wellington stepped up in May this year, when we supported a number of brewers with a Craft Beer Capital stand at the Great Australasian Beer Spectacular.

Australia is a key first export market for New Zealand brewers, explains Matt Kristofski.

"We had already started in the Australian market but got quite a few new industry leads. It was a great chance to showcase our product to bar and restaurant owners there too."

Others who have been inspired by the region's beer scene are Chris Mills and Natasha Dahlberg from Kereru Brewery, which opened in 2010 with branding and recipes developed in the couple's home in Silverstream. By 2013, business had expanded, and an 18,000 litre brewery was fitted out in the former Feltex factory building in Upper Hutt.

Kereru Brewing also took part in the Supplier Showcase – the third time for the company – and again found the experience invaluable.

"We got new customers and came out of it with three or four solid contacts, which makes a big difference," says Chris.

"We have found very useful information through Grow Wellington for getting our business up and running. Through Grow Wellington, we have also had NZTE voucher funding and are now looking into R&D with a view to exporting in the next 12 months or so."



Above: Chris Mills (owner) at Kereru Brewery in Upper Hutt.
Below: Craft brewing in action at ParrotDog in central Wellington.



PRIMARY SECTOR

The primary sector strategy, also to be released early in the coming financial year, focuses on regional opportunities across the agriculture, horticulture and forestry industries.

Key themes from the strategy are:

- connecting players to build efficient primary sector value chains
- collaborating with partners, including iwi, to develop new opportunities, and
- catalysing action through infrastructure providers to meet sector needs.

Kapiti rural land use/agri-foods

We have worked collaboratively with Kapiti Coast District Council alongside Kapiti Horowhenua electricity network company Electra and the Horowhenua District Council to understand the scope and scale of the agri-foods sector and to raise its profile. This industry engagement initiative aims to explore the full economic potential of the highly productive land in the Kapiti and Horowhenua regions.

Wairarapa Water Use Project

Grow Wellington has maintained its interest in the Wairarapa Water Use Project, with one of our team seconded to work directly on the project in a half-time capacity, which will continue for the coming financial year. Currently, other agencies, such as the Greater Wellington Regional Council, are better placed to progress the technical and funding investigations relevant to this phase of the project. We are turning our attention to how the potential long-term economic and commercial outcomes from the project will be maximised.

Lower North Island Wood Council

We assisted with the formation of the Lower North Island Wood Council in early 2014. The council provides a collective voice for the industry in the lower North Island

and aids collaboration in key areas such as health and safety reform and industry legislation.

RETENTION

It is equally important to work to retain existing high value businesses. We developed a framework to identify businesses of significance in the region and a programme was undertaken to engage with them. If businesses were identified as being at risk of leaving, we looked to address any concerns where possible by acting or referring them to agencies which might mitigate their issues.

OTHER INITIATIVES

International trade and export growth

We began development of a programme of work in 2013 to foster the region's international trade and export growth across a range of sectors. Scoping is complete and we are researching relevant international markets, including: China, Australia, US, Korea, Japan, UK, India, Vietnam, Indonesia and the Gulf Cooperation Countries.

We are working with key partners, including Wellington Employers Chamber of Commerce, NZTE, MFAT, Export NZ and the NZ Export Credit Office and will be delivering a programme of work in the coming year to increase interest in exporting with businesses across the region, promote capability development for export oriented businesses and educate businesses on key markets and opportunities in those key markets.

Vintage Aviation Attraction Hub

The Vintage Aviation Attraction Hub is a proposed development of facilities at Hood Aerodrome, Masterton for plane servicing and manufacture, and as a visitor attraction, filming location, education centre and archive. Grow Wellington co-funded a pre-feasibility report in the last financial year that identified that the aviation hub could be an opportunity for the Wairarapa, though is contingent on securing support and funding from cornerstone tenants and investors. The report is currently with stakeholders for consideration.



Ruakokoputuna, Wairarapa.

DEVELOPING THE WORKFORCE

We also work to develop the region's workforce and increase the number of skilled people available to our priority sectors.

Business internships

We facilitated 216 internships to support businesses in the region. Examples include:

- 12 businesses were supported by 19 final-year Victoria University international business students who undertook research projects on export markets.
- 17 applied management students from the School of Business and IT at Wellington Institute of Technology (WelTec) completed projects of 140 hours for three organisations.
- Three students completed engineering projects for two businesses, both major final-year projects of 450 hours each.
- Three businesses were assisted with support from Massey University students over two semesters (180 hours).
- 60 Victoria University School of Information Management students worked on business IT projects.

Enspiral Dev Academy

To boost the ICT workforce, we supported social enterprise network Enspiral with funding to launch a website for the Enspiral Dev Academy, a course based on a successful model used in San Francisco and Chicago. The funding enabled market testing for the course with 13 students enrolling in the first cohort. Eleven more students are signed up for the second cohort.

The academy will help address the shortage of skilled and employment-ready ICT staff in the region. At the completion of each cohort, ICT businesses are invited to meet, and potentially hire, the graduates.

Summer of Tech

Seventy-one of the 216 internships were with 32 companies over summer as part of the Summer of Tech programme we support. The majority of the 10-week projects continue to be in software development, however, increasingly businesses are taking on students for projects in mobile and web development, testing, support, analytics, business analysis and design.

Over the eight years of the Summer of Tech programme, 65% of students have gone into employment with businesses (or related businesses) in which they were interns.



Students were from Victoria and Massey universities, WelTec, Whitireia, and Yoobee as well as one or two tertiary institutions from outside the region.

As previously mentioned, we have also helped to develop a pilot initiative to extend this successful programme into the manufacturing sector.

Fraser Engineering

Another example of our support for the high value manufacturing workforce was connecting engineering firm, Fraser Engineering, with Victoria University's Industrial Design School to develop a summer course where students worked on innovative, design-led projects, generating a range of ideas that could be commercialised.

Regional tertiary strategy

We facilitated a meeting with the region's six largest tertiary institutions to discuss ways in which we could enhance the connections between tertiaries, students and the wider business community. As a result, we will be assisting the tertiaries with a regional tertiary strategy focused on workforce, innovation, commercialisation and student attraction. We will consult on a draft strategy in the first quarter of the coming financial year and then assist with implementing the strategy.

A network diagram consisting of numerous circular nodes connected by thin lines. The nodes are colored in two shades: a vibrant orange and a light grey. The orange nodes are scattered across the page, with a notable concentration in the lower half. The grey nodes form a dense, interconnected web in the background. The overall aesthetic is clean and modern, suggesting a digital or technological theme.

REPORT ON STATEMENT OF INTENT MEASURES

STATEMENT OF INTENT MEASURES

Target achieved as defined in the 2013/14 Statement of Intent

Target substantially achieved as defined, or alternative outcomes established throughout the year

Target essentially not achieved, although indirect value may have been produced or new opportunities may have been identified




ATTRACTING BUSINESS, INVESTMENT AND TALENT

Objective	Activity	KPI target		Result
Prepare attraction toolkit and processes	Develop regional and sub-regional value proposition	<ul style="list-style-type: none"> Information current and available, toolkit in place and functional 	●	We developed and applied a suite of collateral outlining the region's value proposition.
	Build partnership team	<ul style="list-style-type: none"> Channel partners engaged Build, equip and support ambassador pool 	●	Strategic partnerships were developed with local and in-market influencers including NZTE's Capital teams, Immigration New Zealand, and entrepreneurs and high net-worth individuals. Collateral, such as the 'Make it here' campaign platform developed for recruitment firms to promote the region, was hosted online so it could be used by all parties.
	Develop 'sales pipeline' targets and conversion process for business and investment attraction	<ul style="list-style-type: none"> Process in place; 20 business and investment attraction targets in pipeline Four in-market campaigns completed, with one expression of interest per campaign In conjunction with partners, host inbound attraction visits to Wellington 	●	We developed a sales process to ensure the highest probability of conversion. We delivered both large and medium scale campaigns, increasing the number of quality leads. As of 30 June, there were 42 leads in the pipeline, with an estimated economic value of \$70 million annually. Other leads from 2013/2014 in-market activity will be added once assessed. Four large scale in-market campaigns were completed (CeBIT, an above the line marketing campaign in Australia, SXSW, Down Under Live) plus five medium scale in-market campaigns. Four inbound attraction visits were completed, resulting in two relocations and another lead in the negotiation phase. We also promoted the region to delegations from China, Vietnam and Thailand.
Proactive attraction conversion	Increase international student presence in conjunction with Education Wellington International and sector providers	<ul style="list-style-type: none"> 5% increase over 2012 baseline of international students enrolled in Wellington region secondary and tertiary institutions 	●	Student numbers in 2013 increased 3%, against an average national decline of -1.8%. We led four in-market delegations and hosted one inbound agent delegation, as well as developing collateral for agents and education providers to promote the region.
	Talent attraction	<ul style="list-style-type: none"> Create a 'Talent Wellington' unit and develop strategy and process for attracting talent/entrepreneurs and high net worth individuals 	●	A talent attraction strategy was developed after engaging with a large number of employers and recruiters in the region and assessing statistical data. We developed a marketing campaign and an initiative was launched in the UK, in partnership with large local employers, to address the largest immediate need – ICT talent.
	Film Wellington enhances its business attraction role and capability	<ul style="list-style-type: none"> Film Wellington contributes to the attraction of screen production to the region with combined production value of \$10 million 	●	Film Wellington has made introductions, nurtured relationships, helped develop screen IP and production cases, and successfully bid for television commercial work in excess of this figure.
Engagement with Māori	Develop a productive relationship with Māori	<ul style="list-style-type: none"> Grow Wellington and Māori are actively in dialogue with respect to investment objectives and opportunities 	●	We have engaged with numerous iwi contacts and agencies, including Port Nicholson Block Settlement Trust, Māori Economic Development (Ministry of Business, Innovation and Employment) and Te Puni Kokiri to identify opportunities for Māori-led development and investment.

STRENGTHENING INNOVATION

Objective	Activity	KPI target		Result
Commercialise IP through start-ups by part-funding and supporting Creative HQ to run a start-up incubator and accelerator	Incubation	20 ventures supported through incubation Four high growth exits 85% client (incubatee) satisfaction as measured in annual survey NZTE rates Creative HQ amongst the highest performing incubators in New Zealand		21 ventures were supported through incubation. Of these, 16 were actively managed within the Creative HQ incubator, two were assisted to close investment and three were helped to formalise their venture. Of the nine companies that completed their incubation programme, two were high growth exits, with a third high growth exit likely to occur just after the end of the financial year. The satisfaction rating was 83%. Incubator evaluation has moved to Callaghan Innovation; rankings are no longer produced.
	Acceleration	25 entrepreneurs through digital accelerator >40% ventures invested post Demo Day		Our digital accelerator programme, Lightning Lab, was again successful. 29 entrepreneurs were involved in the programme, with 50% of ventures receiving offers of investment by the end of the year.
	Science commercialisation, in partnership with tertiary sector	35 project evaluations through region's institutions and universities Five new incubation ventures		We exceeded our target for reviewing commercialisation projects from the region's tertiary institutions. However, the appropriately rigorous evaluation methodology revealed that, at this stage, no projects were suitable for commercialisation through a new venture.
	Campus Bootcamps	40 students through bootcamp Three start-ups		We were able to achieve three start-up ventures from our bootcamp programme, despite only enrolling 35 students in the programme.
Enhance the regional innovation system	Map innovation assets and potential	Interactive map publicly available Develop regional innovation scorecard		We combined the scorecard and map into a single Innovation Profile available online to be used to promote innovation in the region.
	Facilitate a feasibility study into establishing innovation precincts within the city and region	Study completed and consultation on its recommendations		We commissioned a report to scope the investigation and analysis of innovation precinct options. The report is being used to lead discussions with local agencies and businesses, as well as central government.
	Deliver Callaghan Innovation's TechNZ Regional Partner Programme	Manage, refer, or approve \$2.4 million R&D funding annually 90% customer client satisfaction rate Positive feedback from MBIE		This was a particularly successful intervention for us, allocating or facilitating \$4.9 million of R&D funding throughout the year. Callaghan Innovation changed the contract KPIs during the year and a customer satisfaction survey is no longer required. Feedback is now provided by Callaghan Innovation rather than MBIE – feedback has been positive.







BUILDING BUSINESS CAPABILITY

Objective	Activity	KPI target		Result
Increase businesses' management capability	Deliver the NZTE Regional Business Partner Programme	<p>Manage allocation and approval of \$520,000 funding annually</p> <p>Minimum of 270 businesses connected to the Accelerate Success programme</p> <p>90% customer satisfaction rate</p> <p>Positive feedback from NZTE</p>		<p>During the year, NZTE reviewed the measurement of its regional business partner programme and revised our target to be the allocation of approximately \$370,000 of capability funding. We issued over \$433,000, of which \$358,000 was redeemed (representing an 82% redemption rate).</p> <p>The change also meant that a customer satisfaction measure was no longer required.</p> <p>We engaged with 374 businesses, 124 of which were new to Grow Wellington.</p> <p>NZTE has extended our contract until June 2015.</p>
Enhance investment connections and capability	Design and deliver a programme that prepares businesses to pitch for investment and connects them to the investor community	<p>Capital Providers Group formed</p> <p>Twelve businesses presented with half successful in raising capital</p>		<p>Grow Wellington designed and completed two series of a programme aimed at supporting businesses getting ready for raising capital. The Capital Providers group was formed from the subject matter experts and services providers involved.</p> <p>15 businesses participated and two have completed capital raising activities, with a further four in the process of completing a capital raise.</p>
Provide additional value to businesses through an improved networking programme	Deliver an enhanced value oriented networking and referral model, including the ongoing relationship management of Chamber partners, and the coordination of workshops/business growth clinics/events/seminars from service providers in key capability development areas	<p>12 clinics/workshops held across the region</p> <p>3 SME industry network groups formed and operational</p> <p>90% customer satisfaction rate</p> <p>Positive feedback from Chambers</p>		<p>Grow Wellington organised and held 11 of 12 business clinics during the 2013/14 year.</p> <p>Five industry clusters have formed and are active in the region covering: ICT, MedTech, Digital Manufacturing, Large Food Producer, and Craft Beer.</p> <p>A business survey is not being completed this year, though we have had positive feedback, as well as maintaining excellent relationships with the region's Chambers of Commerce.</p>

BUILDING SECTOR SCALE AND CONNECTEDNESS

Objective	Activity	KPI target	Result
Review strategies for priority sectors	Identify key gaps in priority and emergent sectors. Select opportunities for development and potential feasibility studies. Implement plans as defined	Plans completed to year end requirements Core programmes developed by sector (eg optimising manufacturing) and delivered with joint outsourced delivery and funding	<p>● The manufacturing and primary sector strategies are completed and have identified key focus areas for the next three years.</p> <p>The ICT, screen and digital sector strategy will be completed in the 2014/15 year.</p> <p>The Red Meat Value Chain programme delivered with joint outsourced delivery and funding was cancelled after a key industry player withdrew. We have continued work with the other industry players on an individual basis.</p> <p>The Kapiti Rural Land Use feasibility study was completed. Regular planning meetings were held, as well as an industry event in June to stimulate activity in the local agri-foods industry.</p> <p>The Aviation Attraction feasibility business case has been presented to stakeholders for further consideration.</p>
Assist in the development of a strategy for the Clean Tech initiative	A development approach is agreed with key stakeholders	MoU as to strategy direction and commitments from stakeholders is achieved	● A Memorandum of Understanding between stakeholders will not proceed at this stage because there have been changes in stakeholder perspectives on the clean tech initiative during the year. We will work with stakeholders to determine what options are available to achieve the best return on our and their investment in this area.
	The Clean Tech Centre (CTC) is active with science-based businesses or projects	Otaki CTC is at break-even	● The centre has not met break-even targets for the 2013/14 year.
Increase sector based investment	Develop investment clusters to connect a group of high growth potential businesses from within key sectors to investors (local or foreign)	Form two industry groups seeking investment, creating connections and introducing investors	● The Wellington regional craft beer cluster was the only industry group formed during the 2012/13 year to focus on investment. The group has determined that investment is not currently their top priority, but has worked on a number of initiatives during the year.
Business retention	Develop business retention strategy	'Top 50' largest employers in Wellington identified and relationships established to identify their long term needs	● A framework was developed that identified the Wellington region's largest businesses and a programme was undertaken to engage with them. If businesses were identified as being at risk of leaving the region, we looked to take any possible actions to mitigate that risk.
Managing the region's film friendliness and permit process	To manage enquiries, issue film and location permits and continue to advocate for Wellington as a film friendly region	600 film enquiries managed 85% satisfaction from Film Sector Survey	<p>● Film Wellington managed a total of 1306 enquiries, well ahead of the target of 600.</p> <p>The survey was not undertaken this year.</p>
Support events and identify follow up initiatives	AnimfxNZ Conference	300 attendees 90% satisfaction	● We exceeded both targets with 337 attendees and 95% satisfaction.
	EdTech Conference	200 attendees 75% satisfaction (new event)	<p>● The EdTech for Export event, held in June 2014, was attended by 165 delegates. Whilst lower than the 200 target, the number of out-of-town delegates exceeded the 40% target.</p> <p>Survey results show 89% of delegates rated the event as very good or excellent, 90% indicated they would attend again and 88% of delegates said they met their objectives for attending.</p>
	VISA Wellington On a Plate	Increased local supplier participation Increased interest in food workforce (participant numbers capped to maintain quality)	● We have seen a 36% increase in producer and supplier participation for the Supplier Showcase event (from 2013). There has been a growth in employment in F&B businesses.

DEVELOPING THE WORKFORCE

Objective	Activity	KPI target	Result
Increase contribution of knowledge assets to regional economy	In conjunction with Business Central, participate in the Knowledge Business Committee to engage tertiaries in business problem-solving and innovation	3 knowledge driven projects derived and sponsored by major knowledge institutions	 Although we have been keen to progress initiatives, the Knowledge Business Committee has not been active, apart from appointing a new Chair. Instead, we have engaged the heads of the tertiaries and we will be assisting with a strategy for how tertiaries can contribute even more to regional growth.
	Investigate 'Earn and Learn' programmes with tertiaries	Feasibility study completed and accepted by tertiaries	 Feasibility work is complete and we have determined that the most effective way of increasing the earn and learn capacity within the region without requiring extensive or ongoing public financial support was to extend the successful Summer of Tech programme into the high value manufacturing sector, another high priority sector for the region.
		Graduate retention and revolving door strategies developed	 As noted, we have engaged the heads of tertiaries and are developing a tertiary strategy, which will include strategies on graduate retention.
Match industry skills and demand	Regional skills shortage articulated to providers	Three new courses aligned with regional sector strengths	 Two new courses have been set up; one in response to the ICT industry's need for developers, and a summer course designed between Victoria University and a local high value manufacturing company.
	Expand the PIPi initiative connecting Massey and Victoria universities and creative sector businesses	10% pa increase in numbers participating	 The number of student writers in the programme has increased by 40% and illustrators by 29%.
	Increase work-based learning	150 interns placed in target sector firms	 Both businesses and tertiaries value the role we play in matching businesses with students who can add to their business. This year we placed 216 interns, well exceeding the target.

FINANCIAL STATEMENTS

The Board of Directors present their Annual Report including Financial Statements of the Parent and Group for year ended 30 June 2014.

	Group		Parent	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
	\$	\$	\$	\$
Total Comprehensive Income	520,227	417,634	43,530	71,746
Equity at beginning of the year	454,643	37,009	108,755	37,009
Total Equity at 30 June 2014	974,870	454,643	152,285	108,755

Dividends

The Directors recommend that no dividend be paid for the year.

Transfers

It is not proposed to make any transfer to reserves.

State of Affairs

The state of the Company's affairs at 30 June 2014:

	Group		Parent	
	Actual 2014	Actual 2013	Actual 2014	Actual 2013
	\$	\$	\$	\$
Assets Totalled	1,807,135	1,433,108	745,266	838,413
Financed By:				
Shareholders Funds	974,870	454,643	152,285	108,755
Liabilities	832,265	978,465	592,981	729,658
	1,807,135	1,433,108	745,266	838,413

As required by section 211 of the Companies Act 1993, we disclose the following information:

Nature of Business

The business of the Parent is facilitating economic development of the Wellington Region. The nature of the Parent's business has not changed during the year under review.

Directors' Interests

Directors' interests in transactions or proposed transactions of the Company as detailed in note 13 of the financial statements.

Use of Company Information

The Board received no notices during the year from directors requesting to use company information received in their capacity as directors which would not have otherwise been available to them.

Share Dealings

No director acquired or disposed of any interest in shares in the Parent during the year.

Directors' Indemnity and Insurance

The Company has entered into indemnity and insurance in respect of any liability that the directors may incur in their capacity as directors.

Directors

All directors held office for the full year except as noted below. No other person held office as director at any other time during the period.

	Resignation Date	1st Appointment Date	Reappointment Date
Parent			
Paul Mersi (Chairman)		5-Apr-11	18-Jun-14
Anders Crofoot		1-Jul-11	18-Jun-14
Barry Brook		1-Jul-11	18-Jun-14
Karen Fifield		1-Jul-11	30-Jun-13
Peter Robertson		1-Jul-10	30-Jun-13
Rachel Taulelei		1-Jul-10	30-Jun-13
Richard Stone		1-Jul-11	30-Jun-13
Dr Dianne McCarthy	19-Oct-12	1-Jul-10	-
Subsidiary			
Gerard Quinn (Chairman)		20-Dec-12	-
Barry Brook		16-Dec-11	-
Nicholas Lewis		29-Oct-10	-
Brett Holland		1-Mar-14	-
Geoff Todd (past Chairman)	14-Dec-12	3-Sep-10	-
Melissa Clark-Reynolds	30-May-13	29-Oct-10	-

Employee Remuneration

Remuneration paid to employees over \$100,000 during 2014 financial year is grouped as follows:

	Number of current employees	
	2014	2013
Salary Band		
Parent		
\$100,000 - \$109,999	1	2
\$110,000 - \$119,999	-	1
\$120,000 - \$129,999	2	-
\$130,000 - \$139,999	1	-
\$140,000 - \$149,999	-	1
\$170,000 - \$179,999	-	1
\$210,000 - \$219,999	1	-
Subsidiary		
\$100,000 - \$109,999	-	4
\$110,000 - \$119,999	1	-
\$130,000 - \$139,999	1	1
\$170,000 - \$179,999*	1	1

* This includes a severance payment

Auditors

Audit New Zealand are the auditors of the 2014 Financial Statements and Statement of Intent measures.

General

In the Directors' opinion, the current financial position of the Company is considered to be satisfactory.

For and on behalf of the Board.

Paul Mersi
Chairman of Grow Wellington Limited

Peter Robertson
Director of Grow Wellington Limited & Chairman
of AFR Committee

**Draft Grow Wellington Limited
Statement of Comprehensive Income
For the year ended 30 June 2014**

	Actual 2014 \$	Group Budget 2014 \$	Actual 2013 \$	Parent Actual 2014 \$	Actual 2013 \$
Revenue					
Grant Revenue Science and Innovation (MBIE)	323,007	-	420,565	240,000	240,000
Council Contributions	4,100,000	4,000,000	3,600,000	4,100,000	3,600,000
Grant Revenue New Zealand Trade and Enterprise	1,150,250	2,677,000	1,110,000	360,000	360,000
Other Revenue	1,738,280	900,000	816,899	1,310,746	567,932
Lightning Lab Management Fees	119,981	-	78,019	-	-
Fee Income	89,538	-	82,979	-	1,000
Stakeholder Contracts	-	-	11,285	-	-
Interest Income	7,293	-	8,649	7,293	773
Investment Income	500	-	3,402	-	-
Sponsorship	123,500	-	35,000	25,000	-
Management Fee	-	-	-	95,047	82,000
Total Revenue	7,652,349	7,577,000	6,166,798	6,138,086	4,851,705
Personnel Costs	(4,145,251)	-	(3,296,282)	(2,882,297)	(2,295,461)
Depreciation and Amortisation Expense	(33,413)	-	(46,159)	(24,162)	(45,593)
Directors' Fees and Expenses	(137,844)	(7,577,000)	(146,655)	(125,256)	(132,831)
Creative HQ Funding	-	-	-	(672,000)	(673,000)
Other Operating Expenses	(3,210,135)	-	(2,569,451)	(2,390,841)	(1,633,074)
Total Operating Expenditure	(7,526,643)	(7,577,000)	(6,058,547)	(6,094,556)	(4,779,959)
Income Tax Expense	-	-	-	-	-
Surplus/(Deficit) Before Tax	125,706	-	108,251	43,530	71,746
Other Comprehensive Income					
Movement in Fair Value of Investments	394,521	-	309,383	-	-
Total Comprehensive Income	520,227	-	417,634	43,530	71,746

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

**Draft Grow Wellington Limited
Statement of Changes in Equity
For the year ended 30 June 2014**

	Actual 2014 \$	Group Budget 2014 \$	Actual 2013 \$	Parent Actual 2014 \$	Actual 2013 \$
Equity					
Balance at 01 July	454,643	57,000	37,009	108,755	37,009
Total Comprehensive Income for the year	<u>520,227</u>	-	417,634	<u>43,530</u>	71,746
Balance at 30 June	<u>974,870</u>	<u>57,000</u>	454,643	<u>152,285</u>	108,755
COMPONENTS OF EQUITY					
Retained Earnings					
Balance at 01 July	145,260	57,000	37,009	108,755	37,009
Net Surplus / (Deficit) for the year	<u>125,706</u>	-	108,251	<u>43,530</u>	71,746
Balance at 30 June	<u>270,966</u>	<u>57,000</u>	145,260	<u>152,285</u>	108,755
Available for sale reserve					
Balance at 01 July	309,383	-	-	-	-
Other Comprehensive Income for the year	<u>439,521</u>	-	309,383	-	-
Balance at 30 June	<u>748,904</u>	-	309,383	-	-
Total Equity at 30 June	<u>974,870</u>	<u>57,000</u>	454,643	<u>152,285</u>	108,755

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

**Draft Grow Wellington Limited
Statement of Financial Position
As at 30 June 2014**

		Actual	Group	Actual	Actual	Parent
	Note	2014	Budget	2013	2014	Actual
		\$	\$	\$	\$	\$
ASSETS						
Current Assets						
Cash and Cash Equivalents	11	504,291	463,000	467,644	454,626	320,412
Trade and Other Receivables	12	389,421	561,000	268,686	203,201	128,330
GST Receivable		-	-	3,571	-	-
Prepayments		8,350	-	3,705	6,350	-
Intercompany Balance	13	-	-	-	-	86,501
Grant Income Receivable	14	-	-	257,101	-	257,101
Total Current Assets		902,062	1,024,000	1,000,707	664,177	792,344
Non-Current Assets						
Property, Plant and Equipment	6	130,129	150,000	95,549	79,799	43,350
Intangible Assets	7	1,290	16,000	2,719	1,290	2,719
Investments	10	773,654	-	334,133	-	-
Total Non-Current Assets		905,073	166,000	432,401	81,089	46,069
Total Assets		1,807,135	1,190,000	1,433,108	745,266	838,413
LIABILITIES						
Current Liabilities						
Trade and Other Payables	15	468,989	773,000	534,997	326,321	410,050
Employee Entitlements	16	181,588	240,000	120,601	164,117	90,691
Education Wellington						
International(Inc)Trust Funds		48,158	67,000	65,304	48,158	65,304
GST Payment Due		54,385	33,000	-	54,385	13,613
Other Current Liabilities		9,088	-	-	-	-
Creative HQ Incubatee Bonds		6,500	20,000	10,087	-	-
Revenue in Advance	19	63,557	-	247,476	-	150,000
Total Current Liabilities		832,265	1,133,000	978,465	592,981	729,658
Total Liabilities		832,265	1,133,000	978,465	592,981	729,658
Net Assets		974,870	57,000	454,643	152,285	108,755
EQUITY						
Retained Earnings		270,966	57,000	145,260	152,285	108,755
Available for Sale Reserve	10	703,904	-	309,383	-	-
Total Equity		974,870	57,000	454,643	152,285	108,755

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Draft Grow Wellington Limited
Statement of Cash Flows
For the year ended 30 June 2014

Note	Actual 2014 \$	Group Budget 2014 \$	Actual 2013 \$	Parent Actual 2014 \$	Actual 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows					
	-	4,672,000	3,546,035	-	3,546,035
	-	2,677,000	1,439,250	-	689,250
	-	900,000	1,118,843	-	642,296
	-	-	8,649	-	773
	-	-	-	-	-
	<u>-</u>	<u>8,249,000</u>	<u>6,112,777</u>	<u>-</u>	<u>4,878,354</u>
Outflows					
	-	(8,249,000)	(2,298,402)	-	(2,190,427)
	-	-	(3,492,372)	-	(2,477,714)
	-	-	(79,493)	-	(61,076)
	-	-	-	-	-
	<u>-</u>	<u>(8,249,000)</u>	<u>(5,870,267)</u>	<u>-</u>	<u>(4,729,217)</u>
Net Cash Flows from (used in) Operating Activities	20	-	242,510	-	149,137
CASH FLOWS FROM INVESTING ACTIVITIES					
Outflows					
	-	-	(19,389)	-	(11,046)
	-	-	-	-	-
Net Cash Flows from (used in) Investing Activities		<u>-</u>	<u>(19,389)</u>	<u>-</u>	<u>(11,046)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Net cash from Financing Activities		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		-	223,121	-	138,091
Cash and Cash Equivalents at the Beginning of the Year		<u>467,644</u>	<u>463,000</u>	<u>244,523</u>	<u>182,321</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	<u>467,644</u>	<u>467,644</u>	<u>435,613</u>	<u>320,412</u>

The GST net component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST Net component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

1 Reporting entity

1.1 Reporting entity

The financial statements presented are for the Grow Wellington Group (The Group). The Group comprises Grow Wellington Limited (the Parent) and Creative HQ Limited, its 100% owned subsidiary.

The Parent is a company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand and operates from Wellington. The Parent is wholly owned by the Greater Wellington Regional Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002.

The primary objective of the Group is to encourage, promote and support the establishment and growth of business investment and employment opportunities within the region, rather than make a financial return.

The registered office of the Parent is Shed 39, 2 Fryatt Quay, Pipitea, Wellington.

The financial statements of the Parent and Group are for the year ended 30 June 2014. The financial statements were authorised for issue by the Board on the XX September 2014.

2 Summary of significant accounting policies

2.1 Basis of preparation

Statement of compliance

The financial statements are prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to public benefit entities.

The Group financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

The Group qualifies for Public Benefit Entity reporting exemptions as its primary objective is to provide services for the community or social benefit by promoting and supporting the establishment and growth of business investment and employment opportunities within the region. The Parent and Group has been established with a view to supporting that primary objective rather than financial return. All appropriate Public Benefit reporting exemptions have been adopted.

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

Basis of measurement

The financial statements have been prepared on an historical cost basis, except for certain financial assets and liabilities that have been measured at fair value. The accounts have been prepared on a going concern basis.

Presentation currency

The financial statements are presented in New Zealand dollars (\$). This is the functional currency.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the notes 2.5, 2.6, 2.7, 2.9, 2.10, 2.11 and 2.12.

Assumptions on investments are disclosed in note 2.8. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

2 Summary of significant accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, income, and expense on a line-by-line basis. All significant intergroup balances, transactions, income, and expenses are eliminated on consolidation.

Subsidiaries

The Parent consolidates in the group financial statements all entities where the Parent has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Parent controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Parent or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

The cost of a business combination is measured as the aggregate of:

the consideration transferred, which is generally measured as acquisition date fair value;

the amount of any non-controlling interest measured at either fair value or non-controlling interest in the fair value of the net identifiable assets of the acquiree; and

the acquisition date fair value of the previously held equity interest in the acquiree, if any.

Any excess of the cost of the business combination over the Parent's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities is recognised as goodwill. If the Parent's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit

Investments in subsidiaries are carried at cost in the Parent's financial statements.

2.3 Foreign Currency Transactions

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate.

Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on transaction are recognised in the Statement of Comprehensive Income.

2.4 Cash and Cash Equivalents

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

2.5 Trade Debtors and Other Receivables

Trade and other receivables are treated at their cost less impairment losses.

A provision for impairment is established where there is objective evidence that the Parent will not be able to collect all amounts according to the original terms of receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using effective interest method. Receivables with a short duration are not discounted.

2.6 Property, Plant and Equipment

Plant and equipment are shown at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

(i) Additions

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

2 Summary of significant accounting policies (continued)

(ii) Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

(iii) Depreciation

Depreciation is charged on a straight-line basis on all property, plant and equipment other than land over the estimated useful life. Depreciation is charged to the Statement of Comprehensive Income. The useful lives and associated depreciation rates have been estimated as follows:

Class of asset depreciated	Estimated useful life
Computer Hardware	2-3 years
Equipment	2-8 years
Furniture	4-10 years

(iv) Subsequent Costs

Subsequent costs for property, plant and equipment are capitalised only when future economic benefits or service potential will flow to the Group and the cost of the item can be measured reliably.

2.7 Intangible assets

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

Computer Software	2-3 years
-------------------	-----------

(i) Amortisation

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the intangible assets. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

(ii) Computer Software

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

(iii) Website Maintenance

Costs associated with developing and maintaining the Parent's website are recognised as an expense when incurred.

2.8 Investments in incubator and accelerator companies.

The measurement of financial assets depends on their classification based on the purpose for which financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Creative HQ Limited (CHQ), receives shares from clients involved in its incubation programme as part consideration for the services and support provided by CHQ to the client. The shares received represent a small proportion of the total equity of the client company (typically 5%). These shares are investments in equity instruments that do not have a quoted market price in an active market and are designated as available for sale.

CHQ recognises the initial investment in the companies according to the type of support they provide to the companies. Companies in the incubator programme do not have a value on initial recognition as no external investment has yet occurred and therefore the cost of initial investment is valued at nil. Companies on the accelerator programme are recognised in revenue at fair value. This is determined by the value per share based on the funding provided to each company in the programme in exchange for equity in the company.

2 Summary of significant accounting policies (continued)

The valuation of these investments is undertaken by CHQ using accepted industry guidelines. The International Private Equity and Venture Capital Valuation Guidelines (IPEV) have been accepted as the industry standard valuation guidelines and are based on the principle of 'fair value' and are reviewed following any relevant changes in accounting standards or market practices. The IPEV Guidelines provide a framework for private equity and venture capital investors to arrive at a fair value for their investments. The IPEV are of the view that compliance with IFRS can be achieved by following the guidelines.

IPEV Guidelines recommend that for early stage investments, where it is difficult to assess the future profitability of the company, fair value is generally determined by the price of the most recent investment. This methodology is appropriate until the circumstances of the company change such that an alternative valuation methodology (such as, but not limited to price/earnings analysis or discounted cash flow) is appropriate or there is evidence that the value of the investment should be adjusted. An adjustment is considered necessary where the performance of the investment is significantly below the expectations on which the investment was based, leading to a diminution in value. The level of adjustment can range from nil to 100% of the value.

As at 30 June 2014 the valuation of CHQ's investments is based on the price of the most recent investment made by external investors, unless there is evidence that the value of the investment should be adjusted as the performance of the investment is significantly below the expectations on which the investment was based, leading to a diminution in value.

A significant or prolonged decline in fair value of the investment below its cost is considered to be objective evidence of impairment. Where the asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the Available for Sale revaluation reserve is reclassified from equity to profit or loss as a reclassification or adjustment. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated as a separate component of equity in the Available for Sale reserve.

2.9 Impairment of non-financial assets

Assets with finite useful lives are reviewed for impairment whenever an event or change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.10 Trade and Other Payables

Trade and other payables are stated at amortised cost.

2.11 Employee Entitlements

(i) Short-term benefits

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

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

(ii) Superannuation scheme

Defined contribution scheme

Obligations for contributions to kiwisaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in profit or loss when incurred.

2.12 Provisions

The Parent recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

2 Summary of significant accounting policies (continued)

A provision for onerous contracts is recognised when the expected benefits to be derived by the Parent from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

2.13 Revenue

Revenue is measured at the fair value of consideration received.

(i) Council Contributions

Council contributions are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

(ii) Grants

Grant revenue is recognised on entitlement as conditions pertaining to eligible expenditure or milestones are achieved.

(iii) Sponsorship

Revenue is received from third parties to partly cover the costs of running the Parent's programmes and projects. Sponsors were linked to the programme and recognised in all promotions associated with the activity they sponsored. Sponsorship is recognised when measurable and probable of future economic benefits being received.

(iv) Fee Revenue

Revenue received from incubator residents which partly offsets the costs of running the incubator. Revenue is recognised when measurable and probable of future economic revenue being received.

(v) Rental Revenue

Revenue received from non-residents of the incubator which covered the costs of their occupancy at the incubator. Rent is recognised when measurable and probable of future economic revenue being received.

(vi) Interest Revenue

Revenue is recognised as the interest accrues to the net carrying amount of the financial asset using the effective interest method.

(vii) Capital Raising Success Fees

Fees received from the introduction of companies and individuals to Angel investors. Fees are received when those introduced raise capital. The fee is based on a negotiated percentage of the capital raised.

(iii) Other Revenue

All other revenue received from third parties to cover contracted and other services the Parent provided for the third party. Training courses, services provided to Education Wellington International and expenses recovered.

(ix) Revenue in Advance

Revenue received in advance is carried in the Statement of Financial Position and recognised to the Statement of Comprehensive Income by reference to the stage of completion of the transaction based on the actual service provided as a percentage of the total service to be provided.

2.14 Leases

(i) Operating Lease Payments

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

2.15 Income Tax

The income tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current year, adjusted to any difference between the estimated and actual income tax payable in prior periods.

2 Summary of significant accounting policies (continued)

Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Income tax expense is recognised against the surplus or deficit for the year, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

2.16 GST

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

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

3 Other revenue

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
VicLink funding	48,000	-	-	-
Rental revenue	43,384	73,534	43,384	73,534
Other income	1,356,960	502,977	1,236,448	423,791
Interest income	1,649	-	-	-
ROS revenue	201,123	113,531	-	-
Expense recoveries	30,914	70,607	30,914	70,607
Shares in Lightning Lab participants	56,250	56,250	-	-
Total other revenue	1,738,280	816,899	1,310,746	567,932

4 Personnel costs

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Salaries and wages	3,839,872	3,021,045	2,606,878	2,084,903
Increase in employee entitlements	33,415	435	33,415	435
Other personnel costs	271,964	274,802	242,004	210,123
Total personnel costs	4,145,251	3,296,282	2,882,297	2,295,461

5 Directors' fees and expenses

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Parent				
Paul Mersi (Chairman)	30,000	30,000	30,000	30,000
Barry Brook	15,000	15,000	15,000	15,000
Anders Crofoot	15,000	15,000	15,000	15,000
Karen Fifield	15,000	15,000	15,000	15,000
Peter Robertson	15,000	15,000	15,000	15,000
Richard Stone	15,000	15,000	15,000	15,000
Rachel Taulelei	15,000	15,000	15,000	15,000
Dr Dianne McCarthy (resigned)	-	5,000	-	5,000
	<u>120,000</u>	<u>125,000</u>	<u>120,000</u>	<u>125,000</u>
Subsidiary				
Gerard Quinn (Chairman)	-	-	-	-
Barry Brook	4,000	4,000	-	-
Nicholas Lewis	4,000	4,000	-	-
Brett Holland	1,000	-	-	-
Geoffrey Todd (resigned)	-	1,500	-	-
Melissa Clark-Reynolds (resigned)	-	4,000	-	-
	<u>9,000</u>	<u>13,500</u>	<u>-</u>	<u>-</u>
Total Directors' fees	<u>129,000</u>	<u>138,500</u>	<u>120,000</u>	<u>125,000</u>
Directors' expenses	2,233	2,426	2,099	2,292
Board costs	6,611	5,729	3,157	5,539
Total directors' fees and expenses	<u>137,844</u>	<u>146,655</u>	<u>125,256</u>	<u>132,831</u>

6 Property, plant and equipment

Group	Cost or deemed cost 01 July 2013 \$	Accumulated depreciation 01 July 2013 \$	Net carrying value 01 July 2013 \$	Current year additions \$	Current year disposals \$	Current year depreciation \$	Elimination on disposal \$	Cost or deemed cost 30 June 2014 \$	Accumulated Depreciation 30 June 2014 \$	Net carrying value 30 June 2014 \$
Operating assets										
Plant and equipment	22,809	(17,351)	5,458	-	(1,500)	(2,266)	980	21,309	(18,638)	2,672
Office furniture and fittings	62,690	(16,062)	46,628	6,780	-	(6,353)	1,139	69,470	(21,276)	48,194
Computer Hardware	137,154	(93,691)	43,463	76,592	(13,645)	(21,807)	(10,589)	200,100	(126,086)	74,014
Office Fixtures	-	-	-	5,250	-	-	-	5,250	-	5,250
Total operating assets	222,653	(127,104)	95,549	88,622	(15,145)	(30,426)	(8,470)	296,130	(166,000)	130,129

Group	Cost or deemed cost 01 July 2012 \$	Accumulated depreciation 01 July 2012 \$	Net carrying value 01 July 2012 \$	Current year additions \$	Current year disposals \$	Current year depreciation \$	Elimination on disposal \$	Cost or deemed cost 30 June 2013 \$	Accumulated depreciation 30 June 2013 \$	Net carrying value 30 June 2013 \$
Operating assets										
Plant and equipment	20,986	(14,006)	6,980	1,823	-	(3,345)	-	22,809	(17,351)	5,458
Office furniture and fittings	101,819	(45,421)	56,398	40,037	(79,166)	(9,770)	39,129	62,690	(16,062)	46,628
Computer Hardware	143,168	(90,484)	52,684	21,951	(27,966)	(26,786)	23,580	137,154	(93,691)	43,463
Total operating assets	265,973	(149,911)	116,062	63,811	(107,132)	(39,901)	62,709	222,653	(127,104)	95,549

6 Property, plant and equipment (continued)

Parent	Cost or deemed cost 01 July 2013 \$	Accumulated depreciation 01 July 2013 \$	Net carrying value 01 July 2013 \$	Current year additions \$	Current year disposals \$	Current year depreciation \$	Elimination on disposal \$	Cost or deemed cost 30 Jun 2014 \$	Accumulated depreciation 30 June 2014 \$	Net carrying value 30 June 2014 \$
Operating assets										
Plant and equipment	20,986	(17,098)	3,888	-	(1,500)	(1,658)	979	19,486	(17,777)	1,709
Office furniture and fittings	22,653	(16,062)	6,591	5,628	-	(2,340)	1,139	28,281	(17,263)	11,018
Computer Hardware	126,249	(93,378)	32,871	69,665	(12,716)	(17,177)	(10,821)	183,198	(121,375)	61,822
Office Fixtures	-	-	-	5,250	-	-	-	5,250	-	5,250
Total operating assets	169,888	(126,538)	43,350	80,543	(14,216)	(21,175)	(8,703)	236,215	(156,415)	79,799
Parent										
Operating assets										
Plant and equipment	20,986	(14,006)	6,980	-	-	(3,092)	-	20,986	(17,098)	3,888
Office furniture and fittings	101,819	(45,421)	56,398	-	(79,166)	(9,770)	39,129	22,653	(16,062)	6,591
Computer Hardware	143,168	(90,484)	52,684	11,046	(27,966)	(26,473)	23,580	126,249	(93,378)	32,871
Total operating assets	265,973	(149,911)	116,062	11,046	(107,132)	(39,335)	62,709	169,888	(126,538)	43,350

7 Intangible assets

Group and Parent	Computer software \$
At 01 July 2013	
Cost	95,709
Accumulated amortisation	<u>(92,990)</u>
Net book value at 30 June 2013	<u>2,719</u>
Year ended 30 June 2013	
Opening balance	8,977
Amortisation charge for the year	<u>(6,258)</u>
Net book value at 30 June 2013	<u>2,719</u>
At 01 July 2014	
Cost	83,937
Accumulated amortisation	<u>(82,647)</u>
Net book value at 30 June 2014	<u>1,290</u>
Year ended 30 June 2014	
Opening balance	2,719
Additions	1,558
Amortisation charge for the year	<u>(2,987)</u>
Net book value at 30 June 2014	<u>1,290</u>

8 Other operating expenses

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Audit fees for financial statements audit	54,500	44,000	37,008	31,000
Contractors and consultants	604,524	506,356	447,161	271,947
Computer services	126,873	92,003	81,250	66,977
Communications	74,817	80,827	48,888	50,343
Conference fees	47,213	22,371	46,229	16,439
Other operating lease rentals	52,567	63,155	50,353	61,012
Professional services	71,037	141,738	16,702	66,539
Occupancy	32,824	32,403	-	-
Other expenses	12,219	1,230	9,843	1,230
Impairment to investments	11,250	31,500	-	-
Grant and business assistance	172,150	212,442	112,779	179,568
Office expenses	124,733	133,904	78,988	57,735
Energy, cleaning and insurance	89,878	75,607	89,878	75,607
Course expenses	8,076	-	8,076	-
Travel	333,598	164,279	289,194	113,025
Marketing	869,138	461,357	755,727	322,783
Meeting expenses	53,124	34,232	39,103	21,719
Premises rental	411,461	388,698	250,697	249,556
Project expenses	46,390	82,177	19,963	46,514
Mentoring costs	4,759	1,172	1	1,080
(Gain) / loss on sale of assets	9,003	-	9,003	-
Total other operating expenses	3,210,135	2,569,451	2,390,841	1,633,074

9 Income tax expense

Net surplus before tax	125,706	108,251	43,530	71,746
Tax at 28%	35,198	30,310	12,188	20,089
Plus (less) tax effect of:				
Non-deductible expenditure	(10,634)	20,764	(11,614)	11,956
Temporary differences not recognised	14,675	-	11,932	-
Group tax loss offset	(39,239)	(51,074)	(12,506)	(32,045)
Tax expense	-	-	-	-

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Current tax				
Current tax	-	-	-	-
Prior period adjustment to current tax	-	-	-	-
Current tax	-	-	-	-

The Group has made a taxable profit of \$140,139 (2013: \$108,406). However, after the utilisation of group tax losses of \$140,139 from Greater Wellington Regional Council, the Group has no tax charge under the taxes payable method (2013: \$Nil).

The Group has no imputation credits at balance date (2013: \$Nil).

10 Investments

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Opening balance	334,133	-	-	-
Additions - Lightning Lab participants	56,250	56,250	-	-
Impairments to investments	(11,250)	(31,500)	-	-
Movement in fair value of investments	394,521	309,383	-	-
Total investments	773,654	334,133	-	-

CHQ invests in unlisted early-stage companies. Unlisted investments are generally not publicly traded. As there may be no open market to establish an independent value for certain unlisted investments, there can be no assurance that a determination of fair value for an unlisted investment will be obtainable in the market, or that there will be a market for the unlisted investment.

The accounting policy is to recognise such investments both initially and subsequently at fair value following accounting standards. This will be based on Directors' assessment of fair value using the approach set out in Note 2.8.

At year end the fair value of its investments has been determined at \$773,654 (2013: \$334,133). Notwithstanding the uncertainty of the valuation of the investment the Board is of the view that the fair values of the unlisted investments in these financial statements represent the best available information, uncertainty exists over the fair value of the investments in the absence of an active market to determine fair value.

CHQ's and the Group's exposure to changes in investment value could be material to the financial statements. As CHQ is not reliant on the cash flows from the investments, changes in value do not impact the underlying viability of CHQ or the Group.

The CHQ Board reviews regular reports from the companies. In the event that an investment will be considered to be impaired it will have a non cash effect on the surplus / (deficit) of CHQ and the Group.

11 Cash and cash equivalents

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Cash at bank and in hand	504,291	467,644	454,626	320,412
Total cash and cash equivalents	504,291	467,644	454,626	320,412

Cash at bank earns interest at floating rates based on daily bank balances.

12 Trade and other receivables

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Trade receivables				
Trade receivables	395,690	268,686	209,402	128,330
Provision for doubtful receivables	<u>(6,269)</u>	-	<u>(6,201)</u>	-
	<u>389,421</u>	<u>268,686</u>	<u>203,201</u>	<u>128,330</u>

Trade receivables are usually due within 30-45 days and do not bear an effective interest rate.

All trade receivables are subject to credit risk exposure. There is no concentration of credit risk with respect to receivables outside the Group, as the Group has a large number of customers. The carrying value of receivables approximates their fair value.

13 Related party transactions

Grow Wellington Limited had the following transactions with entities related to Board members and senior management.

Services purchased from related parties			Group		Parent	
Related party	Relationship	Description	2014 \$	2013 \$	2014 \$	2013 \$
Greater Wellington Regional Council	Parent	Accounting services	-	20,000	-	20,000
Creative HQ Limited*	Subsidiary	Incubation services	-	-	672,000	673,000
Jacksonstone & Partners (R Stone)	Director and shareholder is Parent Board Member	Recruitment services and contract staff	177,463	-	177,463	-
YBR Limited (R Taulelei)	Director and shareholder is Parent Board Member	NZTE Capability Voucher Scheme	2,500	1,200	2,500	1,200
Brett Holland	Board Member of Subsidiary	Consultancy services	20,069	-	-	-

*Grow Wellington Limited is funded under its SOI to provide incubation services. Creative HQ Limited supplies those services.

13 Related party transactions (continued)

Services sold to Related parties

All transactions with related parties have been carried out on normal commercial terms.

Significant transactions during the year included:

Related party	Relationship	Description	Group		Parent	
			2014 \$	2013 \$	2014 \$	2013 \$
Callaghan Innovation Peter Robertson	Previous National Operations Manager	Grow Wellington receives funding for activities	-	-	-	115,000
Creative HQ Limited	Subsidiary	Management fees for services supplied	-	-	95,047	82,000
Greater Wellington Regional Council	Parent	Funding for economic development	4,100,000	3,600,000	4,100,000	3,600,000
Receivables from Related Parties						
Greater Wellington Regional Council	Parent	Receivable at year end	-	295,550	-	295,550

Grow Wellington Limited has a service level agreement with Creative HQ Limited (CHQ) to provide accounting, administration and other business services. The costs of these services constitute the management fee. The fee has been determined by costing the services either directly where applicable or as a percentage of the Grow Wellington employee's time based on their annual salary.

At year end no assets (2013: \$43,322) were transferred to CHQ from the Parent at net book value.

At year end \$0 (2013: \$86,501) was owed to the Parent by the subsidiary through the intercompany balance.

Other than the above, there are no amounts outstanding to or from the Parent.

With the exception of paying Board fees, expenses for Board members, and expenses of senior management there have been no other related party transactions with Board members, their organisation nor with staff.

Greater Wellington Regional Committee has reserved \$300,000 (2013: \$400,000) for Grow Wellington Limited's delivery of the Wellington Regional Strategy.

There are no other related party transactions between Grow Wellington and their owner the Greater Wellington Regional Council.

As a matter of practice, where there is a real or perceived conflict of interest for any Board decision the Director notes the conflict and withdraws from any involvement in the decision making.

14 Grant income receivable

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Greater Wellington Regional Council	-	257,101	-	257,101
	<u>-</u>	<u>257,101</u>	<u>-</u>	<u>257,101</u>

15 Trade and other payables

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Trade payables	376,117	497,694	251,902	385,747
Non-trade payables	91,487	37,303	73,034	24,303
FBT Payable	1,385	-	1,385	-
	<u>468,989</u>	<u>534,997</u>	<u>326,321</u>	<u>410,050</u>

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

16 Employee entitlement liabilities

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Annual leave/Holiday pay	107,979	90,105	98,182	64,767
Accrued Salary and Wages	73,609	30,496	65,935	25,924
	<u>181,588</u>	<u>120,601</u>	<u>164,117</u>	<u>90,691</u>

17 EWI (Inc) trust funds

Represents funds held on behalf of Education Wellington International (Incorporated). They have contracted Grow Wellington to undertake education attraction services on their behalf.

18 Creative HQ incubatee bonds

Creative HQ Incubatee Bonds are tendered by tenants of CHQ. They are refunded upon exit.

19 Revenue in advance

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Revenue received in advance	63,557	247,746	-	150,000

Revenue in advance at balance date represents funds received in advance where the contracted work is still to be completed.

20 Reconciliation from the net profit after tax to the net cash flow from operating activities

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Net Profit After Tax	125,706	108,251	43,530	71,746
Add/(less) non-cash items				
Shares in Lightning Lab participants	-	(56,250)	-	-
Impairment of shares in Lightning Lab participants	-	31,500	-	-
Depreciation	-	39,902	-	39,336
Amortisation	-	6,258	-	6,258
	-	21,410	-	45,594
Add/(less) movements in working capital items				
(Increase)/Decrease in Trade and other receivables	-	(155,669)	-	(54,534)
(Increase)/Decrease in prepayments	-	4,600	-	6,266
Increase/(Decrease) in Trade and other payables	-	156,410	-	48,333
Increase/(Decrease) in employee entitlements	-	(49,435)	-	(49,424)
Increase/(Decrease) in Grant income due	-	(53,965)	-	(53,965)
Increase/(Decrease) in income in advance	-	210,908	-	135,122
	-	112,849	-	31,798
Net cash flows from (used in) operating activities	125,706	242,510	43,530	149,138

21 Capital commitments and operating leases

(a) Capital Commitments

There were no capital commitments at balance date (2013: \$ Nil).

(b) Operating leases*

Non-cancellable operating lease rentals are payable as follows:

	Group		Parent	
	Actual 2014 \$	Actual 2013 \$	Actual 2014 \$	Actual 2013 \$
Less than One Year	262,693	323,734	207,319	176,972
Between One and Five Years	337,981	27,518	337,021	20,048
More than 5 Years	-	-	-	-
	600,674	351,252	544,340	197,020

*All leases are in the name of the Parent. The Subsidiary is on charged for their share of the lease.

21 Capital commitments and operating leases (continued)

Less than One Year *	55,374	146,762	-	-
Between One and Five Years *	960	7,470	-	-
More than 5 Years	-	-	-	-
	<u>56,334</u>	<u>154,232</u>	<u>-</u>	<u>-</u>

22 Contingent liabilities and contingent assets

There were no contingent liabilities and/or contingent assets at balance date. (2013: \$Nil)

23 Financial assets and liabilities

	Group		Parent	
	2014 \$	2013 \$	2014 \$	2013 \$
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	504,291	467,644	454,626	320,412
Trade and other receivables	389,421	268,686	203,201	128,330
Prepayments	8,350	-	6,350	-
Grant revenue receivable	-	257,101	-	257,101
Intercompany balance	-	-	-	86,501
Total loans and receivables	902,062	993,431	664,177	792,344
Investments held for sale				
Opening balance	334,133	-	-	-
Additions - Lightning Lab participants	56,250	56,250	-	-
Impairments to investments	(11,250)	(31,500)	-	-
Movement in fair value of investments	394,521	309,383	-	-
Total investments	773,654	334,133	-	-
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost				
Trade and other payables	468,989	534,997	326,321	410,050
Total financial liabilities measured at amortised costs	468,989	534,997	326,321	410,050

24 Capital management

The Company's capital is its equity, which comprises share capital and retained surpluses. Share capital is 100 (2013: 100) uncalled \$1 shares.

25 Subsequent events

Greater Wellington Regional Council and Wellington City Council are conducting a public consultation process on a proposal to combine their economic development, tourism, venues and major event agencies and activities. Councils will consider the feedback and make a decision whether to progress the proposal and establish the Wellington Regional Economic Development Agency (WREDA) to combine the entities and activities. At this stage there has been no decision on the ultimate legal structure of the resulting organisation. The activities of Grow Wellington and its subsidiary CHQ are not proposed to change, and the existing SOI's, LTPs and the proposal documents all commit to on-going funding at existing or higher levels, meaning the company and group will continue be able to realise their assets and discharge their liabilities in the normal course of business. Based on this, the Directors are of the view that the going concern basis is appropriate in the preparation of these financial statements.

26 Equity

The Parent has 100 uncalled shares in the Subsidiary (2013: 100).

The Greater Wellington Regional Council has 100 uncalled shares in Grow Wellington Limited (2013: 100).

27 Summary cost of services

	Group Actual 2014 \$	Group Budget 2014 \$
Revenue		
Council Contributions	4,100,000	4,000,000
Other income	<u>3,552,349</u>	<u>3,577,000</u>
	<u>7,652,349</u>	<u>7,577,000</u>

Major variances from budget

Overall revenue is in line with budget.

The excess budgeted revenue from Greater Wellington Regional Council of \$400,000 was held in reserve by the Council at the beginning of the financial year and \$100,000 has been called upon request from Grow Wellington.

	Group Actual 2014 \$	Group Budget 2014 \$
Expenditure		
Personnel costs	4,145,251	-
Other expenditure	<u>3,381,392</u>	<u>7,577,000</u>
	<u>7,526,643</u>	<u>7,577,000</u>

Major Variances from Budget

The main variance relates to personnel costs. Key staff changes including the gap between permanent CEO's resulted in this variance.

Other comprehensive income

CHQ Ltd has valued its investments in accordance with the accounting policies. This has resulted in a net gain of \$394,521 (2013: 309,383) recorded as other comprehensive income. The Group has not budgeted for an increase in value as due to the start-up nature of the investments, estimates are not reliable.

28 Operating funding

The Company is reliant for a large part of its revenue from its 100% parent Greater Wellington Regional Council (The Council).

The Council has accepted the Company's Statement of Intent, which includes funding for the Company and its activities for the next three years.

The Company is reliant on the Council continuing to support the region's economic development activity via the Company. The Council has included funding for economic development for ten years in their 2012/22 long term plan.

The Company is managed as a public benefit entity, and the Parent may adjust its funding to the Company in any financial year if it believes that the Company has failed to carry out its obligations and responsibilities under its Statement of Intent.

A network diagram consisting of numerous circular nodes connected by thin lines. Most nodes and lines are light grey, but a subset of nodes and lines are highlighted in a vibrant orange color, forming a prominent path or cluster across the page. The orange nodes are located at various points, including the top right, middle right, and bottom left areas.

BOARD MEMBERS AND COMPANY DIRECTORY

BOARD MEMBERS

GROW WELLINGTON

PAUL MERSI, CHAIR

Paul is a business advisor and company director. He has had a successful professional career as a Senior Financial Services and Tax Partner with PricewaterhouseCoopers, and was a member of the Government's Savings Working Group. He has also worked in the OECD in Paris, and served for a number of years in a senior policy role in the public sector. Paul has a degree in economics from Victoria University of Wellington.

ANDERS CROFOOT

Anders lives and farms at Castlepoint Station, a large sheep and beef property on the Wairarapa coast with his wife Emily and two children, David and Sarah. He is currently on the National Board of Federated Farmers and was the Wairarapa Provincial President for the previous four years. Anders is also the previous President of the New Zealand Grassland Association. Prior to emigrating to NZ from the US in 1998, he worked in the hospitality and construction industries, before setting up a computer consulting practice and later working as a quantitative analyst for a financial services company. Anders has a double degree in Computer Science and Psychology from Dartmouth in the US.

BARRY BROOK

Barry is a professional director and agribusiness consultant with extensive experience in agribusiness both in New Zealand and internationally. His experience includes leadership of New Zealand's largest nationwide agribusiness, PGG Wrightson with turnover of \$1.2 billion and 3000 staff. He led the mergers of Wrightson with Williams and Kettle and Pyne Gould Guinness in the period 2004 to 2006. He was responsible for the establishment of New Zealand's largest primary sector business investments in South America, mainly in Uruguay but also in Argentina and Brazil. These included the launch of New Zealand Farming Systems Uruguay and its listing on the NZX50; and acquisition of a number of businesses in the seed, livestock, real estate, rural supplies and irrigation sectors.

Barry is Chairman of Synlait Farms Limited, a Canterbury dairy farming company, and Trustee of

Agmardt, the Lincoln University Foundation and the Mary Potter Forever Foundation. He is qualified in agricultural commerce and economics and has been a long-time resident of Wellington. Barry is also a board member of Creative HQ.

KAREN FIFIELD

Karen has been the Chief Executive of the Wellington Zoo Trust since 2006 and was previously a director of Discovery and Learning at Zoos Victoria in Australia. Karen has been awarded: Wellingtonian of the Year 2010 Award in the Environment category; HER Business National Award winner 2010 in Business Leadership; and HER Business Wellington Award winner 2009 in the Business Leadership and Sustainability category. Karen is currently the President of the Australasian Zoo and Aquarium Association, a board member of Wellington Manawatu Conservation Board and a committee member of the New Zealand Committee for International Union for the Conservation of Nature and the New Zealand Animal Behaviour and Welfare Advisory Committee.

PETER ROBERTSON

Peter has had a diverse career; he was a partner with Ernst & Young for 10 years, held senior executive positions with Transpower for 12 years as CFO and later GM Network, and was Chief Executive at BRANZ Ltd between 2004 and 2007. Peter has had considerable experience in; corporate governance, organisational dynamics and design, strategic and operational planning methodologies including the use of scenario planning techniques, the development and implementation of asset management strategies, financial planning and analysis, and the negotiation of complex commercial arrangements. Peter has a degree in Economics and a Post Graduate Diploma of Accounting.

RICHARD STONE

Richard is Executive Chairman of Jackson Stone and Partners, a Wellington based human resource consulting firm. He has a 28 year career in the executive search industry, focused on identifying, attracting and developing talent. In addition to Grow Wellington, he is on the Council of Business New Zealand, a board member of both the Wellington Employers Chamber of Commerce and Business Central, and a board member of Workbridge. He is a former President of the Wellington Employers Chamber of Commerce and a former Chair of Unicef NZ. Richard is a graduate of Wellington's Victoria University. Richard has a strong commitment to both the Wellington region and city and has participated in a range of initiatives and activities designed to facilitate positive outcomes.

RACHEL TAULELEI

Rachel is the founder of Yellow Brick Road, a company demonstrably invested in New Zealand's food culture. A born and bred Wellingtonian, Rachel established Yellow Brick Road following eight years in the US with NZTE as Trade Commissioner and North American Regional Manager, Food and Beverages. Rachel is a member of Westpac's External Sustainable Business Panel, chairs the Wellington Culinary Events Trust, is a Trustee of the Wellington Regional Stadium Trust, and alongside chef Martin Bosley, co-founded Wellington's City Market. In 2012 Rachel received a Blake Leader award from the Sir Peter Blake Trust, and in 2013 was a finalist in the inaugural Women of Influence awards.

COMPANY DIRECTORY

GROW WELLINGTON

ADDRESS

Level 5, 50 Manners Street
PO Box 10-347, Wellington 6143, New Zealand
Phone +64 4 382 0099
Fax +64 4 382 0098
Email info@growwellington.co.nz

INCORPORATION

Incorporated under the Companies Act 1993 on 5 April 2007 at Wellington, New Zealand and changed its name to Grow Wellington Limited on 25 February 2008.

Incorporation Number 1921097

IRD Number 97-012-067

The Company is wholly owned by the Greater Wellington Regional Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Directors.

The registered office of the Company is 142 Wakefield Street, Wellington 6011, New Zealand.

ACCOUNTANTS

Grant Thornton, Wellington

SOLICITORS

DLA Philips Fox, Wellington
Morrison Kent, Wellington

AUDITORS

Audit New Zealand, Wellington
On behalf of the Auditor-General

BANKERS

ANZ New Zealand
1 Victoria Street, Wellington 6011

INSURANCE BROKER

AON New Zealand Limited, Wellington

