

201-1
AHEAD

Economic

GRI DESCRIPTION

Direct economic value generated and distributed, including revenue, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.

chowhill

CHOW:HILL METRIC

Financial accounts and ratios; social investment.

TARGET

Was exceeded.

COMMENTARY

The Board of Directors takes responsibility for delivering to shareholders a return on their investment through the prudent financial management of our company. Commercial Team forecasting, management and reporting of financial performance enables company decision-making to be based on robust information and analysis.

PERFORMANCE

Our key results for this financial year were:

- We generated 108% of budgeted revenue for the 2018-2019 compared to 104% in 2017-2018.
- Operating margin was 17% above budget, compared to 4% above budget in 2017-2018.
- Cost of sales less than 1% under budget.
- Overheads 8.5% under budget
- Productivity write off at 14% was 5% better than budget and 7% better than 2017-2018.

Our key financial ratios for this financial year were:

- Liquidity ratio: 2.86 (4.21 in 2017-2018)
- Debt to equity ratio: 42% (43% in 2017-2018)
- We are in line with RIBA benchmarks for ratios of operating cost categories against total operating costs.
- Health and safety expenditure for the company decreased by 84%

- Staff recruitment fees increased by 53%
- Staff training and development increased by 65%
- Printing costs reduced by 33%
- Donations and sponsorship expenditure increased by 41% of \$20186.

Business from new clients went down from 12.5% to 7% of total revenue. In Auckland, the figure decreased from 10.91% to 1.4%. In Hamilton, the figure increased from 15.34% to 16.65%. Overall, the company increased total revenue by 17% and secured 30 new clients. Auckland continued working with existing major clients, some in final stages of projects, which allowed a substantial increase in revenue for the studio.

Shareholders continue to maintain stable levels of investment in the business and sufficient cash has been retained to fund business development.

IMPACT

The financial result maintains choice and flexibility in where and how we direct surpluses for internal and external business initiatives.

Regular investment in health and safety materials and training has ensured our ongoing costs have reduced this year. Bi-annual health and safety compliance is likely to see an increase next year.

TARGET 2019-2020

We aim to achieve a minimum of 100% of budgeted revenue and to increase our surplus through lower overheads and increased efficiency through continually improving productivity write-offs. We anticipate cost of sales to increase as a result of growth in staff and adjustments to remuneration.