

Economic

201-1

● ○ ○ ○ ○
NOT MET

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.

CHOW:HILL METRIC

Financial accounts and ratios; social investment.

TARGET

Was not exceeded.

COMMENTARY

The Board of Directors and CEO take responsibility for delivering to shareholders a return on their investment through good governance and prudent management of our company. Regular and timely forecast 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 80% of budgeted revenue for the 2020-2021 compared to 106% in 2019-2020.
- Operating margin was 17% below budget, compared to 42% above budget in 2019-2020.
- Cost of sales was 21% under budget.
- Overheads were 18% below budget.
- Productivity write-off at 13% exceeded our expectations, however was still 4% higher than 2019-2020.

Our key financial ratios for this financial year were:

- Liquidity ratio: 3.04 (2.94 in 2019-2020).
- Debt to equity ratio: .71 (.73 in 2019-2020).
- We are in line with RIBA benchmarks for ratios of operating cost categories against total operating costs.

From the outset of 2020-2021, we operated in an environment that was subject to covid and a large degree of uncertainty. The business saw an immediate drop in revenue and we responded accordingly with a review of expenditure

which saw a cut-back on non-essential expenses. Overall, there was an underspend on budgeted expenditure. A few expenses increased marginally and these were mainly IT-related for hardware acquisition to support an agile and flexible workforce. Towards the end of 2020-2021 we made a decision to invest in training and development of upcoming leaders for the future.

Despite uncertainties associated with covid, business from new clients was about 5% in Auckland. As expected, this is marginally below business from new clients in 2019-2020 which was 7%.

Overall, the company saw a decrease in total revenue by 20% and still secured 16 new clients.

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. Working from home saw inefficiencies creep in, this was due to a drop in our workload and reflects time it took to adjust to working remotely. As a business we are now fully able and set up to support remote and flexible working which will incrementally provide work efficiencies.

TARGET 2021-2022

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.