



***“INVESTING IN  
SOUTHERN  
NEW ZEALAND”***

**INFORMATION  
AND  
DEBT APPLICATION  
BOOKLET**

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THIS PACKAGE CONTAINS TWO SEPARATE COMPONENTS

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**BACKGROUND INFORMATION**

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FOR DEBT FUNDING**

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# SECTION

# 1

## BACKGROUND INFORMATION

For the benefit of potential applicants we provide some essential detail about Invest South Limited (ISL).

1. **Ownership**

ISL is 100% New Zealand owned with an authorised capital of \$10 million. Our sole shareholder is The Community Trust of Southland.

2. **Directors**

The present directors of the company consist of five well known Southland business people. All are experienced directors. Collectively they cover a wide diversity of business experience.

The present directors are:-

Owen Buckingham (Chairman)  
Cam McCulloch  
Jeff Grant  
Ross Young  
Neil Wyeth  
Steve Gourlay  
Alex Wilson

3. **Management**

Chief Executive Officer - John White

All enquiries and applications should be referred to management in the first instance.

4. **ISL's Objectives**

The key objectives are:-

- ◆ To identify investment opportunities within appropriate sector and risk profile.
- ◆ To provide a commercial return satisfactory to ISL.

5. **Core Business**

ISL's core business is the provision of partial equity and debt funding to small and medium size South Island companies whose objective is growth, economic development and preferably job creation.

These business's might not meet first tier lender (e.g. trading bank) criteria.

6. **Company Contacts**

Postal Address	P O Box 453 Invercargill
Physical Address	Sixth Floor Menzies Building 1 Esk Street Invercargill
Phone Number	(03) 214-1707 or 0800-707-808
Fax Number	(03) 214-1760
Cellular	(021) 798-945 John White
Email	<a href="mailto:enquiries@investsouth.co.nz">enquiries@investsouth.co.nz</a>
Website	<a href="http://www.investsouth.co.nz">www.investsouth.co.nz</a>

As a **guide** to the present debt funding facility criteria, the following should be noted:-

1. **Geographical**

ISL will only invest in business's predominately operating in the South Island of New Zealand and which have substantially all their central management and control in New Zealand at the time of investment.

2. **Prudential Limits**

It is possible that applications could be declined because either the amount required when added to other investments already held by ISL takes ISL's total investment beyond the prudential limits set by the Directors.

3. **Facility Amount**

- ◆ A maximum facility of \$1,000,000 would be available for any one project.
- ◆ The minimum facility amount is normally \$25,000.

4. **Facility Term**

- ◆ A maximum term of 7 years.
- ◆ A maximum interest only period of 2 years.

5. **Interest Rate**

The interest rate is set by ISL based on ISL's assessment of the risk involved in the individual proposal.  
The interest rate will be based upon a base rate, plus or minus a margin as determined by ISL. The Base Rate is reviewable quarterly and the margin at ISL's entire discretion.

6. **Security**

In most instances, ISL will require the provision of suitable tangible security, including guarantee, mortgage and debenture type security.

7. **Return on Investment**

Applicants should realise that ISL is operated on commercial principles and all debt funding applications will be critically analysed for acceptability.

Please note the above criteria are **guidelines** only.

**ISSUES TO BE CONSIDERED PRIOR  
TO DEBT INVESTMENTS**

**1.3**

The following is a list that illustrates the type of issues that ISL might consider prior to making a debt investment decision:-

- ◆ Viability of proposal
- ◆ Viability of existing business
- ◆ The vision of management
- ◆ Review production processes
- ◆ Review marketing strategies
- ◆ Review distribution processes
- ◆ Review sales strategies
- ◆ Review existing markets/customers
- ◆ Establish if any litigation is pending
- ◆ Resource management compliance
- ◆ Suitability of security offered
- ◆ Rigorous analysis of historical and projected financial information

We would envisage that most of these issues would be addressed in the application.

For further details, please refer to our website: [www.investsouth.co.nz](http://www.investsouth.co.nz)

### **Application Fees:**

Most proposals accepted by ISL will be subject to an application fee payable upon the applicants acceptance of ISL's offer.

The fee amount will be set by ISL and will be based on ISL's estimated cost for the facility establishment. The minimum amount will be \$150.00.

In addition, ISL's legal fees and disbursements for the preparation, execution and discharge of the facility agreement and securities is payable by the applicant. ISL has a pre arranged concessional fee structure with our Solicitor and can provide an indicative cost prior to the applicants acceptance of any offer made by ISL.

### **Types of Debt Funding Facilities:**

ISL has the following debt funding facility products available:-

**1. Revolving Credit Line**

Draw down and repay in accordance with your company's cashflow requirements, to a maximum pre-approved facility limit level.

**2. Term Loan**

Interest only (maximum two years), and principal plus interest (or "reducing") loans can be structured to a maximum term of seven years.

# SECTION

# 2

# APPLICATION FOR DEBT FUNDING

## COMPLETING AN APPLICATION

## 2.1

### The Application Form

The application form contains the following sections:-

1. Business profile.
2. Proposal summary.
3. Historical details.
4. Personal statement of assets and liabilities blank form.
5. Certification by applicant.

Please complete the application form in its entirety, unless advised otherwise by ISL management.

If you have a current business plan, which incorporates the information required in sections one, two and three, you may wish to send your business plan instead.

### Other Requirements

We generally require the following information for our initial assessment of your application:

1. The completed application form **or** your business plan
2. Personal statement of assets and liabilities completed by each director/shareholder (refer back of the booklet for the form). It is likely that ISL will require joint and several guarantees from directors/shareholders. The personal statement of assets and liabilities should exclude all company items.
3. Historical financial statements for each of the last three years (or for the life of the company if less than three years).
4. Preferably budgeted cashflow Projections for three years. \*
5. Preferably budgeted profit and loss/balance sheet for three years. \*
6. A written commentary of the major underlining Budget Assumptions \*

\* The financial projections and assumptions above are to comply with FRS 29 issued by the Institute of Chartered Accountants of New Zealand.

Further, future projections must be realistically achievable. ISL management will critically analyse all underlining budget assumptions of the projections.

Other information that may be requested by ISL, might include:-

1. Valuations (depending on the security offered).
2. Insurance details.
3. Market studies (if appropriate).
4. Significant contracts (if appropriate).
5. Local authority letters of approval (if appropriate).
6. Other relevant information useful to Invest South's assessment of the application.

**BUSINESS PROFILE**
**2.2**

**Business Structure:** **Company / Partnership / Sole Trader**  
 (If a company, please provide the company registration number)

**Name of Business:** \_\_\_\_\_  
*[The Applicant]*

**Location Address of Present Business:**

\_\_\_\_\_ **Phone:** \_\_\_\_\_

\_\_\_\_\_ **Fax:** \_\_\_\_\_

\_\_\_\_\_ **Email:** \_\_\_\_\_

**Contact Person Regarding this Application:**

**Name:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Address:** \_\_\_\_\_ **Fax:** \_\_\_\_\_

\_\_\_\_\_ **Email:** \_\_\_\_\_

**Accountant:** *Name:* \_\_\_\_\_

*Phone:* \_\_\_\_\_

**Solicitor:** *Name:* \_\_\_\_\_

*Phone:* \_\_\_\_\_

**Current / Proposed Ownership:**

Shareholder/Owner Name	Address	No. of Shares Held	Type of Share

**Associated Business or Companies:**

Name of any Associated Business or Companies and details of their association -

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Current/Proposed Directors (if applicable):**

Name	Address	Age

**The Key Personnel (name(s) and position held):**

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**How Long Have they Been in This Position:**

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**What Qualifications Do the Key Personnel Possess:**

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**Present Number of Employees:**

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**Existing Major Products/Services:**

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**Major Markets in Which Existing Products/Services are Sold:**

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**Major competitors:**

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**HISTORICAL DETAILS**

**2.4**

Please provide the following information for each of the last three years (or for the life of the company, if less than three years):-

1. **Financial**

- (a) Copies of the annual accounts. (signed by directors/proprietors)
- (b) Copies of taxation returns.
- (c) If not identifiable in the annual accounts, please provide details of shareholders/owners salaries paid in each year:-

200__	\$ _____
200__	\$ _____
200__	\$ _____

- (d) Details of any transactions with family members, family trusts or associated companies.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (e) Details of any “off balance sheet” borrowings or contingent liabilities

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (f) Value of stock on hand each year subject to suppliers retention of title.

200__	\$ _____
200__	\$ _____
200__	\$ _____

(Please provide details of these stock items)

2. **Personnel**

- (a) Details of changes in management/key personnel.
- \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- (b) Has any owner, manager or key employee had any convictions against them or have they any current prosecutions pending.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (c) Please provide information where any owner, manager or key employee has been employed or engaged by or otherwise involved in a company that has been in receivership or liquidation or involved in a scheme of arrangement with its creditors.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. **Market**

- (a) Details of changes in the industry.

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- (b) Details of changes in competitor activity in your market area.

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4. **Product**

- (a) Details of any new products or services that have entered your market area that has had an impact on your business.

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5. **Support Information**

- (a) Brief details of financial reporting processes and frequency of reporting to management/owners.

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- (b) State whether or not a computerised system is used for accounts receivable and your general ledger.

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- (c) What role does your chartered accountant/in-house accountant have in your business.

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**PERSONAL STATEMENT OF  
 ASSETS AND LIABILITIES AS AT \_\_\_\_\_**
**2.5**

**Name:** \_\_\_\_\_ **Phone: (Bus)** \_\_\_\_\_  
**Address:** \_\_\_\_\_ **Phone: (Hme)** \_\_\_\_\_  
 \_\_\_\_\_ **Age:** \_\_\_\_\_

<b>LIABILITIES:</b>		<b>ASSETS:</b>	
	Amount		Amount
Bank	_____ \$ _____	Bank	_____ \$ _____
Mortgages & secured borrowings (as per reverse)	_____ \$ _____	Property (as per reverse)	_____ \$ _____
Hire Purchase	_____ \$ _____	Investments (as per reverse)	_____ \$ _____
Unsecured loans	_____ \$ _____	Vehicles & Boats	_____ \$ _____
Credit cards	_____ \$ _____	Life cover	Surrender Value
		Sundries	_____ \$ _____
<b>Total Liabilities</b>	\$ _____	<b>Total Assets</b>	\$ _____
Estimated surplus	\$ _____		
	\$ _____		

**Contingent Liabilities:**  
 (Guarantees etc.)  
 \_\_\_\_\_  
 \$ \_\_\_\_\_

**Other Assets:**  
 (Plant, household, etc.)  
 \_\_\_\_\_  
 \$ \_\_\_\_\_

I/We declare that the above has been supplied to Invest South Limited in support of an application for financial assistance and is a true statement.

Invest South Ltd may make enquiries from any person or company concerning my credit or employment to enable Invest South Ltd to assess my application.

Should I default on my payments Invest South Ltd is authorised to forward my details to a credit reference agency.

This authorisation applies to all current and future dealings I have with Invest South Ltd.

I understand that in compliance with the Privacy Act, I have the right of access to, and correction of, all personal information held that relates to me.

**Signed:** \_\_\_\_\_

**Witness:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**PERSONAL STATEMENT OF  
ASSETS AND LIABILITIES**
*CONTD.*
**2.5**
**ASSETS:**
**1. Schedule of Property Owned:**

Occupant & Address	Title in the Name of	Government		Estimated Value	Mortgages Outstanding
		Valuation	Date		
<i>[State if residence is joint family home]</i>		\$		\$	\$

**2. Schedule of Investments**

No. of Shares	Nominal Value	Name of Company	Cost	Date of Purchase	Estimated Value
			\$		\$

**3. Schedule of Mortgages & Secured Borrowings**

Mortgagee	Amount Now Owing	Description & Address	Term	Due Date	Per Annum Repayment
					\$

**Comments:**


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