



CHRISTIAN BLIND MISSION INTERNATIONAL
(New Zealand)

trading as

cbm New Zealand

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017**

FINANCIAL STATEMENTS
For the year ended 31 December 2017

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cbm New Zealand

Directory For the year ended 31 December 2017

| | | |
|----------------------------------|--|--|
| Name | Christian Blind Mission International (New Zealand) | |
| Trading Name | cbm New Zealand | |
| Year of commencement | 1992 | |
| Address for service | | |
| Postal Address | PO Box 303477 North Harbour Auckland 0751 | |
| Street Address | Unit B, 112 Bush Road Rosedale Auckland 0632 | |
| Nature of business | cbm New Zealand is an active member of an international Christian development organisation committed to improving the quality of life of persons with disabilities in the poorest countries of the world. | |
| Office holders | Jonathan Rae Hensman Stephen Craig Hunt Wayne Henry Hanna Susan Jane Willis-Hirst Raymond James Coster Tony John McLean Colin Ross Abernethy Leslie George Stephenson | Chairperson Chief Executive Officer Trustee Trustee Trustee Trustee Trustee Trustee |
| Registered charity number | CC26154 | |
| Independent auditor | RSM Hayes Audit 1 Broadway Newmarket | |
| Bankers | ANZ Bank | |
| Solicitors | Gaze Burt | |
| Accreditations | cbm New Zealand is an accredited member of the Council for International Development (CID) and a signatory to the CID Code of Conduct. CID contact details; (04) 496 9615 or code@cid.org.nz. | |

**Statement of Compliance and Responsibility for Financial Statements
For the Year Ended 31 December 2017**

Approval

The Board are pleased to present the Annual Financial Report of **cbm** New Zealand, including the Financial Statements contained therein for the year ended 31 December 2017.

Statement of Compliance

The Board of **cbm** New Zealand confirm that all the statutory requirements in relation to these Financial Statements, as outlined in the Charities Act 2005, have been met.

Statement of Responsibility

The Board are responsible for the maintenance of adequate accounting records and the preparation and integrity of the Financial Statements and related information.

The independent external auditors, RSM Hayes Audit have audited the Financial Statements and their report appears on pages 3 to 4.

The Board are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements.

Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial records. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Financial Statements are prepared on a going concern basis. Nothing has come to the attention of the Board to indicate that **cbm** New Zealand will not remain a going concern in the foreseeable future.

In the opinion of the Board:

-The Statement of Comprehensive Revenue and Expense is drawn up so as to present fairly, in all material respects, the financial result of the trust for the year ended 31 December 2017;

- The Statement of Financial Position is drawn up so as to present fairly, in all material respects, the state of affairs of **cbm** New Zealand as at 31 December 2017; and

- There are reasonable grounds to believe that **cbm** New Zealand will be able to pay its debts as and when they fall due.

Signed for and on behalf of the Board of Trustees:


Chair of Board of Trustees

15-06-18
Date


Chair of Audit and Finance Committee

15/06/2018
Date

Independent Auditor's Report

To the Trustees of cbm New Zealand

Opinion

We have audited the financial statements of Christian Blind Mission International (New Zealand), trading as cbm New Zealand, which comprise:

- the statement of financial position as at 31 December 2017;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the accompanying financial statements on pages 5 to 18 present fairly, in all material respects, the financial position of cbm New Zealand as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of cbm New Zealand in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than our capacity as auditor we have no relationship with, or interests, in cbm New Zealand.

Other information

The trustees are responsible for the other information. The other information comprises the Directory on page 1 and Statement of Compliance and Responsibility for Financial Statements (Trustees' report) on page 2 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees for the financial statements

The trustees are responsible, on behalf of, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible, on behalf of the cbm New Zealand, for assessing the cbm New Zealand's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate cbm New Zealand or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx

Who we report to

This report is made solely to the board of trustees, as a body. Our audit has been undertaken so that we might state to the board of trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trust and the board of trustees as a body, for our work, for this report, or for the opinions we have formed.



RSM Hayes Audit
Auckland

22 June 2018

Statement of Comprehensive Revenue and Expense
For the year ended 31 December 2017

| | Notes | 2017 | 2016 |
|---|-------|------------------|------------------|
| Revenue | | | |
| Revenue from non-exchange transactions | | | |
| Donations | | 2,138,380 | 1,999,449 |
| Bequests | | 327,934 | 1,447,241 |
| Government Grant Income | | 1,107,231 | 930,455 |
| | | 3,573,545 | 4,377,145 |
| Revenue from exchange transactions | | | |
| Sale of Goods Income | 12 | 6,301 | 6,735 |
| Finance Income | 12 | 75,776 | 49,617 |
| | | 82,077 | 56,352 |
| Total Revenue | | 3,655,622 | 4,433,497 |
| Expenditure | | | |
| Programmes | 14 | 2,204,435 | 1,593,556 |
| Advocacy | | 145,391 | 68,540 |
| Fundraising and Marketing | | 871,762 | 638,810 |
| Management and Governance | | 60,418 | 111,265 |
| Administration | | 225,602 | 252,599 |
| Total expenses | | 3,507,608 | 2,664,770 |
| Net surplus for the year | | 148,014 | 1,768,727 |
| Other comprehensive revenue and expense | | - | - |
| Total comprehensive revenue and expense for the year | | 148,014 | 1,768,727 |

cbm New Zealand

**Statement of Changes in Net Assets/Equity
For the year ended 31 December 2017**

| | Accumulated funds |
|--|--------------------------|
| Opening balance 1 January 2016 | 980,557 |
| 2016 Total comprehensive revenue and expense | <u>1,768,727</u> |
| Closing equity 31 December 2016 | 2,749,284 |
| 2017 Total comprehensive revenue and expense | <u>148,014</u> |
| Closing equity 31 December 2017 | 2,897,298 |

These financial statements should be read in conjunction with the notes to the financial statements.

Statement of Financial Position
As at 31 December 2017

| | Notes | 2017 | 2016 |
|---|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 801,588 | 226,222 |
| Short term investments | 6 | 2,205,608 | 2,655,952 |
| Receivables from exchange transactions | 7 | 17,747 | 13,873 |
| Receivables from non-exchange transactions | 7 | 190,833 | 34,733 |
| Prepayments | | 16,736 | 15,831 |
| | | <u>3,232,512</u> | <u>2,946,611</u> |
| Non-current assets | | | |
| Property plant and equipment | 9 | 466,005 | 480,794 |
| Intangible assets | 10 | 0 | 1,351 |
| | | <u>466,005</u> | <u>482,145</u> |
| TOTAL ASSETS | | <u>3,698,517</u> | <u>3,428,756</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables (from exchange transactions) | 11 | 128,229 | 63,661 |
| Employee benefits | 13 | 30,881 | 37,688 |
| Revenue received in advance | | 642,109 | 578,123 |
| | | <u>801,219</u> | <u>679,472</u> |
| TOTAL LIABILITIES | | <u>801,219</u> | <u>679,472</u> |
| TOTAL NET ASSETS | | <u>2,897,298</u> | <u>2,749,284</u> |
| Net assets | | | |
| Accumulated comprehensive revenue and expense | | <u>2,897,298</u> | <u>2,749,284</u> |
| Total net assets attribution | | <u>2,897,298</u> | <u>2,749,284</u> |

Signed for and on behalf of the Board of the Trustees:


 Chair of the Board of Trustees

 15-06-18
 Date


 Chair of Audit and Finance Committee

 15/06/2018
 Date

These financial statements should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows
For the year ended 31 December 2017

| | Notes | 2017 | 2016 |
|--|-------|----------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from donations, bequests, grants and sales | | 3,423,749 | 4,523,869 |
| Interest received | | 68,934 | 33,550 |
| Cash paid to project partners, suppliers and employees | | (3,361,342) | (2,624,184) |
| Interest paid | | - | (3,587) |
| Net cash inflow/(outflow) from operating activities | | 131,341 | 1,929,648 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| (Increase)/Decrease in short term investments | | 450,344 | (2,195,461) |
| Purchase of property, plant and equipment | | (6,319) | (16,492) |
| Net cash inflow/(outflow) from investing activities | | 444,025 | (2,211,953) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | - | (248,998) |
| Net cash inflow/(outflow) from financing activities | | - | (248,998) |
| Cash movement for the year | | 575,366 | (531,302) |
| Cash and cash equivalents at 1 January | | 226,222 | 757,524 |
| Cash and cash equivalents at 31 December | 5 | 801,588 | 226,222 |

**Accounting Policies and Notes to the Financial Statements
For the year ended 31 December 2017**

1. REPORTING ENTITY

The financial statements relate to Christian Blind Mission International (New Zealand), operating as **cbm** New Zealand (the "Trust"). The Trust is a registered charity in New Zealand, registered under the Charities Act 2005 (CC 26154).

These financial statements were authorised for issue by the Board of Trustees on the date indicated on page 7.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with the Charities Act 2005 which requires compliance with generally accepted accounting practice in New Zealand ("NZ GAAP").

The Trust is a public benefit entity for the purpose of financial reporting as the underlying principle of any registered charity is the carrying out of a charitable purpose. The Trust complies with Public Benefit Entity Standards. For the purposes of complying with NZ GAAP, the Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE Standards Reduced Disclosure Regime.

All reduced disclosure regime ("RDR") exemptions have been adopted.

b) Measurement basis

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

The financial statements are presented in New Zealand Dollars (\$), which is the functional and presentation currency, rounded to the nearest dollar.

There has been no change in the functional currency of the Trust during the year.

d) Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year.

3. SIGNIFICANT JUDGMENTS AND ESTIMATES

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgements:

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- Revenue recognition: the recognition of non-exchange revenue (conditions vs restrictions);
- Classification of non-financial assets as cash generating or non-cash generating assets for the purposes of assessing impairment indicators and impairment testing; and
- Classification of leases as operating or finance leases.

The majority of property, plant and equipment held by the Trust is classified as non-cash generating assets.

b) Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

**Accounting Policies and Notes to the Financial Statements
For the year ended 31 December 2017**

3. SIGNIFICANT JUDGMENTS AND ESTIMATES (CONT'D)

b) Assumptions and estimation uncertainties (cont)

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment by the board based on experience with similar assets;
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- Availability of funding to replace the asset; and
- Changes in the market in relation to the asset.

Changes in accounting estimates

There have been no changes in the accounting estimates for the current reporting period.

GOING CONCERN

These financial statements have been prepared on a going concern basis. The continued use of the going concern assumption is dependent upon the Trust receiving ongoing support from its supporters, funding organisations and the continued success of fundraising activities. The governing body is confident of receiving this ongoing support.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

i) Revenue from non-exchange transactions

Non-exchange transactions are those where the Trust receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity; and
- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation; and
- The amount of the obligation can be reliably estimated.

Grants, Donations and Bequests

The recognition of non-exchange revenue from government and private grants depends on the nature of any stipulations attached to the inflow of resources received and whether this creates a liability (i.e. present obligation), rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated and therefore, do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Income from government and private grants are recognised when it is probable that the associated future economic benefit or service potential will flow to the entity, the fair value is reliably measurable, and there is no associated liability in respect of the same inflow.

**Accounting Policies and Notes to the Financial Statements
For the year ended 31 December 2017**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Revenue from non-exchange transactions (cont'd)

Grants, Donations and Bequests (con't)

Revenue from donations and bequests are recognised when the donation or bequest is received.

Fundraising activities are recognised at the point where cash is received.

ii) Revenue from exchange transactions

Exchange transactions are those where the Trust receives an inflow of resources (i.e. cash and other tangible or intangible items) and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Interest received

Interest income is recognised as it accrues using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the Statement of Comprehensive Revenue and Expense.

b) Employee benefits

i) Short term employee benefits

Short-term employee benefit liabilities are recognised when the Trust has a legal or constructive obligation to remunerate employees for services provided within 12 months of reporting date, and is measured on an undiscounted basis and expensed in the period in which employment services are provided.

c) Financial instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Trust is recognised as a separate asset or liability.

The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Trust also derecognises financial assets and financial liabilities when there have been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Trust classifies financial assets as loans and receivables and cash and cash equivalents.

The Trust classifies financial liabilities as at amortised cost.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

i) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade receivables, excluding prepayments.

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**Accounting Policies and Notes to the Financial Statements
For the year ended 31 December 2017**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Financial instruments (cont)

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised cost comprise payables.

d) Impairment of non-derivative financial assets

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Trust on terms that the Trust would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

i) Financial assets classified as loans and receivables

The Trust considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Trust uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

e) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are initially measured at cost, except those acquired through non exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

Upon disposal of revalued items of property, plant and equipment, any associated gain or losses on revaluation to that item are transferred from the revaluation surplus to accumulated surplus.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Trust. Ongoing repairs and maintenance is expensed as incurred.

**Accounting Policies and Notes to the Financial Statements
For the year ended 31 December 2017**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Property, plant and equipment (con't)

iii) Depreciation

For property, plant and equipment, depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

The current rates of depreciation applied are:

| <u>Asset Class</u> | <u>Rate</u> | <u>Estimated Life</u> |
|---------------------------------|-------------|-----------------------|
| Building | 3% | 33½ years |
| Property improvements | 10% | 10 years |
| Computer equipment and software | 33.3% | 3 years |
| Office furniture and equipment | 12.5% | 8 years |
| Motor vehicle | 33.3% | 3 years |

f) Intangible assets

i. Recognition and measurement

Intangible assets are initially measured at cost.

All of the Trust's intangible assets are subsequently measured in accordance with the cost model, being cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment.

The Trust has no intangible assets with indefinite useful lives.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in surplus or deficit as incurred.

iii. Amortisation

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each amortisable intangible asset.

The current amortisation rate applied is:

| <u>Asset Class</u> | <u>Rate</u> | <u>Estimated Life</u> |
|--------------------|-------------|-----------------------|
| Trademark | 10% | 10 years |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

g) Impairment of non-financial assets

The carrying amounts of the Trust's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of cash generating asset or non-cash generating asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the future remaining service potential (for non-cash generating assets) is discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in surplus or deficit. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Equity

Equity is measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Accumulated comprehensive revenue and expense

Accumulated comprehensive revenue and expense is the Trust's accumulated surplus or deficit since the formation of the Trust adjusted for transfers to/from specific reserves.

**Accounting Policies and Notes to the Financial Statements
For the year ended 31 December 2017**

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Income Tax

Due to its charitable status, the Trust is exempt from income tax.

j) Goods and services tax

All amounts are shown exclusive of goods and services tax (GST), except for receivables and payables that are stated inclusive of GST.

k) Leases

i) Classification and treatment

Leases in terms of which the Trust assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The Trust does not have any finance leases.

Operating leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Trust. Operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term.

l) Volunteer Services

The Trust gratefully acknowledges all the volunteers who donate their time to support the organisation. In addition to the Board of Trustees, the Trust is assisted by additional volunteers who complement other areas of the organisations activities. As there is no identifiable fair and objective means of valuing their time, the efforts of the volunteers are not reflected in the Financial Statements.

Accounting Policies and Notes to the Financial Statements
For the year ended 31 December 2017

| | 2017 | 2016 |
|---|----------------|----------------|
| 5. CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents include the following components: | | |
| Cash at bank | 659,878 | 226,222 |
| Term deposits less than 3 months - Restricted | | |
| Government Funds received in Advance | 91,020 | 0 |
| Term deposits less than 3 months - Other | 50,690 | 0 |
| | <u>801,588</u> | <u>226,222</u> |

6. SHORT TERM INVESTMENTS**December 2017**

| Current | Interest rate | Original maturity | 2017 |
|--------------------------------------|---------------|-------------------|------------------|
| Term deposits - Restricted funds | | | |
| Dawnian Trust | 3.55-3.6% | 9-12 months | 164,578 |
| Government Funds received in Advance | 3.00% | 4 months | 50,000 |
| Bequest Fund | 3.60% | 8 months | 1,020,000 |
| Term deposits - Other | 2.75%-3.65% | 4-9 months | 971,030 |
| | | | <u>2,205,608</u> |

December 2016

| Current | Interest rate | Original maturity | 2016 |
|--------------------------------------|---------------|-------------------|------------------|
| Term deposits - Restricted funds | | | |
| Dawnian Trust | 3.35% | 12 months | 161,980 |
| Government Funds received in Advance | 3.00% | 6 months | 405,338 |
| Bequest Fund | 3.70% | 12 months | 1,000,000 |
| Term deposits - Other | 3%-3.55% | 4-9 months | 1,088,634 |
| | | | <u>2,655,952</u> |

Dawnian Trust funds are placed on Term Deposit separately and at the request of the original fund donors, 60% of the interest is allocated to funding sight related programmes and the remaining 40% of the interest is reinvested.

Government Funds received in Advance are invested in Term Deposits with maturity dates corresponding with the expected expenditure dates. The interest is transferred to the Government Funds received in Advance for use in accordance with the MFAT rules.

In September 2016, the Board of Trustees resolved to invest \$1,000,000 in a Bequest Fund. In September 2017, following a further Board discussion this amount, adjusted for inflation, was reinvested.

7. RECEIVABLES

| | | |
|---|----------------|---------------|
| Receivables from exchange transactions | 2017 | 2016 |
| Interest receivable | 17,747 | 13,873 |
| | <u>17,747</u> | <u>13,873</u> |
| Receivables from non-exchange transactions | 2017 | 2016 |
| GST | 21,686 | 19,005 |
| Sundry debtors | 169,147 | 15,728 |
| | <u>190,833</u> | <u>34,733</u> |

Accounting Policies and Notes to the Financial Statements
For the year ended 31 December 2017
8. RELATED PARTY TRANSACTIONS AND BALANCES
Related party transactions

During 2017, members of the Board of Trustees made cash donations to the Trust to the value of \$5,680 (2016: \$42,805) and donated approximately 1,200 hours of time (2016: 1,384 hours).

Key management personnel compensation

The total remuneration to key management personnel for the year was as follows

| | 2017 | 2016 |
|---|-------------|-------------|
| Senior Management | | |
| Number of Personnel (Full Time Equivalents) | 1.0 | 1.0 |
| Remuneration | \$121,325 | \$126,335 |

9. PROPERTY, PLANT AND EQUIPMENT
Reconciliation of property, plant and equipment
December 2017

| | Cost as at 1/1/17 | Additions and Disposals during year | Depreciation for year | Accumulated Depreciation | Book Value at year end |
|-------------------------|----------------------|---|--------------------------|-----------------------------|---------------------------|
| Land | 243,242 | - | - | - | 243,242 |
| Buildings | 289,258 | - | 8,678 | 84,849 | 204,409 |
| Office improvements | 17,437 | - | 1,744 | 17,001 | 437 |
| Furniture and equipment | 46,221 | (19) | 2,540 | 43,515 | 2,686 |
| Computer equipment | 148,192 | 6,311 | 8,121 | 139,272 | 15,231 |
| Motor vehicle | 19,996 | - | - | 19,996 | - |
| | 764,346 | 6,292 | 21,082 | 304,633 | 466,005 |

December 2016

| | Cost as at 1/1/16 | Additions and Disposals during year | Depreciation for year | Accumulated Depreciation | Book Value at year end |
|-------------------------|----------------------|---|--------------------------|-----------------------------|---------------------------|
| Land | 243,242 | 0 | 0 | 0 | 243,242 |
| Buildings | 289,258 | 0 | 8,678 | 76,172 | 213,085 |
| Office improvements | 17,437 | 0 | 1,744 | 15,258 | 2,179 |
| Furniture and equipment | 45,058 | 1,163 | 2,701 | 40,974 | 5,247 |
| Computer equipment | 132,874 | 15,318 | 5,807 | 131,151 | 17,041 |
| Motor vehicle | 19,996 | 0 | 0 | 19,996 | 0 |
| | 747,864 | 16,481 | 18,930 | 283,551 | 480,794 |

**Accounting Policies and Notes to the Financial Statements
For the year ended 31 December 2017**
10. INTANGIBLE ASSETS**Reconciliation of intangible assets****December 2017**

| | Cost as at 1/1/17 | Additions and Disposals during year | Amortisation for year | Accumulated Amortisation | Book Value at year end |
|------------|----------------------|--|--------------------------|-----------------------------|---------------------------|
| Trade mark | 6,752 | 0 | 1,351 | 6,752 | 0 |
| | 6,752 | 0 | 1,351 | 6,752 | 0 |

December 2016

| | Cost as at 1/1/16 | Additions and Disposals during year | Amortisation for year | Accumulated Amortisation | Book Value at year end |
|------------|----------------------|--|--------------------------|-----------------------------|---------------------------|
| Trade mark | 6,752 | - | 675 | 5,401 | 1,351 |
| | 6,752 | - | 675 | 5,401 | 1,351 |

As the licence for the trademark was renewed in 2017, the remaining costs for the original registration were fully amortised in 2017.

11. PAYABLES

| | 2017 | 2016 |
|------------------|----------------|---------------|
| Trade creditors | 117,185 | 47,451 |
| Accrued expenses | 11,044 | 16,210 |
| | 128,229 | 63,661 |

12. REVENUE**Revenue from exchange transactions**

| | 2017 | 2016 |
|----------------------|---------------|---------------|
| Sale of goods | 6,301 | 6,735 |
| Finance Income | | |
| Interest Income | 72,808 | 44,370 |
| Currency Fluctuation | 2,968 | 5,247 |
| | 82,077 | 56,352 |

13. EMPLOYEE BENEFITS

| | 2017 | 2016 |
|------------------------|---------------|---------------|
| Leave accrual | 30,881 | 31,440 |
| Owing to Key Personnel | 0 | 6,248 |
| | 30,881 | 37,688 |

14. PROGRAMMES

Further details regarding the International Programmes work of the Trust can be found in the Trust's Impact Report which is available on the website www.cbmnz.org.nz

15. CAPITAL COMMITMENTS

There are no capital commitments at the reporting date. (2016: Nil).

16. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date. (2016: \$Nil).

17. EVENTS AFTER THE REPORTING DATE

The Trustees are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the Trust (2016: \$Nil).

**Accounting Policies and Notes to the Financial Statements
For the year ended 31 December 2017**

18. OPERATING LEASE COMMITMENTS

The Trust has an operating lease for a photocopier.

Future minimum rentals payable under non-cancellable operating leases are as follows:

| | 2017 | 2016 |
|---|--------------|---------------|
| Within one year | 4,917 | 4,774 |
| After one year but not more than five years | 820 | 5,569 |
| More than five years | - | - |
| | <u>5,737</u> | <u>10,343</u> |

19. FINANCIAL INSTRUMENTS

The table below shows the carrying amounts of the Trust's financial assets and financial liabilities.

Classification and fair values of financial instruments

December 2017

| | Financial Assets Loans and receivables | Financial liabilities Amortised cost |
|---------------------------|---|---|
| Cash and cash equivalents | 801,588 | 0 |
| Short term investments | 2,205,608 | 0 |
| Receivables | 208,579 | 0 |
| Payables | 0 | 128,229 |
| | <u>3,215,775</u> | <u>128,229</u> |

December 2016

| | Financial Assets Loans and receivables | Financial liabilities Amortised cost |
|---------------------------|---|---|
| Cash and cash equivalents | 226,222 | 0 |
| Term deposits | 2,655,952 | 0 |
| Receivables | 48,606 | 0 |
| Payables | 0 | 63,661 |
| | <u>2,930,780</u> | <u>63,661</u> |