Cancer Society of New Zealand Auckland Northland Division Incorporated

Financial statements

for the year ended 31 March 2017

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DATE OF INCORPORATION	20 February 1951
REGISTERED OFFICE	1 Boyle Crescent Grafton Auckland
CHARITIES REGISTRATION NUMBER	CC22556
INCORPORATION NUMBER	221619
PRESIDENT	J B Koea
VICE PRESIDENTS	M Leauanae
INDEPENDENT AUDITOR	BDO Auckland Auckland
BANKERS	ANZ Bank Auckland
SOLICITORS	Simpson Grierson Barristers & Solicitors Auckland

INDEPENDENT AUDITOR'S REPORT
TO THE CANCER SOCIETY OF NEW ZEALAND AUCKLAND NORTHLAND DIVISION INCORPORATED

Qualified Opinion

We have audited the separate and consolidated financial statements of Cancer Society of New Zealand Auckland Northland Division Incorporated ("the Society") and its controlled entity (together, "the Group"), which comprise the separate and consolidated statement of financial position as at 31 March 2017, and the separate and consolidated statement of comprehensive revenue and expense, separate and consolidated statement of changes in net assets/equity and separate and consolidated cash flow statement for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Society and the Group as at 31 March 2017, and the Society's and the Group's financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion

Control over revenue from Daffodil Day Appeal donations of $1,032,486 (2016: $751,747), prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control. Accordingly the completeness of revenue and related cash flows is unable to be determined.

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 Separate and Consolidated Financial Statements* section of our report. We are independent of the Society and the Group 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 qualified opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society or its controlled entity.

The Board's Responsibilities for the Separate and Consolidated Financial Statements

The Board is responsible on behalf of the Society and the Group for the preparation and fair presentation of the separate and consolidated financial statements in accordance with PBE Standards RDR, and for such internal control as the Board determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, the Board is responsible on behalf of the Society and the Group for assessing the Society's and the Group'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 Board either intends to liquidate the Society and the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated 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 separate and consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state those matters which 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 Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Auckland

BDO Auckland
Auckland
New Zealand
20 June 2017

Cancer Society of New Zealand Auckland Northland Division Incorporated
Statements of comprehensive revenue and expense
for the year ended 31 March 2017

	Note	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Revenue from non-exchange transactions	2	8,563,390	6,772,218	8,551,890	6,899,218
Revenue from exchange transactions	3	2,070,406	2,149,316	2,070,406	2,149,316
Financial income	6	1,131,784	1,288,571	578,998	709,777
Other income		14,726	3,356	14,726	3,356
Total income		11,780,306	10,213,461	11,216,020	9,761,667
Administration expenses	7	2,581,203	2,589,067	2,498,916	2,514,404
Research costs		2,728,909	3,179,668	2,728,909	3,179,668
Support service expenses		2,023,451	2,106,273	2,023,451	2,106,273
Domain Lodge accommodation expenses		1,243,083	1,301,913	1,243,083	1,301,913
Fundraising & promotion costs		1,930,852	1,605,140	1,930,852	1,605,140
Health promotion costs		426,365	541,743	426,365	541,743
Total expenses		10,933,863	11,323,804	10,851,576	11,249,141
Surplus/ (deficit) for the year attributable to members		846,443	(1,110,343)	364,444	(1,487,474)
Other comprehensive revenue and expense:					
Fair value movement on available for sale financial assets		452,016	573,680	(3,789)	(1,478)
Gain or loss on available for sale financial assets transferred to profit or loss on sale	6	(209,259)	(200,667)	(10,240)	(17,920)
Other comprehensive revenue and expense		242,757	373,013	(14,029)	(19,398)
Total comprehensive revenue and expense for the period attributable to members		1,089,200	(737,330)	350,415	(1,506,872)

This statement must be read in conjunction with the notes to the accounts and the audit report on pages 2-3.

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Cancer Society of New Zealand Auckland Northland Division Incorporated
Statements of changes in net assets/equity
for the year ended 31 March 2017

	Note	Available for sale assets reserve $	Accumulated funds $	Total $
Society				
2016				
Balance at 1 April 2015		203,717	27,173,613	27,377,330
Comprehensive revenue and expense:				
Fair value movement - available for sale financial assets		(1,478)	-	(1,478)
Gain or loss on available for sale financial assets transferred to profit or loss on sale		(17,920)	-	(17,920)
Surplus (deficit) for the year		-	(1,487,474)	(1,487,474)
Total comprehensive revenue and expense		(19,398)	(1,487,474)	(1,506,872)
Balance at 31 March 2016		184,319	25,686,139	25,870,458
Society				
2017				
Balance at 1 April 2016		184,319	25,686,139	25,870,458
Comprehensive revenue and expense:				
Fair value movement - available for sale financial assets		(3,789)	-	(3,789)
Gain or loss on available for sale financial assets transferred to profit or loss on sale		(10,240)	-	(10,240)
Surplus (deficit) for the year		-	364,444	364,444
Total comprehensive revenue and expense		(14,029)	364,444	350,415
Balance at 31 March 2017		170,290	26,050,583	26,220,873
Group				
2016				
Balance at 1 April 2015		2,345,835	37,031,302	39,377,137
Comprehensive revenue and expense:				
Fair value movement - available for sale financial assets		573,680	-	573,680
Gain or loss on available for sale financial assets transferred to profit or loss on sale		(200,667)	-	(200,667)
Surplus (deficit) for the year		-	(1,110,343)	(1,110,343)
Total comprehensive revenue and expense		373,013	(1,110,343)	(737,330)
Balance at 31 March 2016		2,718,848	35,920,959	38,639,807
Group				
2017				
Balance at 1 April 2016		2,718,848	35,920,959	38,639,807
Comprehensive revenue and expense:				
Fair value movement - available for sale financial assets		452,016	-	452,016
Gain or loss on available for sale financial assets transferred to profit or loss on sale		(209,259)	-	(209,259)
Surplus (deficit) for the year		-	846,443	846,443
Total comprehensive revenue and expense		242,757	846,443	1,089,200
Balance at 31 March 2017		2,961,605	36,767,402	39,729,007

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Cancer Society of New Zealand Auckland Northland Division Incorporated
Statements of financial position
as at 31 March 2017

	Note	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Equity					
Accumulated funds		36,767,402	35,920,959	26,050,583	25,686,139
Available for sale assets reserve		2,961,605	2,718,848	170,290	184,319
Total Equity		39,729,007	38,639,807	26,220,873	25,870,458
Non-current liabilities					
Employee benefits	*15*	84,295	69,915	84,295	69,915
Total non-current liabilities		84,295	69,915	84,295	69,915
Current liabilities					
Trade payables	*14*	949,070	695,702	917,954	669,610
Employee benefits	*15*	270,357	269,516	270,357	269,516
Total current liabilities		1,219,427	965,218	1,188,311	939,126
Total liabilities		1,303,722	1,035,133	1,272,606	1,009,041
Total equity and liabilities		41,032,729	39,674,940	27,493,479	26,879,499
Non-current assets					
Investments	*11*	21,132,484	20,557,621	7,613,824	7,905,473
Property, plant and equipment	*12*	5,894,543	6,296,739	5,894,543	6,296,739
Properties held for strategic purposes	*13*	5,517,878	5,587,803	5,517,878	5,587,803
Total non-current assets		32,544,905	32,442,163	19,026,245	19,790,015
Current assets					
Cash and cash equivalents	*8*	2,994,098	2,368,415	2,994,098	2,368,415
Investments	*11*	5,254,120	4,066,260	5,254,120	4,066,260
Receivables - exchange transactions	*9*	118,666	256,512	98,076	113,219
Receivables - non exchange transactions	*10*	-	350,000	-	350,000
GST receivable		120,940	191,590	120,940	191,590
Total current assets		8,487,824	7,232,777	8,467,234	7,089,484
Total assets		41,032,729	39,674,940	27,493,479	26,879,499

For and on behalf of the board:

Dated: 20 June 2017

Chief Executive

President

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Cancer Society of New Zealand Auckland Northland Division Incorporated
Statements of cash flows
for the year ended 31 March 2017

	Note	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Cash flows from operating activities					
Cash provided from:					
Receipts from public, services and other sources		11,207,018	8,500,828	11,072,815	8,748,479
Interest received		914,147	1,078,805	560,380	682,758
Dividends received		8,378	9,099	8,378	9,099
		12,129,543	9,588,732	11,641,573	9,440,336
Cash applied to:					
Payments to suppliers and to employees		(10,016,515)	(11,152,079)	(9,939,252)	(11,079,934)
Net cash from operating activities		2,113,028	(1,563,347)	1,702,321	(1,639,598)
Cash flows from investing activities					
Cash provided from:					
Proceeds from sale of property, plant & equipment		15,565	1,739	15,565	1,739
Proceeds from sale of investments		200,000	8,143,556	200,000	480,704
Cash applied to:					
Purchase of investments		(1,510,707)	(5,926,552)	(1,100,000)	1,812,551
Purchase of property, plant & equipment		(192,203)	(216,188)	(192,203)	(216,188)
Net cash from investing activities		(1,487,345)	2,002,555	(1,076,638)	2,078,806
Net increase in cash, and cash equivalents		625,683	439,208	625,683	439,208
Cash and cash equivalents at the beginning of the year		2,368,415	1,929,207	2,368,415	1,929,207
Cash and cash equivalents at the end of the year	*8*	2,994,098	2,368,415	2,994,098	2,368,415

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1. Statement of significant accounting policies for the year

Reporting entity
The Cancer Society of New Zealand Auckland Northland Division Incorporated ("the Society") is an incorporated society incorporated in New Zealand under the Incorporated Societies Act 1908 and registered under the Charities Act 2005. The Society is a public benefit entity for the purposes of financial reporting.

The Society is domiciled and operates in New Zealand. The primary objective of the Society is to provide support and counselling services for cancer patients. The Society also supports research into the causes and treatment of cancer.

Group
The group consolidated financial statements include the Society and the Davis Carr Cancer Society Endowment Trust as described in note 16.

Statement of compliance and basis of preparation
The financial statements have been prepared in accordance with the Charities Act 2005 and New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with *Public Benefit Entity International Public Sector Accounting Standards* ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

These financial statements have been prepared under the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Available for sale financial instruments

The financial statements are presented in New Zealand dollars ($), which is the functional currency of the Society and Group's presentation currency, rounded to the nearest dollar. There has been no change in the functional currency of the Society and Group during the year.

All accounting policies were applied consistently during the year.

Critical accounting estimates and assumptions
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 ongoing basis. Revisions to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is noted below:

• The Board have judged that the Group's investment properties are held for strategic purpose and therefore the properties are accounted for under PBE IPSAS 17 Property, Plant and Equipment and not PBE IPSAS 16 Investment Property (refer to note 13). The Society has adopted a strategy of purchasing properties adjacent to Domain Lodge, as they become available for sale, for the purpose of providing for the future development of Domain Lodge. It is anticipated the demand for the patient accommodation will steadily increase and it will become necessary to expand the accommodation facilities. Given the close proximity of the Domain Lodge to the Auckland Public Hospital it is expected any future development will take place adjacent to and in conjunction with the existing Domain Lodge building.

• The Board have judged that the Davis Carr Cancer Society Endowment Trust (Trust) is a special purpose entity controlled by the Society as the board appoints the trustees and are the beneficiaries of the trust (refer to note 16).

• Revenue from bequests and legacies: Where there is a life interest associated with the bequest or legacy or the bequest or the legacy is

being contested, the revenue from the bequest and legacy is not recognised until the revenue is measurable and probable.

2 Revenue from non-exchange transactions

		Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Bequest and legacies					
- For general purposes		3,529,510	2,529,536	3,529,510	2,529,536
- For research		588,245	212,345	588,245	212,345
Donations, appeals & events and memoriam		4,445,635	4,030,337	4,434,135	3,842,337
Grant from Davis Carr Cancer Society Endowment Trust	*Note 17*	-	-	-	315,000
Total revenue from non-exchange transactions		8,563,390	6,772,218	8,551,890	6,899,218

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2 Revenue from non-exchange transactions (continued)

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

The following specific recognition criteria in relation to the Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

Fundraising

The Group's fundraising activities involve public cash collections. Fundraising non-exchange revenue is recognised at the point at which cash is received.

Volunteer service

The Society would be unable to operate without the extensive volunteer service it receives from members, supporters, service groups and the general public. These services relate to both raising revenue and service delivery. Principal volunteer services include street collectors for Daffodil Day, entrants and organisers of Relay for Life events, numerous small fund raising events sponsored by individuals and service clubs, board members who provide governance to the Group, drivers who transport cancer patients to their treatment and meal service providers who deliver meals to cancer patients homes. Generally, the contributions made by individuals is not recorded in detail. No complete record of hours is available and the diverse nature of contribution and individuals involved means it is not possible to reliably value the services they provide. For this reason the value of volunteer services is not recognised as revenue.

Grants, donations, legacies and bequests

The recognition of non-exchange revenue from grants, donations, legacies and bequests 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 Group 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 Group 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.

3 Revenue from exchange transactions

	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Information services income	43,339	48,225	43,339	48,225
Health promotion income	59,117	157,368	59,117	157,368
Revenue from property rentals	306,450	318,442	306,450	318,442
Revenue from Domain Lodge accommodation	1,661,500	1,625,281	1,661,500	1,625,281
Total revenue from exchange transactions	2,070,406	2,149,316	2,070,406	2,149,316

Rendering of services

The Group's services includes information and health promotion services provided.

Revenue from services rendered is recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date. The stage of completion is assessed by reference to work performed at reporting date for both service related income streams.

Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

Rental income on investment property

Rental income from properties held for strategic purposes is recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Revenue from Domain Lodge accommodation

Revenue from Domain Lodge accommodation (rental of rooms) is recognised in surplus or deficit when rooms are occupied.

4 Gain on disposal of property, plant & equipment

The Group disposes of motor vehicles when they reach a pre-determined mileage or age. During the year 5 motor vehicles were disposed of through private sale and a gain of $13,326 was recognised from disposal of these vehicles. The gain from asset disposals in 2016 was $1,739.

5 Employee benefit costs

	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Salaries and wages	3,930,127	3,943,935	3,930,127	3,943,935
Contributions to defined contribution plans	15,894	19,518	15,894	19,518
Contributions to medical insurance	55,015	57,526	55,015	57,526
Total employee benefit costs	4,001,036	4,020,979	4,001,036	4,020,979

6 Financial income

Recognised in revenue	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Dividend income on available for sale financial assets				
Dividends	8,378	9,099	8,378	9,099
Interest income on loans and receivables				
Interest on term deposits and bank balance	478,505	559,569	478,505	559,569
Interest/distribution income on available for sale financial assets				
Interest/distribution on available for sale financial Assets	435,643	519,236	81,875	123,189
Income from available for sale financial assets on disposal				
Gain or loss transferred from equity	209,258	200,667	10,240	17,920
Total financial income	1,131,784	1,288,571	578,998	709,777

Finance income comprises interest income on financial assets, gains on the disposal of available-for-sale financial assets and dividend income. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method. Income from dividends is recognised when the Group's right to receive payment is established, and the amount can be reliably measured.

Finance costs comprise interest expense on financial liabilities and losses on disposal of available-for-sale financial assets.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

7 Administration expenses

	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Administration expenses include the following:				
Audit fee (for the audit of the financial statements)	34,108	33,234	25,270	24,675
Depreciation on property, plant & equipment (note 12)	578,834	597,432	578,834	597,432
Depreciation on properties held for strategic purposes (note 13)	69,925	69,925	69,925	69,925
Cancer Society Levy	460,165	460,168	460,165	460,168
Salaries and wages	509,316	535,000	509,316	535,000
Computer costs	270,767	218,112	270,767	218,112
Other administration expenses	658,088	675,196	584,639	609,092
Total administration expenses	2,581,203	2,589,067	2,498,916	2,514,404

8 Cash and cash equivalents

	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Cash at bank	2,994,098	2,368,415	2,994,098	2,368,415
Total cash and cash equivalents	2,994,098	2,368,415	2,994,098	2,368,415

9 Receivables - exchange transactions

	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Accounts receivable	73,122	223,160	52,532	79,867
Prepayments	19,580	-	19,580	-
Other receivable	5,294	12,364	5,294	12,364
Accrued bank interest	20,670	20,988	20,670	20,988
Total receivable - exchange transactions	118,666	256,512	98,076	113,219

As at 31 March 2017 and 2016 there were no impairment allowances.

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10 Receivable - non exchange transactions

	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Monetary legacies and bequests	-	350,000	-	350,000
Total receivable - non exchange transactions	-	350,000	-	350,000

11 Investments

	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Current investments				
Loans and receivables -term deposits with maturity under 12 months	5,050,000	3,650,000	5,050,000	3,650,000
Available for sale financial assets - bonds	204,120	416,260	204,120	416,260
	5,254,120	4,066,260	5,254,120	4,066,260
Term investments	$	$	$	$
Loans and receivables - term deposits with maturity over 12 months	6,150,000	6,450,000	6,150,000	6,450,000
Available for sale financial assets -bonds	1,039,560	1,070,230	1,039,560	1,070,230
Available for sale financial assets - shares	424,264	385,243	424,264	385,243
Available for sale financial assets - unit funds				
Nikko am wholesale nz cash fund	645,794	1,095,182	-	-
Nikko am wholesale nz bond fund	2,850,811	2,426,083	-	-
Nikko am corporate bond fund	1,890,113	634,959	-	-
Nikko am wholesale global bond fund	886,017	1,793,908		
Nikko am wholesale sri equity fund	3,813,007	3,565,497	-	-
Nikko am wholesale property fund	691,281	694,414	-	-
F & C stewardship international fund	2,741,637	2,442,105	-	-
	21,132,484	20,557,621	7,613,824	7,905,473

The investments held by the Trust in unit funds are managed by Nikko Asset Management New Zealand Limited and the Trust Board in accordance with the Statement of Investment Policy and Objectives. Also refer to note 16.

Available for sale financial assets - bonds
Group and Society
Interest- bearing available for sale financial assets with a carrying amount of $1,243,680 as at 31 March 2017 (2016: $1,486,490) have stated interest rates of 4 to 7 percent (2016: 6 to 8 percent) and mature between 0.49 and 5.63 years.
The bonds are listed on the New Zealand stock exchange.

Available for sale financial assets - shares
Group and Society
The shares are listed on the New Zealand and London stock exchanges.

Available for sale financial assets - unit funds
Group
The fair value for the various unit funds available for sale financial assets is determined as follows:
Cash funds - at face value of the amounts deposited or drawn;
Listed government and semi government securities - by reference to quoted bid price;
Unlisted investments - at valuation based on arm's length transactions, reference to other instruments that have substantially the same characteristics, discounted cash flow analysis and other pricing models;
Unit trusts - by reference to the quoted bid price.

12 Property, plant and equipment

Group & Society	Land $	Building $	Plant & Equipment $	Computers	Motor Vehicles $	Total $
Cost						
Balance at 1 April 2016	300,944	12,241,748	374,962	184,479	519,878	13,622,011
Additions	-	-	3,224	130,444	45,209	178,877
Disposals	-	-	(60,189)		(103,223)	(163,412)
Balance at 31 March 2017	300,944	12,241,748	317,997	314,923	461,864	13,637,476
Accumulated depreciation						
Balance at 1 April 2016	-	6,685,130	223,644	102,415	314,083	7,325,272
Depreciation for the year	-	408,058	53,495	66,125	51,156	578,834
Release on disposal	-		(60,189)		(100,984)	(161,173)
Balance at 31 March 2017	-	7,093,188	216,950	168,540	264,255	7,742,933
Carrying amounts						
At 1 April 2015	300,944	5,964,676	141,145	104,110	168,847	6,679,722
At 31 March 2016	300,944	5,556,618	151,318	82,064	205,795	6,296,739
At 31 March 2017	300,944	5,148,560	101,047	146,383	197,609	5,894,543

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.

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses. All of the Group's items of property plant and equipment are subsequently measured in accordance with the cost model.

Subsequent costs

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. Depreciation is charged to profit and loss. Land is not depreciated. The useful lives and associated depreciation rates of major classes of assets have been estimated for current and prior period as follows:

Asset	Economic Life
Plant and Equipment	5 years
Computer equipment	3 years
Motor vehicles	6.7 years
Buildings	30 years

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

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in surplus or deficit as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in surplus or deficit as incurred.

13 Properties held for strategic purposes

	Land	Buildings	Total
Group & Society			
Cost			
Balance at 1 April 2016	4,175,651	2,097,760	6,273,411
Additions	-	-	-
Balance at 31 March 2017	4,175,651	2,097,760	6,273,411
Accumulated depreciation			
Balance at 1 April 2016	-	685,608	685,608
Depreciation for the year	-	69,925	69,925
Balance at 31 March 2017	-	755,533	755,533
Carrying amounts			
At 1 April 2015	4,175,651	1,482,077	5,657,728
At 31 March 2016	4,175,651	1,412,152	5,587,803
At 31 March 2017	4,175,651	1,342,227	5,517,878

Properties held for strategic purposes comprises a number of domestic properties that are leased to third parties. Subsequent renewals are negotiated with the lessees. No contingent rents are charged.

Properties which are held for strategic purposes are held to meet service delivery objectives and are accounted for under PBE IPSAS 17 Property, Plant and Equipment. Refer to "property, plant and equipment" above.

Asset	Economic Life	
Buildings	30 years	Straight Line Method

The residual value, depreciation method and useful life of buildings is reviewed, and adjusted if applicable, at each financial year-end.

14 Trade payables - exchange transactions

	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Trade payables from exchange transactions	949,070	695,702	917,954	669,610
Total trade payables - exchange transactions	949,070	695,702	917,954	669,610

15 Employee benefit liabilities

	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Current				
Current portion of long-service leave (long term employee benefit)	8,218	12,750	8,218	12,750
Holiday pay accrual (short term employee benefit)	177,153	176,481	177,153	176,481
Accrued expense (short term employee benefit)	84,986	80,285	84,986	80,285
Total current employee benefit liabilities	270,357	269,516	270,357	269,516
Non-current				
Non current portion of long-service leave	84,295	69,915	84,295	69,915
Total non-current employee benefit liabilities	84,295	69,915	84,295	69,915
Total employee benefit liabilities	354,652	339,431	354,652	339,431

Short-term employee benefits

Employee benefits that the Group expects to be settled within 12 months of reporting date are measured at nominal values based on accrued entitlements at current rates of pay on an undiscounted basis.

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

15 Employee benefit liabilities (continued)

Long-term employee benefits

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities.

Provision is made for benefits accruing to employees in respect of long service leave based on the probability that settlement will be required.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

16 Group entity

The Society established the Davis Carr Cancer Society Endowment Trust (the Trust) on 31 March 2008 to maintain and develop Domain Lodge, assist with the work and activities of the Society and provide funds for cancer research and treatment and assistance to those with cancer. The Society has the power to govern the financial and operating policies of the Trust so as to benefit from the Trust's activities. The Board have judged that the Trust is a Group entity controlled by the Society as the Board appoints the trustees and are the beneficiaries of the Trust.

The reporting date for the Trust is 31 March 2017. The principal activity of the Trust is investment.

Basis of consolidation

Controlled entities

Controlled entities are entities controlled by the Group, being where the Group has power to govern the financial and operating policies of another entity so as to benefit from that entity's activities. The financial statements of the Group's controlled entities are included in the financial statements from the date that control commences until the date that control ceases.

Subsequent changes in a controlled entity that do not result in a loss of control are accounted for as transactions with controllers of the controlling entity in their capacity as controllers, within net assets/equity.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

17 Related party transactions

The following transactions were carried out with related parties during the year.

(1) Two of the board members of the Society are also members of the steering committee for Cancer Trials New Zealand. Professor Michael Findlay is a Director of Cancer Trials NZ and Associate Professor Jonathan Koea is a surgeon at Auckland City Hospital. The Society is a sponsor of Cancer Trials NZ and it funded $243,000 in the 2017 financial year (2016: $270,000).

(2) Cancer Society of New Zealand Incorporated is partly funded by the Society. The Society is entitled to representation on the board of the Cancer Society of New Zealand Incorporated. In 2017 the Society paid administration and research levies of $581,589 which is equal to 35% of the total divisional levy (2016: $751,583).

(3) In 2016, the Davis Carr Cancer Society Endowment Trust paid a grant of $315,000 to the Society to assist with the maintenance of Domain Lodge and the day to day work of the Society. No grant was paid in 2017 (refer to note 16).

(4) In the current year, the Waikato/ Bay Of Plenty Division Cancer Society of New Zealand (Incorporated) paid the Society $20,728 (2016: $20,386) to assist in the costs of providing the 0800 telephone support service to the Auckland/Waikato region.

There are no fees paid to any board member.

Key management personnel

The Directors and executive team are considered to be the key management personnel of the Group and Society. Directors of the Society receive no remuneration.

Group and Society	2017 $	Number of individuals	2016 $	Number of individuals
Compensation to key management personnel:				
Short term employee benefits	751,467	8 FTEs	762,581	8 FTEs
	751,467		762,581	

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18 Financial instruments

Fair values
All financial instruments are recognised in the statement of financial position and are stated at carrying amounts that are also a reasonable approximation of their fair values.

Fair value hierarchy
As at 31 March 2017, the Group held the following financial instruments measured at fair value:
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using ; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: techniques which use inputs which have a significant effect on the recorded value that are not based on observable market data

Assets measured at fair value

2017	31 March 2017 $	Level 1 $	Level 2 $	Level 3 $
Group				
Available for sale financial assets				
Bonds	1,243,680	1,243,680	-	-
Shares	424,264	424,264	-	-
Unit funds	13,518,660	-	13,518,660	-
Society				
Available for sale financial assets				
Bonds	1,243,680	1,243,680	-	-
Shares	424,264	424,264	-	-
Unit funds	-	-	-	-

During the reporting period ended 31 March 2017, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

2016	31 March 2016 $	Level 1 $	Level 2 $	Level 3 $
Group				
Available for sale financial assets				
Bonds	1,486,940	1,486,940	-	-
Shares	385,243	385,243	-	-
Unit funds	12,652,148	-	12,652,148	-
Society				
Available for sale financial assets				
Bonds	1,486,490	1,486,490	-	-
Shares	385,243	385,243	-	-
Unit funds	-	-	-	-

During the reporting period ended 31 March 2016, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

18 Financial Instruments (continued)

Classification of financial instruments

	Group 2017 $	Group 2016 $	Society 2017 $	Society 2016 $
Current financial assets				
Loans and receivables				
Cash and cash equivalents	2,994,098	2,368,415	2,994,098	2,368,415
Loans and receivables -term deposits with maturity under 12 months	5,050,000	3,650,000	5,050,000	3,650,000
Accounts receivable	73,122	223,160	52,532	79,867
Other receivables	5,294	12,364	5,294	12,364
Accrued bank interest	20,670	20,988	20,670	20,988
Available for sale financial assets				
Available for sale financial assets - bonds	204,120	416,260	204,120	416,260
Non current financial assets				
Loans and receivables				
Loans and receivables - term deposits with maturity over 12 months	6,150,000	6,450,000	6,150,000	6,450,000
Available for sale financial assets				
Available for sale financial assets -bonds	1,039,560	1,070,230	1,039,560	1,070,230
Available for sale financial assets - shares	424,264	385,243	424,264	385,243
Available for sale financial assets - unit funds	13,518,660	12,652,148	-	-
Current financial liabilities				
Financial liabilities measured at amortised cost				
Trade payables from exchange transactions	949,070	695,702	917,954	669,610

The Group initially recognises financial instruments when the Group becomes a party to the contractual provisions of the instrument.

The Group 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 Group is recognised as a separate asset or liability.

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

The Group also derecognises financial assets and financial liabilities when there has 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 Group 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 Group classifies financial assets into the following categories: *loans and receivables, and available-for-sale.*

The Group classifies financial liabilities into the following category: *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.

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 (refer Impairment of non-derivative financial assets).

Loans and receivables comprise cash and cash equivalents and receivables.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

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18 Financial Instruments (continued)

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

Available-for-sale financial assets are subsequently measured at fair value with gains or losses (other than foreign exchange gains or losses) recognised in other comprehensive revenue and expense and presented in the AFS fair value reserve within net assets/equity, less impairment (refer Impairment of non-derivative financial assets).

Upon derecognition, the accumulated gain or loss within net assets/equity is reclassified to surplus or deficit.

Available-for-sale financial assets comprise shares and bonds.

Amortised cost financial liabilities
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 cash and cash equivalents (bank overdrafts), and payables.

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 Group on terms that the Group would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an equity security classified as an *available-for-sale* financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets classified as loans and receivables
The Group 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.

Financial assets classified as available-for-sale
Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in net assets/equity to surplus or deficit.

The cumulative loss that is reclassified from net assets/equity to surplus or deficit is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in surplus or deficit.

Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired *available-for-sale* debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit. However, any subsequent recovery in the fair value of an impaired *available-for-sale* equity security is recognised in other comprehensive revenue and expense.

19 Financial commitments and operating leases

Leases as lessee
At balance date the Group and Society had operating lease commitments of $nil (2016 - $nil).

Financial commitments:

Group and Society	Next 12 months $	Between 1 - 5 years $	Beyond 5 years $
2017			
Cancer Trials NZ - clinical trials	243,000	-	-
Travel grants	27,404	-	-
ACS Research Centre funding and other fundraising costs	2,405,000	-	-
	2,675,404	-	-

Group and Society	Next 12 months $	Between 1 - 5 years $	Beyond 5 years $
2016			
Cancer Trials NZ - clinical trials	270,000	-	-
Travel grants	3,625	-	-
ACS Research Centre funding and other fundraising costs	2,645,000	-	-
	2,918,625	-	-

20 Contingencies

Contingent liability
The Group and Society have no contingent liabilities as at 31 March 2017 (2016 - $nil).

Contingent assets
At reporting date the Group and Society has received intimation concerning bequests which will be received in the future. These bequests cannot be quantified by the Group and Society as at reporting date due to fact that they cannot be reliably measured. A register is maintained of all the future bequests receivable.
This is available from the Domain Lodge, 1 Boyle Crescent, Grafton.

21 Events after the reporting date

There were no significant events after the reporting date.

Davis Carr Cancer Society Endowment Trust

Financial statements

for the year ended 31 March 2017

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for the year ended 31 March 2017

DATE OF INCORPORATION	30 June 2008
REGISTERED OFFICE	1 Boyle Crescent Grafton Auckland
CHARITIES REGISTRATION NUMBER	CC33967
TRUSTEES	B W Stevenson (Chair) D E M MacCormick L Watson G N K Brown C J Blincoe S Bootten
INDEPENDENT AUDITORS	BDO Auckland Auckland
INVESTMENT MANAGERS	Nikko Asset Management New Zealand Limited Auckland
SOLICITORS	Simpson Grierson Barristers & Solicitors Auckland

INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF DAVIS CARR CANCER SOCIETY ENDOWMENT TRUST

Opinion

We have audited the financial statements of Davis Carr Cancer Society Endowment Trust ("the Trust"), which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") 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 the Trust 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 in our capacity as auditor we have no relationship with, or interests in, the Trust.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the Trustees 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 Trust for assessing the Trust'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 the Trust 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.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state those matters which 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 Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Auckland

BDO Auckland
Auckland
New Zealand
26 July 2017

Davis Carr Cancer Society Endowment Trust
Statement of comprehensive revenue and expense
for the year ended 31 March 2017

	Note	2017 $	2016 $
Revenue from non-exchange transactions	2	11,500	188,000
Finance income	3	552,786	578,793
Administration expenses	4	82,287	74,663
Surplus available for distribution		481,999	692,130
Grant to Cancer Society Auckland Northland Division		-	315,000
Surplus/ (deficit) for the year		481,999	377,130
Other comprehensive revenue and expense:			
Fair value movement on available for sale financial assets		455,805	575,158
Gain or loss on available for sale financial assets transferred to profit or loss on sale		(199,019)	(182,747)
Total other comprehensive revenue and expense		256,786	392,411
Total comprehensive revenue and expense for the period		738,785	769,541

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Davis Carr Cancer Society Endowment Trust
Statement of changes in net assets/equity
for the year ended 31 March 2017

	Note	Available for sale assets reserve $	Accumulated funds $	Total $
2016				
Balance at 1 April 2015		2,142,118	9,857,689	11,999,807
Comprehensive revenue and expense				
Fair value movement - available for sale financial assets		575,158	-	575,158
Gain or loss on available for sale financial assets transferred to profit or loss on sale		(182,747)	-	(182,747)
Surplus (deficit) for the year		-	377,130	377,130
Total comprehensive revenue and expense		392,411	377,130	769,541
Balance at 31 March 2016		2,534,529	10,234,819	12,769,348
2017				
Balance at 1 April 2016		2,534,529	10,234,819	12,769,348
Comprehensive revenue and expense				
Fair value movement - available for sale financial assets		455,805	-	455,805
Gain or loss on available for sale financial assets transferred to profit or loss on sale		(199,019)	-	(199,019)
Surplus (deficit) for the year		-	481,999	481,999
Total comprehensive revenue and expense		256,786	481,999	738,785
Balance at 31 March 2017		2,791,315	10,716,818	13,508,133

This statement must be read in conjunction with the notes to the accounts and the audit report on page 2

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Davis Carr Cancer Society Endowment Trust
Statement of financial position
as at 31 March 2017

	Note	2017 $	2016 $
Equity			
Accumulated funds		10,716,818	10,234,819
Available for sale reserve		2,791,315	2,534,529
Total Equity		13,508,133	12,769,348
Current liabilities			
Trade payables & accruals - exchange transactions	7	31,115	26,091
Total liabilities		31,115	26,091
Total equity and liabilities		13,539,248	12,795,439
Non-current assets			
Investments	6	13,518,660	12,652,148
Total non-current assets		13,518,660	12,652,148
Current Assets			
Receivables - exchange transactions	5	20,588	143,291
Total Current Assets		20,588	143,291
Total Assets		13,539,248	12,795,439

For and on behalf of the board:

Dated: 26 July 2017

Brian Stevenson

Chairman

Trustee

This statement must be read in conjunction with the notes to the accounts and the audit report on page 2

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Davis Carr Cancer Society Endowment Trust
Statement of cash flows
for the year ended 31 March 2017

	2017 $	2016 $
Cash flows from operating activities		
Cash provided from:		
Receipts from public, services and other sources	134,203	67,349
Interest received	353,767	396,047
	487,970	463,396
Cash applied to:		
Payments to suppliers and to employees	77,263	72,145
Grant to Cancer Society Auckland Northland Division	-	315,000
	77,263	387,145
Net cash from operating activities	410,707	76,251
Cash flows from investing activities		
Cash applied to:		
Net purchase of investments	(410,707)	(76,251)
Net cash from investing activities	(410,707)	(76,251)
Net increase in cash, and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

This statement must be read in conjunction with the notes to the accounts and the audit report on page 2

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1. **Statement of significant accounting policies for the year**

Reporting entity
The Davis Carr Cancer Society Endowment Trust ("the Trust") is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 1957 and registered under the Charities Act 2005. The Trust is a public benefit entity for the purposes of financial reporting. The Trust is domiciled and operates in New Zealand.

The Trust is domiciled and operates in New Zealand. The primary objective of the Trust is to maintain the Domain Lodge in order to assist cancer patients. The Trust also assists the day to day work of the Cancer Society of New Zealand Auckland Northland Division Incorporated and supports research into the causes and treatment of cancer.

Statement of compliance and basis of preparation
The financial statements have been prepared in accordance with the Charities Act 2005 and generally accepted accounting practice in New Zealand. They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards, as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted. The Trust has opted to adopt Tier 2 reporting standards although it is entitled to report under Tier 3, since it has a level of expenditure below $2 million and $30 million operating expenditure.

The financial statements have been prepared on a historical cost basis except for available for sale financial assets which are stated at fair value. The methods used to measure fair values are discussed further below (note 6).

The financial statements are presented in New Zealand dollars, which is the functional currency and all values are rounded to the nearest dollar.

All accounting policies were applied consistently during the year.

Foreign currency
Transactions in foreign currencies are converted at the New Zealand rate of exchange at the date of transaction. At the reporting date, any foreign currency monetary assets and liabilities are translated at the exchange rate at that date and any resulting exchange variations are included in surplus or deficit.
Foreign currency differences arising on retranslation are recognised in surplus or deficit, except for the following differences which are recognised in other comprehensive revenue and expense arising on the retranslation of available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive revenue and expense are reclassified to surplus or deficit).

Critical accounting estimates and assumptions
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 ongoing basis. Revisions to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is noted below:

•Trustees have judged that the Trust is a public benefit entity. The primary objective of the Trust is to provide services for community or social benefit. Any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders.

•Revenue from bequests and legacies: Where there is life interest associated with the bequest or legacy or the bequest or the legacy is being contested, the revenue from the bequest and legacy is not recognised until the revenue is measurable and probable.

2 Revenue from non-exchange transactions

	2017	2016
	$	$
Donations and bequests	11,500	188,000
Total revenue from non exchange transactions	11,500	188,000

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.
The following specific recognition criteria in relation to the Trust's non-exchange transaction revenue streams must also be met before revenue is recognised.

Grants, Donations, Legacies and bequests
The recognition of non-exchange revenue from Grants, Donations, Legacies and bequests 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 Group 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.

Donated assets
Where a physical asset is donated or vested in the Trust for nil or nominal consideration the asset received is recognised at fair value and the amount of the donation/subsidy is recognised as non-exchange revenue. Assets vested in the Trust are recognised as revenue when control through ownership over the asset is obtained.

3 Finance income

Recognised in revenue

	2017	2016
	$	$
Interest/distribution income on available for sale financial assets		
Interest/distribution on available for sale financial assets	353,768	396,046
Income from available for sale financial assets on disposal		
Gain or loss transferred from equity	199,018	182,747
Total finance income	552,786	578,793

Finance income comprises interest income on financial assets and gains on the disposal of available-for-sale financial assets and dividends income.

Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

Income from dividends is recognised when the Trust's right to receive payment is established, and the amount can be reliably measured.
Finance costs comprise interest expense on financial liabilities, unwinding of the discount on provisions, losses on disposal of available-for-sale financial assets, and impairment losses recognised on financial assets.
Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

4 Administration expenses

	2017	2016
	$	$
Administration expenses include the following:		
Audit fee (for the audit of the financial statements)	8,838	8,559
Financial reporting costs	5,000	-
Nikko am management fee	68,449	66,104
Total administration expenses	82,287	74,663

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5 Receivables - exchange transactions

	2017	2016
	$	$
Trade and other receivable	20,588	143,291
Trade and other receivable	20,588	143,291

The carrying value of trade and other receivables approximates their fair value. Trade receivables are subject to normal trade terms and are interest free.

As at 31 March 2017 and 2016 there were no impairment allowances.

6 Investments

	2017	2016
	$	$
Term investments		
Available for sale financial assets -bonds	-	-
Available for sale financial assets - unit funds		
Nikko am wholesale nz cash fund	645,794	1,095,182
Nikko am wholesale nz bond fund	2,850,811	2,426,083
Nikko am corporate bond fund	886,017	634,959
Nikko am wholesale global bond fund	1,890,113	1,793,908
Nikko am wholesale sri equity fund	3,813,007	3,565,497
Nikko am wholesale property fund	691,281	694,414
F & C stewardship international fund	2,741,637	2,442,105
	13,518,660	12,652,148

The carrying amounts of available for sale financial assets are their fair value.

The investments held by the Trust in unit funds are managed by Nikko Asset Management New Zealand Limited and the Trust Board in accordance with the Statement of Investment Policy and Objectives. Also refer to note 9.

The fair value for the various unit funds available for sale financial assets is determined as follows:
Cash funds - at face value of the amounts deposited or drawn;
Listed government and semi government securities - by reference to quoted bid price;
Unlisted investments - at valuation based on arm's length transactions, reference to other instruments that have substantially the same characteristics, discounted cash flow analysis and other pricing models;
Unit trusts - by reference to the quoted bid price.

7 Trade payables & accruals - exchange transactions

	2017	2016
	$	$
Trade payables from exchange transactions	31,115	26,091
Total trade payables	31,115	26,091

Trade 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.

8 Related party transactions

The following transactions were carried out with related parties during the year.

In the 2016 year, the Trust paid a grant of $315,000 to the Society to assist with the maintenance of Domain Lodge and the day to day work of the Society. No grant was paid in 2017.

The Trust was established by the Society to assist with the activities carried out by the Society for research, treatment and assistance to those with cancer. The Trust is consolidated into the financial statements of the Society based on an evaluation of the substance of its relationship with the Society and the Trust's risks and rewards and the fact that the Society controls the Trust.

There are no fees paid to any trustee.

9 Financial instruments

Fair values

All financial instruments are recognised in the statement of financial position and are stated at carrying amounts that are also a reasonable approximation of their fair values.

Fair value hierarchy

As at 31 March 2017, the Trust held the following financial instruments measured at fair value:

The Trust uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using ; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: techniques which use inputs which have a significant effect on the recorded value that are not based on observable market data

Assets measured at fair value

2017	31 March 2017 $	Level 1 $	Level 2 $	Level 3 $
Available for sale financial assets				
Unit funds	13,518,660	-	13,518,660	-

During the reporting period ending 31 March 2017, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

2016	31 March 2016 $	Level 1 $	Level 2 $	Level 3 $
Available for sale financial assets				
Unit funds	12,652,148	-	12,652,148	-

During the reporting period ending 31 March 2016, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Classification of financial instruments

	2017 $	2016 $
Current financial assets		
Loans and receivables		
Trade receivables	20,588	143,291
Non current financial assets		
Available for sale financial assets		
Available for sale financial assets - unit funds	13,518,660	12,652,148
Current financial liabilities		
Financial liabilities measured at amortised cost	31,115	26,091

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9 Financial instruments (continued)

The Trust initially recognises financial instruments when the Trust becomes a party to the contractual provisions of the 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 has 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 into the following categories: *loans and receivables, and available-for-sale*.
The Trust classifies financial liabilities into the following category: *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.

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 (refer Impairment of non-derivative financial assets).
Loans and receivables comprise receivables.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.
Available-for-sale financial assets are subsequently measured at fair value with gains or losses (other than foreign exchange gains or losses) recognised in other comprehensive revenue and expense and presented in the AFS fair value reserve within net assets/equity, less impairment (refer Impairment of non-derivative financial assets).
Upon derecognition, the accumulated gain or loss within net assets/equity is reclassified to surplus or deficit.
Available-for-sale financial assets comprise shares and bonds.

Amortised cost financial liabilities
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.

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 in the Trust economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an equity security classified as an available-for-sale financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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.

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9 Financial instruments (continued)

Impairment of non-derivative financial assets (continued)

Financial assets classified as available-for-sale
Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in net assets/equity to surplus or deficit.
The cumulative loss that is reclassified from net assets/equity to surplus or deficit is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in surplus or deficit.
Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.
If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive revenue and expense.

10 Contingencies

Contingent liability
The Trust has no contingent liabilities as at 31 March 2017 (2016 - $nil).

11 Events after the reporting date
There were no significant events after the reporting date.

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