

**Cancer Society of New Zealand Auckland Northland Division
Incorporated**

**Financial statements
for the year ended 31 March 2018**

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**Cancer Society of New Zealand Auckland Northland Division Incorporated
Directory
for the year ended 31 March 2018**

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 MEMBERS OF CANCER SOCIETY OF NEW ZEALAND AUCKLAND NORTHLAND DIVISION
INCORPORATED**

Qualified Opinion

We have audited the consolidated financial statements of Cancer Society of New Zealand Auckland Northland Division Incorporated ("the Society") and its subsidiary (together, "the Group"), which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated statement of cash flow for the year then ended, and notes to the 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, and its consolidated financial performance and its consolidated 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 \$1,082,891 (2017: \$1,032,486), 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 subsidiary.

The Board's Responsibilities for the Consolidated Financial Statements

The Board is responsible on behalf of the Group for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board is responsible on behalf of the Group for assessing 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 Group or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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
5 June 2018

Cancer Society of New Zealand Auckland Northland Division Incorporated
Statements of comprehensive revenue and expense
for the year ended 31 March 2018

	<i>Note</i>	Group 2018 \$	Group 2017 \$	Society 2018 \$	Society 2017 \$
Revenue from non-exchange transactions	2	7,954,567	8,563,390	8,638,567	8,551,890
Revenue from exchange transactions	3	2,075,492	2,070,406	2,075,492	2,070,406
Financial income	5	1,783,960	1,131,784	582,092	578,998
Other income		10,151	14,726	10,151	14,726
Total income		11,824,170	11,780,306	11,306,302	11,216,020
Administration expenses	6	2,738,631	2,581,203	2,659,396	2,498,916
Research costs		2,642,165	2,728,909	2,642,165	2,728,909
Support service expenses		2,210,417	2,023,451	2,210,417	2,023,451
Domain Lodge accommodation expenses		1,343,012	1,243,083	1,343,012	1,243,083
Fundraising & promotion costs		2,431,750	1,930,852	2,431,750	1,930,852
Health promotion costs		345,944	426,365	345,944	426,365
Total expenses		11,711,919	10,933,863	11,632,684	10,851,576
Surplus/ (deficit) for the year attributable to members		112,251	846,443	(326,382)	364,444
Other comprehensive revenue and expense:					
Fair value movement on available for sale financial assets		1,408,509	452,016	81,659	(3,789)
Gain or loss on available for sale financial assets transferred to profit or loss on sale	5	(834,870)	(209,259)	(4,120)	(10,240)
Other comprehensive revenue and expense		573,639	242,757	77,539	(14,029)
Total comprehensive revenue and expense for the period attributable to members		685,890	1,089,200	(248,843)	350,415

Cancer Society of New Zealand Auckland Northland Division Incorporated
Statements of changes in net assets/equity
for the year ended 31 March 2018

	<i>Note</i>	Available for sale assets reserve \$	Accumulated funds \$	Total \$
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
Society				
2018				
Balance at 1 April 2017		170,290	26,050,583	26,220,873
Comprehensive revenue and expense:				
Fair value movement - available for sale financial assets		81,659	-	81,659
Gain or loss on available for sale financial assets transferred to profit or loss on sale		(4,120)	-	(4,120)
Surplus (deficit) for the year		-	(326,382)	(326,382)
Total comprehensive revenue and expense		77,539	(326,382)	(248,843)
Balance at 31 March 2018		247,829	25,724,201	25,972,030
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
Group				
2018				
Balance at 1 April 2017		2,961,605	36,767,402	39,729,007
Comprehensive revenue and expense:				
Fair value movement - available for sale financial assets		1,408,509	-	1,408,509
Gain or loss on available for sale financial assets transferred to profit or loss on sale		(834,870)	-	(834,870)
Surplus (deficit) for the year		-	112,251	112,251
Total comprehensive revenue and expense		573,639	112,251	685,890
Balance at 31 March 2018		3,535,244	36,879,653	40,414,897

Cancer Society of New Zealand Auckland Northland Division Incorporated
Statements of financial position
as at 31 March 2018

	<i>Note</i>	Group 2018 \$	Group 2017 \$	Society 2018 \$	Society 2017 \$
Equity					
Accumulated funds		36,879,653	36,767,402	25,724,201	26,050,583
Available for sale assets reserve		3,535,244	2,961,605	247,829	170,290
Total Equity		40,414,897	39,729,007	25,972,030	26,220,873
Non-current liabilities					
Employee benefits	14	90,946	84,295	90,946	84,295
Total non-current liabilities		90,946	84,295	90,946	84,295
Current liabilities					
Trade payables	13	899,036	949,070	860,061	917,954
Employee benefits	14	260,119	270,357	260,119	270,357
Total current liabilities		1,159,155	1,219,427	1,120,180	1,188,311
Total liabilities		1,250,101	1,303,722	1,211,126	1,272,606
Total equity and liabilities		41,664,998	41,032,729	27,183,156	27,493,479
Non-current assets					
Investments	10	20,620,893	21,132,484	6,139,074	7,613,824
Property, plant and equipment	11	5,375,205	5,894,543	5,375,205	5,894,543
Properties held for strategic purposes	12	5,447,953	5,517,878	5,447,953	5,517,878
Total non-current assets		31,444,051	32,544,905	16,962,232	19,026,245
Current assets					
Cash and cash equivalents	7	2,465,056	2,994,098	2,465,056	2,994,098
Investments	10	7,610,530	5,254,120	7,610,530	5,254,120
Receivables - exchange transactions	8	61,507	118,666	61,484	98,076
Receivables - non exchange transactions	9	-	-	-	-
GST receivable		83,854	120,940	83,854	120,940
Total current assets		10,220,947	8,487,824	10,220,924	8,467,234
Total assets		41,664,998	41,032,729	27,183,156	27,493,479

For and on behalf of the board:

Dated: 5 June 2018



Chief Executive



President

Cancer Society of New Zealand Auckland Northland Division Incorporated
Statements of cash flows
for the year ended 31 March 2018

	<i>Note</i>	Group 2018 \$	Group 2017 \$	Society 2018 \$	Society 2017 \$
Cash flows from operating activities					
Cash provided from:					
Receipts from public, services and other sources		10,134,455	11,207,018	10,797,888	11,072,815
Interest received		940,689	914,147	569,571	560,380
Dividends received		8,401	8,378	8,401	8,378
		<u>11,083,545</u>	<u>12,129,543</u>	<u>11,375,860</u>	<u>11,641,573</u>
Cash applied to:					
Payments to suppliers and to employees		(11,108,109)	(10,016,515)	(11,036,733)	(9,939,252)
Net cash from operating activities		<u>(24,564)</u>	<u>2,113,028</u>	<u>339,127</u>	<u>1,702,321</u>
Cash flows from investing activities					
Cash provided from:					
Proceeds from sale of property, plant & equipment		8,696	15,565	8,696	15,565
Proceeds from sale of investments		299,131	200,000	299,131	200,000
Cash applied to:					
Purchase of investments		(735,441)	(1,510,707)	(1,099,132)	(1,100,000)
Purchase of property, plant & equipment		(76,864)	(192,203)	(76,864)	(192,203)
Net cash from investing activities		<u>(504,478)</u>	<u>(1,487,345)</u>	<u>(868,169)</u>	<u>(1,076,638)</u>
Net increase in cash, and cash equivalents		(529,042)	625,683	(529,042)	625,683
Cash and cash equivalents at the beginning of the year		2,994,098	2,368,415	2,994,098	2,368,415
Cash and cash equivalents at the end of the year	7	<u>2,465,056</u>	<u>2,994,098</u>	<u>2,465,056</u>	<u>2,994,098</u>

Cancer Society of New Zealand Auckland Northland Division Incorporated
Notes to and forming part of the Financial Statements
for the year ended 31 March 2018

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 15.

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 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 12). 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 15).

- 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 2018	Group 2017	Society 2018	Society 2017
	\$	\$	\$	\$
Bequest and legacies				
- For general purposes	2,325,778	3,529,510	2,325,778	3,529,510
- For research	971,385	588,245	971,385	588,245
Donations, appeals & events and memoriam	4,657,404	4,445,635	4,641,404	4,434,135
Grant from Davis Carr Cancer Society Endowment Trust	-	-	700,000	-
Total revenue from non-exchange transactions	7,954,567	8,563,390	8,638,567	8,551,890

Note 16

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 2018	Group 2017	Society 2018	Society 2017
	\$	\$	\$	\$
Information services income	37,725	43,339	37,725	43,339
Health promotion income	9,460	59,117	9,460	59,117
Revenue from property rentals	329,088	306,450	329,088	306,450
Revenue from Domain Lodge accommodation	1,699,219	1,661,500	1,699,219	1,661,500
Total revenue from exchange transactions	2,075,492	2,070,406	2,075,492	2,070,406

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.

Cancer Society of New Zealand Auckland Northland Division Incorporated
Notes to and forming part of the Financial Statements
for the year ended 31 March 2018

4 Employee benefit costs

	Group 2018	Group 2017	Society 2018	Society 2017
	\$	\$	\$	\$
Salaries and wages	4,272,200	3,930,127	4,272,200	3,930,127
Contributions to defined contribution plans	15,909	15,894	15,909	15,894
Contributions to medical insurance	56,447	55,015	56,447	55,015
Total employee benefit costs	4,344,556	4,001,036	4,344,556	4,001,036

5 Financial income

Recognised in revenue	Group 2018	Group 2017	Society 2018	Society 2017
	\$	\$	\$	\$
<i>Dividend income on available for sale financial assets</i>				
Dividends	8,401	8,378	8,401	8,378
<i>Interest income on loans and receivables</i>				
Interest on term deposits and bank balance	508,191	478,505	508,191	478,505
<i>Interest/distribution income on available for sale financial assets</i>				
Interest/distribution on available for sale financial Assets	432,499	435,643	61,380	81,875
<i>Income from available for sale financial assets on disposal</i>				
Gain or loss transferred from equity	834,869	209,258	4,120	10,240
Total financial income	1,783,960	1,131,784	582,092	578,998

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.

6 Administration expenses

	Group 2018	Group 2017	Society 2018	Society 2017
	\$	\$	\$	\$
<i>Administration expenses include the following:</i>				
Audit fee (for the audit of the financial statements)	30,190	34,108	21,203	25,270
Depreciation on property, plant & equipment (note 11)	587,506	578,834	587,506	578,834
Depreciation on properties held for strategic purposes (note 12)	69,925	69,925	69,925	69,925
Cancer Society Levy	561,162	460,165	561,162	460,165
Salaries and wages	561,076	509,316	561,076	509,316
Computer costs	232,713	270,767	232,713	270,767
Other administration expenses	696,059	658,088	625,811	584,639
Total administration expenses	2,738,631	2,581,203	2,659,396	2,498,916

7 Cash and cash equivalents

	Group 2018	Group 2017	Society 2018	Society 2017
	\$	\$	\$	\$
Cash at bank	2,465,056	2,994,098	2,465,056	2,994,098
Total cash and cash equivalents	2,465,056	2,994,098	2,465,056	2,994,098

8 Receivables - exchange transactions

	Group 2018	Group 2017	Society 2018	Society 2017
	\$	\$	\$	\$
Accounts receivable	34,430	73,122	34,407	52,532
Prepayments	-	19,580	-	19,580
Other receivable	5,294	5,294	5,294	5,294
Accrued bank interest	21,783	20,670	21,783	20,670
Total receivable - exchange transactions	61,507	118,666	61,484	98,076

As at 31 March 2018 and 2017 there were no impairment allowances.

Cancer Society of New Zealand Auckland Northland Division Incorporated
Notes to and forming part of the Financial Statements
for the year ended 31 March 2018

9 Receivable - non exchange transactions

	Group 2018	Group 2017	Society 2018	Society 2017
	\$	\$	\$	\$
Monetary legacies and bequests	-	-	-	-
Total receivable - non exchange transactions	-	-	-	-

10 Investments

	Group 2018	Group 2017	Society 2018	Society 2017
	\$	\$	\$	\$
<i>Current investments</i>				
Loans and receivables -term deposits with maturity under 12 months	7,300,000	5,050,000	7,300,000	5,050,000
Available for sale financial assets - bonds	310,530	204,120	310,530	204,120
	7,610,530	5,254,120	7,610,530	5,254,120
<i>Term investments</i>				
	\$	\$	\$	\$
Loans and receivables - term deposits with maturity over 12 months	4,900,000	6,150,000	4,900,000	6,150,000
Available for sale financial assets -bonds	722,260	1,039,560	722,260	1,039,560
Available for sale financial assets - shares	516,814	424,264	516,814	424,264
Available for sale financial assets - unit funds				
Nikko am wholesale nz cash fund	1,160,420	645,794	-	-
Nikko am wholesale nz bond fund	3,287,331	2,850,811	-	-
Nikko am corporate bond fund	1,460,683	1,890,113	-	-
Nikko am wholesale global bond fund	1,454,377	886,017	-	-
Nikko am wholesale sri equity fund	3,626,647	3,813,007	-	-
Nikko am wholesale property fund	733,104	691,281	-	-
F & C stewardship international fund	2,759,257	2,741,637	-	-
	20,620,893	21,132,484	6,139,074	7,613,824

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 \$1,032,790 as at 31 March 2018 (2017: \$1,243,860) have stated interest rates of 6 to 7 percent (2017: 4 to 7 percent) and mature between 0.96 and 4.64 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.

Cancer Society of New Zealand Auckland Northland Division Incorporated
Notes to and forming part of the Financial Statements
for the year ended 31 March 2018

11 Property, plant and equipment

Group & Society	Land	Building	Plant & Equipment	Computers	Motor Vehicles	Total
Cost	\$	\$	\$		\$	\$
Balance at 1 April 2017	300,944	12,241,748	317,997	314,923	461,864	13,637,476
Additions	-	-	18,079	9,393	40,696	68,168
Disposals	-	-	(49,067)		(37,848)	(86,915)
Balance at 31 March 2018	<u>300,944</u>	<u>12,241,748</u>	<u>287,009</u>	<u>324,316</u>	<u>464,712</u>	<u>13,618,729</u>
Accumulated depreciation						
Balance at 1 April 2017	-	7,093,188	216,950	168,540	264,255	7,742,933
Depreciation for the year	-	408,058	45,153	76,545	57,750	587,506
Release on disposal	-		(49,067)		(37,848)	(86,915)
Balance at 31 March 2018	<u>-</u>	<u>7,501,246</u>	<u>213,036</u>	<u>245,085</u>	<u>284,157</u>	<u>8,243,524</u>
Carrying amounts						
At 31 March 2016	<u>300,944</u>	<u>5,556,618</u>	<u>151,318</u>	<u>82,064</u>	<u>205,795</u>	<u>6,296,739</u>
At 31 March 2017	<u>300,944</u>	<u>5,148,560</u>	<u>101,047</u>	<u>146,383</u>	<u>197,609</u>	<u>5,894,543</u>
At 31 March 2018	<u>300,944</u>	<u>4,740,502</u>	<u>73,973</u>	<u>79,231</u>	<u>180,555</u>	<u>5,375,205</u>

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.

12 Properties held for strategic purposes

	Land	Buildings	Total
Group & Society			
Cost			
Balance at 1 April 2017	4,175,651	2,097,760	6,273,411
Additions	-	-	-
Balance at 31 March 2018	4,175,651	2,097,760	6,273,411
Accumulated depreciation			
Balance at 1 April 2017	-	755,533	755,533
Depreciation for the year	-	69,925	69,925
Balance at 31 March 2018	-	825,458	825,458
Carrying amounts			
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
At 31 March 2018	4,175,651	1,272,302	5,447,953

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.

13 Trade payables - exchange transactions

	Group 2018 \$	Group 2017 \$	Society 2018 \$	Society 2017 \$
Trade payables from exchange transactions	899,036	949,070	860,061	917,954
Total trade payables - exchange transactions	899,036	949,070	860,061	917,954

14 Employee benefit liabilities

	Group 2018 \$	Group 2017 \$	Society 2018 \$	Society 2017 \$
<i>Current</i>				
Current portion of long-service leave (long term employee benefit)	15,127	8,218	15,127	8,218
Holiday pay accrual (short term employee benefit)	195,765	177,153	195,765	177,153
Accrued expense (short term employee benefit)	49,227	84,986	49,227	84,986
Total current employee benefit liabilities	260,119	270,357	260,119	270,357
<i>Non-current</i>				
Non current portion of long-service leave	90,946	84,295	90,946	84,295
Total non-current employee benefit liabilities	90,946	84,295	90,946	84,295
Total employee benefit liabilities	351,065	354,652	351,065	354,652

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.

14 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.

15 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 2018. 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.

16 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 2018 financial year (2017: \$243,000).

(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 \$561,162 which is equal to 35% of the total divisional levy (2017: \$581,589).

(3) In 2018, the Davis Carr Cancer Society Endowment Trust paid a grant of \$700,000 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 15).

(4) In the current year, the Waikato/ Bay Of Plenty Division Cancer Society of New Zealand (Incorporated) paid the Society \$21,945 (2017: \$20,728) 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

Compensation to key management personnel:
Short term employee benefits

	2018	Number of	2017	Number of
	\$	individuals	\$	individuals
	<u>783,063</u>	7 FTEs	<u>751,467</u>	7 FTEs
	<u>783,063</u>		<u>751,467</u>	

17 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 2018, 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

2018	31 March			
	2018	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Group				
<i>Available for sale financial assets</i>				
Bonds	1,032,790	1,032,790	-	-
Shares	516,814	516,814	-	-
Unit funds	14,481,820	-	14,481,820	-
Society				
<i>Available for sale financial assets</i>				
Bonds	1,032,790	1,032,790	-	-
Shares	516,814	516,814	-	-
Unit funds	-	-	-	-

During the reporting period ended 31 March 2018, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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

17 Financial Instruments (continued)

Classification of financial instruments

	Group 2018 \$	Group 2017 \$	Society 2018 \$	Society 2017 \$
Current financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents	2,465,056	2,994,098	2,465,056	2,994,098
Loans and receivables -term deposits with maturity under 12 months	7,300,000	5,050,000	7,300,000	5,050,000
Accounts receivable	34,430	73,122	34,407	52,532
Other receivables	5,294	5,294	5,294	5,294
Accrued bank interest	21,783	20,670	21,783	20,670
<i>Available for sale financial assets</i>				
Available for sale financial assets - bonds	310,530	204,120	310,530	204,120
Non current financial assets				
<i>Loans and receivables</i>				
Loans and receivables - term deposits with maturity over 12 months	4,900,000	6,150,000	4,900,000	6,150,000
<i>Available for sale financial assets</i>				
Available for sale financial assets -bonds	722,260	1,039,560	722,260	1,039,560
Available for sale financial assets - shares	516,814	424,264	516,814	424,264
Available for sale financial assets - unit funds	14,481,819	13,518,660	-	-
Current financial liabilities				
<i>Financial liabilities measured at amortised cost</i>				
Trade payables from exchange transactions	899,036	949,070	860,061	917,954

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.

17 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.

18 Financial commitments and operating leases

Leases as lessee

At balance date the Group and Society had operating lease commitments of \$nil (2017 - \$nil).

Financial commitments:

	Next 12 months	Between 1 - 5 years	Beyond 5 years
	\$	\$	\$
Group and Society 2018			
Cancer Trials NZ - clinical trials	243,000	-	-
Travel grants	9,000	-	-
ACS Research Centre funding and other fundraising costs	2,348,000	-	-
	<u>2,600,000</u>	<u>-</u>	<u>-</u>
	Next 12 months	Between 1 - 5 years	Beyond 5 years
	\$	\$	\$
Group and Society 2017			
Cancer Trials NZ - clinical trials	243,000	-	-
Travel grants	27,404	-	-
ACS Research Centre funding and other fundraising costs	2,405,000	-	-
	<u>2,675,404</u>	<u>-</u>	<u>-</u>

19 Contingencies

Contingent liability

The Group and Society have no contingent liabilities as at 31 March 2018 (2017 - \$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.

20 Events after the reporting date

There were no significant events after the reporting date.