

**The Scout Association Of New Zealand  
Consolidated Financial Reports  
For The Year Ended 30 September 2017**

Item	Page
Statement of Responsibility	2
Statement of Comprehensive Revenue and Expense	3
Statement Of Change In Net Assets/Equity	4
Statement of Financial Position	5
Statement of Accounting Policies	6
Notes to the Income Statement	12
Notes to the Balance Sheet	14
Appendix 1	19
Audit Opinion	22

**The Scout Association Of New Zealand  
Statement of Responsibility  
For The Year Ended 30 September 2017**

The Board accepts responsibility for the preparation of the annual financial statements in accordance with Tier 2 Public Benefit Entity Standards for not-for-profit entities ("PBE IPSAS RDR") and the judgements used in these financial statements.

This is the first year of preparation of the Consolidated Group's financial statements and there have been significant challenges involved in preparing these financial statements. The Board acknowledges that no cash flow statement has been prepared (which is a requirements of PBE IPSAS RDR) as the opening cash position of the Group, was unable to be determined.

The Board accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the Group's financial reporting. Management have prepared the Consolidation to their best ability with the time, resource and logistical restraints that come with the size of the organisation.

The Board and management acknowledges, that even through their best endeavours they were unable to obtain all the requested information from individual scout groups, campsites, trusts and other associated entities. Outstanding requests for financial statements stands at one. Bank confirmations at seventy seven, and Information & Compliance declaration forms at eighty.

It is the opinion of the Board and management given the information supplied that the annual financial statements for the financial year ended 30 September 2017 fairly reflects the financial position and operations of the Group.

The Group's 2017 financial statements are authorised for issue by the Board.

Stuart Francis

Board Chairperson  
Stuart Francis



Signature of Board Chairperson

22 JUNE 2018

Date:

JOSHUA TABOR

Chief Executive  
Joshua Tabor



Signature of Chief Executive

22 JUNE 2018

Date:

**The Scout Association Of New Zealand  
Consolidated Statement Of Comprehensive Revenue And Expense  
For The Year Ended 30 September 2017**

	Note	2017 \$
<b>Revenue</b>		
<b>Revenue from Exchange Transactions</b>		
Youth membership fees		2,549,380
Activities & Events	5	4,824,954
Sales of goods		247,984
Rent income		900,379
Administration income		111,106
<b>Revenue from Non-exchange Transactions</b>		
Donations		295,604
Fundraising		1,698,603
Grants		1,506,734
Sponsorship		80,758
<b>Other Revenue</b>		
Investment income	6	505,152
Other income		414,850
<b>Total Revenue</b>		<u>13,135,504</u>
<b>Expenses</b>		
Activities & Events	7	5,823,319
Administration	8	901,192
Communication	9	514,830
Cost of goods sold		432,857
Depreciation	20	674,475
Donation and grants made		117,831
Facilities costs	10	2,933,312
Fundraising costs		363,461
Governance	11	145,313
Other expenses		345,561
Registration	12	189,183
Staff & Contractor	13	2,237,844
Adult volunteer leadership & training	14	130,801
<b>Total Expenses</b>		<u>14,809,979</u>
<b>Surplus/Deficit For The Year</b>		<b>(1,674,475)</b>
<b>Other Comprehensive Revenue and Expense</b>		
Gain/Loss on revaluation of jointly controlled asset		45,052
<b>Other Comprehensive Revenue and Expense for the year</b>		<u>45,052</u>
<b>Total Comprehensive Revenue And Expense For The Year</b>		<b>(1,629,423)</b>

**The Scout Association Of New Zealand  
 Consolidated Statement Of Change In Net Assets/Equity  
 For The Year Ended 30 September 2017**

	Note	Accumulated Revenue and Expense \$
Balance as at 1 Oct 2016		63,374,944
<b>Total comprehensive income of the year:</b>		
Profit for the year		(1,674,475)
<b>Other comprehensive income:</b>		
Revaluation of jointly controlled asset		45,052
<b>Total OCI</b>		<u>45,052</u>
<b>Total Comprehensive income</b>		<u>(1,629,423)</u>
Contributions by and distributions to owners		-
<b>Balances at 30 Sept 2017</b>		<b>61,745,521</b>

**The Scout Association Of New Zealand**  
**Consolidated Statement Of Financial Position**  
**As At 30 September 2017**

	Note	30-Sep-17 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	15	8,777,005
Term deposits	15	4,058,042
Short term investments	18	1,592,717
Receivables (from exchange transactions)	16	434,680
Inventory	17	276,823
Prepayments		82,894
Other current assets		33,094
<b>Total Current Assets</b>		<u>15,255,255</u>
<b>Non-current Assets</b>		
Long term investments	18	678,612
Jointly controlled forestry asset	19	1,148,938
Property, plant and equipment	20	47,012,701
<b>Total Non-current Assets</b>		<u>48,840,251</u>
<b>Total Assets</b>		<b>64,095,507</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accruals		365,011
Income received in advance		339,047
Grants unspent	21	266,303
Funds held on behalf		204,332
Employee benefit liability	22	96,527
Provision for building removal liability	23	924,659
Other current liabilities		151,544
<b>Total Current Liabilities</b>		<u>2,347,423</u>
<b>Non-current Liabilities</b>		
Long term loans		2,563
<b>Total Non-current Liabilities</b>		<u>2,563</u>
<b>Total Liabilities</b>		<b>2,349,986</b>
<b>Total Net Assets/Equity</b>		<b>61,745,521</b>
<b>Equity</b>		
Accumulated revenue and expense		61,745,521
<b>Total Equity</b>		<b>61,745,521</b>

## The Scout Association Of New Zealand

### Notes To The Consolidated Financial Statements

#### For The Year Ended 30 September 2017

##### Note 1 Reporting Entity

The Scout Association of New Zealand ("SANZ") is a public benefit entity for the purpose of financial reporting in accordance with the Financial Reporting Act (2013) and is a charitable organisation registered under the Charitable Trusts Act 1957, Charities Act 2005 and incorporated under the Incorporated Societies Act 1908.

These consolidated financial statements for the year ended 30 Sept 2017 comprise the controlling entity and its controlled entities (together referred to as the 'Group') and individually as 'Group entities'. Please refer to Appendix 1 for the full list of all controlled entities.

The Group financial statements for the year ended 30 Sept 2017 are the first annual financial statements prepared in accordance with PBE IPSAS (RDR). The Group has applied PBE FRS 47 "First-time adoption of PBE standards by entities other than those previously applying NZ IFRSs" in preparing these financial statements.

The Group's transition date is the 1 Oct 2016 and it has prepared its opening PBE IPSAS (RDR) Consolidated Statement of Financial Position as at that date. As this is the first year of adopting PBE IPSAS (RDR) there are no comparatives provided.

No Cash Flow Statement has been prepared as the opening cash position at the Group was unable to be determined.

The financial statements are prepared on a going concern basis.

##### Note 2 Basis of Preparation

###### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity Standards Reduced Disclosure Regime, as appropriate for Tier 2 non-for-profit public benefit entities.

For the purpose of complying with NZ GAAP, the Group is a public benefit not-for-profit and has elected to apply Tier 2 Not-For-Profit PBE Standards RDR on the basis that it does not have public accountability and is not defined as large (operating expenditure has been between \$2m and \$30m in the current and prior period). RDR Disclosures exemptions have been utilised.

###### (b) Measurement basis

The financial statements have been prepared on the historical cost basis, with the exception of certain items as identified at Note 4 - Significant Accounting Policies.

###### (c) Functional and presentation currency

The financial statements are prepared in New Zealand dollars (\$) which is the controlling entity's functional and Group's presentation currency, rounded to the nearest dollar.

There has been no change in the functional currency of the Group or any significant foreign operations of the Group during the year.

##### Note 3 Use of Judgements and Estimates

The preparation of the 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 those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

###### (a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the consolidated financial statements include the following:

###### Grant revenue recognition

The Group must exercise judgement when recognising grant revenue to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

###### Whether an arrangement contains a lease

At the inception of an arrangement the entity determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfilment of the arrangement is dependent on the use of a specific asset or assets, and
- The arrangement contains a right to use the assets.

###### (b) Assumptions and Estimation Uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 Sept 2017 include the following:

- Likelihood and magnitude of outflows in determining recognition and measurement of provisions (Note 23);
- Useful life, recoverable amount, depreciation/amortisation methods and rate (Note 4(f));
- Valuation of buildings on leased land for deemed cost at initial recognition (Note 20).

# The Scout Association Of New Zealand

## Notes To The Consolidated Financial Statements

### For The Year Ended 30 September 2017

#### Note 4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to the period presented in these financial statements and have been applied consistently by the Group.

The significant accounting policies of the Group are detailed below:

##### (a) Basis of Consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, and expenses of entities in the Group on a line-by-line basis. All intragroup balances, transactions, revenues, and expenses are eliminated on 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 entities so as to benefit from that entity's activities. The financial statements of the Group's controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by a binding agreement and requiring unanimous consent for strategic financial and operating decisions.

Joint ventures that are not structured in a separate vehicle are classified as either jointly-controlled-operations or jointly controlled assets. The consolidated financial statements include the Group's share of assets, liabilities, expenses, and revenues from the jointly-controlled-operation or jointly controlled asset on a line-by-line basis.

The Group has one joint controlled asset with City Forests Limited (refer to note 19).

##### Transactions eliminated on consolidation

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

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### (b) Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Group, and measured at the fair value of consideration received or receivable.

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

##### *i. Revenue from Exchange Transactions*

##### Youth membership fees

Youth membership fees are recognised when they are invoiced to members. Amounts received in advance for membership relating to future periods are recognised as a liability until such time that period covering the membership occurs.

##### Sales of goods

Revenue from sales of goods in the course of ordinary activities is recognised at the earlier of invoicing or receipted funds; it is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

##### Activities & Events income

Fees received in advance of an event or activity occurring, with the exception of non-refundable deposits, are recorded as a current liability and recognised as revenue when the event or activity occurs. Other income relating to events and activities is recognised when it is received.

Non-refundable deposits for activities & events are recognised as income in the period when they are received.

##### Administration fees

Administration fees relating to major events and annual activities are recognised when the event or activity occurs.

##### Rental income

Rental revenue is recognised when an invoice is raised.

##### *ii. Revenue from non-exchange transactions*

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 direct (or nominal) consideration in return.

## The Scout Association Of New Zealand

### Notes To The Consolidated Financial Statements

#### For The Year Ended 30 September 2017

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

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

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

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

Revenue from fundraising is recognised when funds are received.

#### 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.

#### *iii. Investment Income*

##### Interests

Interests income is recognised as it accrues.

##### Dividends

Income from dividends is recognised when the Group's right to receive payment is established, and the amount can be reliably measured.

##### Gains on assets disposal

Realised gains from the sale of assets are recognised in the period in which the sale transaction occurs.

#### *iv. Other Income*

##### Insurance proceeds

Income from insurance proceeds is recognised when the Group's right to receive payment is established, and the amount can be reliably measured.

All other income is recognised when it is received.

#### **(c) Employee Benefits**

##### Short-term employee benefits

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

#### **(d) Financial Instruments**

The Group initially recognises financial instruments when it 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 assets 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 had been significant changes to the terms and/or the amount of contractual payments to be received/paid.

## The Scout Association Of New Zealand

### Notes To The Consolidated Financial Statements

### For The Year Ended 30 September 2017

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group had 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 Fair Value through Surplus or deficit.

The Group classifies financial liabilities into the following categories: Amortised Cost.

Financial instruments are initially measured at fair value, plus 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.

The fair value of financial instruments that are traded in active market at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs. In the absence of an active market, the fair value of financial instruments is measured using valuation techniques with the objective of estimating what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations.

#### *i. Loans and receivables*

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

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

Loans and receivables comprise cash and cash equivalents, receivables, and recoverable.

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.

#### *ii. Fair value through surplus or deficit*

A financial instrument is classified as fair value through surplus or deficit if it is:

- Held-for-trading: Derivatives where hedge accounting is not applied
- Designated at initial recognition: If The Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with The Group's documented risk management or investment strategy.

Those fair value through surplus or deficit instruments sub-classified as designated at initial recognition comprise equities securities and debt securities.

Financial instruments classified as fair value through surplus or deficit are subsequently measured at fair value with gains or losses being recognised in surplus or deficit.

#### *iii. Amortised cost financial liability*

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 accounts payables, funds held on behalf and term liabilities.

#### **(e) Inventory**

Inventory is initially measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Inventories are subsequently measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average cost and include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### **(f) Property, Plant and Equipment**

##### *i. Recognition and measurement*

The Group has utilised the transitional provision under PBE FRS 47 that allows for the land and buildings to be brought in at their 'deemed cost' which is the estimated fair value as at 1 October 2016, refer to Note 20 on how the Group has calculated deemed cost.

Land is measured at government value as at 1st Oct 2016, and buildings which are owned by SANZ are measured at deemed costs less accumulated depreciation and impairment losses. Buildings which are owned by SANZ on leasehold land are measured using the Value in Use methodology.

## The Scout Association Of New Zealand

### Notes To The Consolidated Financial Statements

#### For The Year Ended 30 September 2017

All other asset classes are measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition, 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.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

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

#### *ii. Subsequent expenditure*

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

#### *iii. Depreciation*

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

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leasehold property is depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the entity will obtain ownership by the end of the lease term. Land is not depreciated. Assets under construction are not subject to depreciation.

Depreciation rates are outlined below:

Buildings	2%
Plant and Equipment	6-60%
Furniture and Fittings	8-40%
Boats & Motor Vehicles	10-67%
Computer Equipment	16-50%

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

#### **(g) Impairment of Non-financial Assets**

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

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

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in surplus or deficit.

#### **(h) Leases**

##### *Operating leases*

Leases that are not finance leases are classified as operating leases.

Operating leases are not recognised in the Group's statement of finance position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over their term of the lease. Lease incentives received are recognised as an integral part of the total lease expenses, over the term of the lease.

#### **(i) Taxation**

The Scout Association New Zealand is a charitable organisation registered with the Charities Commission and is exempt from income taxes.

#### **(j) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except for receivables and payables at year end, and when groups are not GST registered, where GST-inclusive amounts are recognised.

#### **(k) Commitments**

Commitments are non-cancellable operating or capital obligations. They are recognised when the obligation becomes non-cancellable.

**The Scout Association Of New Zealand  
Notes To The Consolidated Financial Statements  
For The Year Ended 30 September 2017**

**(l) Contingent Liabilities**

Contingent liabilities are potential future liabilities. Whether they become liabilities or not is dependent on some event outside the control of The Scout Association of New Zealand. Contingent liabilities are recognised at the point at which the contingency is evident. Contingent assets are not recognised.

**The Scout Association Of New Zealand**  
**Notes To The Consolidated Comprehensive Income Statement**  
**For The Year Ended 30 September 2017**

	Note	2017 \$
<b>Note 5. Activities &amp; Events Income</b>		
National Events (Jamboree, Regatta, Venturer)		2,542,580
Overseas Events		300
Training		163,826
Scouts Campsites		749,338
Gang Show		112,834
General Activities		1,104,987
Investiture		16,519
Catering Income		134,570
<b>Total Activities &amp; Events Income</b>		<b>4,824,954</b>
<b>Note 6. Investment Income</b>		
Interest Income		206,127
Dividends Received		19,580
Gains on Assets Disposal		178,939
Gain on Investment Revaluation		93,733
Other Investments		6,773
<b>Total Investment Income</b>		<b>505,152</b>
<b>Note 7. Activities &amp; Events Expense</b>		
National Events (Jamboree, Regatta, Venturer)		4,029,382
Overseas Events		2,224
Training		262,711
Gang Show Expenses		60,315
General Activities		1,390,323
Food		74,544
Investiture Expenses		3,820
<b>Total Activities &amp; Events Expense</b>		<b>5,823,319</b>
<b>Note 8. Administration</b>		
Auditing Fees		47,047
Accounting & Consulting		48,757
Bank Fees		22,346
Legal Expenses		36,592
Freight & Courier		20,813
Equipment Consumable		259,274
Gifts		18,056
Printing & Stationery		37,210
Photocopying		25,544
Office Expenses		19,702
General Administration Expenses		365,851
<b>Total Administration</b>		<b>901,192</b>

**The Scout Association Of New Zealand**  
**Notes To The Consolidated Comprehensive Income Statement**  
**For The Year Ended 30 September 2017**

	Note	2017 \$
<b>Note 9. Communication</b>		
Travel		266,776
Motor Vehicle Expenses		51,499
Telephone & Internet		121,479
Advertising & Promotion		64,932
Other Communication Expenses		10,144
<b>Total Communication</b>		<b>514,830</b>
<b>Note 10. Facilities costs</b>		
Repairs and Maintenance		897,551
Insurance		733,377
Rates		185,705
Power		435,550
Water		40,353
Rent		185,269
General Accommodation Expenses		455,507
<b>Total Facilities Cost</b>		<b>2,933,312</b>
<b>Note 11. Governance</b>		
AGM & Committee Expenses		1,443
National Council, NEC, Taskforces		103,487
Meeting Costs		40,383
<b>Total Governance Cost</b>		<b>145,313</b>
<b>Note 12. Registration</b>		
Subscriptions		12,273
Fees to World Body & Asia Pacific		23,560
OSM License & Membership Fees		153,350
<b>Total Registration</b>		<b>189,183</b>
<b>Note 13. Staff &amp; Contractor</b>		
Salaries		2,028,001
Defined Contribution Plans (Kiwisaver)		48,223
ACC Levies		5,724
Projects		90,911
Recruitment		32,800
Staff development & support		32,185
<b>Total Staff &amp; Contractor</b>		<b>2,237,844</b>
<b>Note 14. Adult Volunteer Leadership and Training</b>		
Leaders Expenses		91,487
Volunteer Staff Uniforms		9,416
Volunteer Leader Development & Support		29,898
<b>Total Adult Volunteer Leadership and Training</b>		<b>130,801</b>

**The Scout Association Of New Zealand**  
**Notes To The Consolidated Balance Sheet**  
**For The Year Ended 30 September 2017**

**Note 15 Cash and cash equivalent & Term deposits**

	2017
	\$
Cash on hand and bank current deposits	8,777,005
Term deposits	4,058,042
	<u>12,835,047</u>

There are no cash and cash equivalent balances have been pledged as collateral against loans and borrowings.  
There are no restrictions over any of the cash and cash equivalent balances held by the Group.

**Note 16 Receivables from exchange transactions**

	2017
	\$
Membership fees receivable	58,672
Accounts Receivable	406,640
Less: Provision for doubtful debts	<u>(30,632)</u>
<b>Net receivable from exchange transactions</b>	<b>434,680</b>

**Note 17 Inventories**

	2017
	\$
Finished goods	276,823
<b>Total Inventory</b>	<b><u>276,823</u></b>

There were no reversals of previously written down inventory items.  
There were no items of inventory pledged as security against any of the Group's liabilities.

**Note 18 Investments**

	2017
	\$
Corporate note, bonds and deposits	1,322,009
Equities - Australian	194,553
Equities - Global	370,618
Equities - New Zealand	198,323
Other Investments	<u>185,826</u>
<b>Total Investment</b>	<b>2,271,329</b>

**Note 19 Jointly Controlled Forestry Asset**

The Otago Scout Endowment Trust (a subsidiary of The Scout Association of NZ) has a joint venture forestry agreement with City Forests Limited (owned by Dunedin City Council).

The Trust owns the land and City Forests Limited manages the Forest.  
Trees were planted in 1985 and 1986 covering 202.5ha of which the Trust's share of the gross stumpage is 22.4%. A further 59.2ha was planted in 1996, with a share of gross stumpage of 18.8%.

City Forests Limited valued the Trust's interest in the jointly controlled asset at \$1,148,938 on 30 June 2017. The difference in valuation between this date and balance date is not expected to be significant. The valuation figures quoted are based on theoretical methods of valuation, and it is subject to a number of assumptions, e.g. the discount rate used (6.5%) and the log prices adopted. The PBE IPSAS valuation rules require that the value is calculated under the assumption that a stand will not be replanted once felled irrespective of the sustainable forest policy.

The Scout Association Of New Zealand  
Notes To The Consolidated Balance Sheet  
For The Year Ended 30 September 2017

Note 20 Property, plant and equipment

	Land	Buildings	Plant & Equipment	Furniture & Fittings	Computer Equipment	Boats & Motor Vehicles	WIP	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
Adjusted Balance as at 1 Oct 2016	19,178,000	23,228,839	4,625,856	604,348	212,687	1,628,848	81,839	49,560,417
Disposals	(119,000)	(30,000)	-	-	-	-	-	(149,000)
Balance as at 30 Sept 2017	19,059,000	23,198,839	4,625,856	604,348	212,687	1,628,848	81,839	49,411,417
<b>Accumulated Depreciation and Impairment</b>								
Balance as at 1 Oct 2016	-	-	1,314,128	131,044	150,716	128,352	-	1,724,241
Depreciation	-	463,977	116,361	23,490	15,222	55,426	-	674,475
Balance as at 30 Sept 2017	-	463,977	1,430,489	154,534	165,938	183,778	-	2,398,716
<b>Net Book Value</b>								
As at 1 Oct 2016	19,178,000	23,228,839	3,311,728	473,304	61,971	1,500,496	81,839	47,836,176
As at 30 Sept 2017	19,059,000	22,734,862	3,195,367	449,814	46,749	1,445,070	81,839	47,012,701

(i) Deemed costs of buildings

The buildings' deemed cost of \$23,228,839 is made up of \$13,459,675 of Government Value for owned buildings on owned lands, and \$9,769,164 of Value in use for owned buildings on leased lands.

The Value in use calculation is the Net Present Value of five years of national association fees.

The Value in Use calculation for any particular building owned on leasehold land is:

The number of youth members as at 30 September 2017 multiplied by the National Association Fee multiplied by five years, then discounted at a Net Present Value rate of two percent per annum.

Value in use method was taken as a fairer representation of the true value of buildings on leasehold land rather than the improvement value shown under local council property databases for the following reasons:

1. In New Zealand there is no independent market for the sale of Scout and/or community halls;
2. Leases for leasehold land held with local councils are restrictive around:
  - 2.1. the activities that can operate out of buildings on their land (restricts income streams), and;
  - 2.2. who can own buildings (restricts the pool of potential buyers), and;
  - 2.3. the conditions around the re-instatement of the land and/or the ownership of the building once the lease has expired (the local council decides whether it keeps the building or whether Scouts has to remove building and re-instate the land back to its' original condition).

These restrictions negatively affect the value of an owned building on leasehold land.

Given the nature of the above restrictions, assuming the improvement value of buildings as shown in local council property databases would have materially overstated the value of buildings held on leasehold land.

However each building does have a value in use to Scouts. Youth members use the buildings and as a result cash-flows are generated.

Management deemed the fairest valuation would be based on the net cash-flow generated from each youth member. Given Scouts is a not-for-profit charity and as such there is no net cash-flow per youth member, management considered the closest approximation for a positive net cash-flow was the annual National Fee payable to the National Scout Centre. Management considered five years to be a fair and reasonable reflection of future value.

(ii) Work in progress

WIP is in relation to the deposit paid for the purchase of a mould which allows Scouts to manufacture its own

(iii) Impairment and impairment reversals

The impairment and impairment reversal are recognised in 'Impairment expense' in the statement of comprehensive revenue and expense.

**The Scout Association Of New Zealand**  
**Notes To The Consolidated Balance Sheet**  
**For The Year Ended 30 September 2017**

**Note 21 Grants unspent**

	2017
	\$
Grants Unspent	266,303
<b>Total Grants Unspent</b>	<b>266,303</b>

For grants received to which there are stipulated conditions attached, non-exchange revenue in relation to this balance is only recognised at the point-in-time as each stipulated condition is satisfied.

**Note 22 Employee benefit liability**

	2017
	\$
Payable - Wages, PAYE	65,802
Payable - Defined Contribution Plans (Kiwisaver)	-
Provision for Holiday Pay	30,725
<b>Total employee benefit liability</b>	<b>96,527</b>

**Note 23 Provision for removal obligations**

	2017
	\$
Opening Removal Provision	906,528
<i>add: current year's movement</i>	18,131
Closing Removal Provision	<b>924,659</b>

There are 244 buildings owned by The Group on the leasehold land and have removal obligations with the estimated cost of \$10,000 per building. The expected cash outflows are discounted at 2% over 50 years in line with the useful life of the buildings.

**The Scout Association Of New Zealand**  
**Notes To The Consolidated Balance Sheet**  
**For The Year Ended 30 September 2017**

**Note 24 Financial instruments**

Classification and fair value of financial instruments

The tables below show the carrying amount of the entity's financial assets and financial liabilities as at 30 September 2017.

	Carrying Amount			
	Financial Assets		Financial	
	Loans and receivables	FVTSD	Amortised cost	Total
	\$	\$	\$	\$
<i>Subsequently not measured at fair value</i>				
Cash & Cash				
Equivalents	8,777,005			8,777,005
Term Deposits	4,058,042			4,058,042
Receivables	434,680			434,680
Payables			(365,011)	(365,011)
Loans			(2,563)	(2,563)
Funds held on behalf			(204,332)	(204,332)
<i>Subsequently measured at fair value</i>				
Investment		2,271,329		2,271,329
	13,269,727	2,271,329	(571,906)	14,969,150

**Note 25 Operating Leases**

The Group has entered into a number of material operating lease in relation to National Office premises, Scout Halls, OYM and Motor Vehicles.

The future non-cancellable minimum lease payments of operating leases as lessee at reporting date are detailed in the table below:

	Future 2017 \$
Less than one year	268,725
Between one and five years*	514,677
Greater than five years	125,654
<b>Total Non-cancellable Operating Lease Payment:</b>	<b>909,056</b>

\* Figures includes 14 months lease for National Office premise, which has a renewal option of 3 x 4 years.

**Note 26 Key Management Personnel Remuneration**

The Group classifies its key management personnel into one of two classes:

- Members of the governing body
- Chief Executive and Executive Leadership Team

Members of the governing body are volunteers and therefore are not paid an annual fee.

Chief Executive and Executive Leadership Team are employees of the entity on normal employment terms.

Aggregate remuneration and number of people, measured as full-time equivalents (FTE's) is:

	2017	
Remuneration	\$	FTE's
Chief Executive & Executive Leadership Team	611,367	5.0

**The Scout Association Of New Zealand  
Notes To The Consolidated Balance Sheet  
For The Year Ended 30 September 2017**

**Note 27 Commitments and Contingencies**

**(i) Commitments**

Obligations payable after balance date on Non-Cancellable Agreements are: (all commitments are disclosed exclusive of GST)

	2017
	\$
<b>Stock - Scout Direct</b>	
Not later than one year (NZ Uniforms)	48,749
<b>Total</b>	<u>48,749</u>

**(ii) Contingent Liabilities and Assets**

There were no contingent liabilities or assets in the reporting period.

**Note 28 Events After Reporting Date**

Since reporting date, The Group has sold 4 properties for a total of \$631,175. There were no other subsequent events.

## Appendix 1

### List of controlled entities

Jack & Tui Lucas Trust  
Otago Scout Endowment Trust  
Scout Youth Foundation  
Tatum Scout Memorial Trust  
The George and Nigel Arkley Memorial Trust

### List of Scouting entities

1st Dargaville Scout Group	Brightwater Scout Group	Gallaher Park Hall Committee
1st Devonport Scout Group	Britannia Sea Scout Group	Gang Show
1st Gore Scout Group	Brookfield Outdoor Education Centre	Georgetown Scout Group
1st Island Bay Scout Group	Brooklyn Scout Group	Geraldine Scout Group
1st Karori Scout Group	Bucklands Beach Sea Scout Group	Gladstone Scout Group
1st Kelburn 1909 Scout Group	Burwood Scout Group	Glen Eden Scout Group
1st Marton Scout Group	Calliope Sea Scout Group	Gleniti Scout Group
1st Matapuna Scout Group	Cambridge Scout Group	Glenmark Scout Group
1st Mikotahi Scout Group	Camp Gow	Gordon Scout Group
1st Mt Albert/ St Judes Scout Group	Camp Maynard	Gray Raven Venturers
1st Ngongotaha Scout Group	Camp Sladdin	Green Island Scout Group
1st Orakei Sea Scout Group	Captain Musick Air Scout Group	Green Park Camp
1st Papakura Scout Group	Carterton Scout Group	Greendale/ Tamatea Scout Group
1st Puhinui Scout Group	Cashmere Scout Group	Greerton Scout Group
1st Taupo Scout Group	Central Lakes Zone	Grey Valley Scout Group
1st Titahi Bay Scout Group	Central North Island Region	Greymouth Scout Group
1st Tokoroa Scout Group	Chartwell Scout Group	Greytown Scout Group
1st Waiheke Sea Scout Group	Christchurch Gang Show	Halswell Scout Group
1st Waihi Scout Group	Church of Nativity Scout Group	Hanmer Springs Scout Group
1st Wainuiomata Parish Group	Churchward Park Scout Group	Hauraki Belmont Scout Group
1st Waterloo Scout Group	Clevedon Scout Group	Havelock North Scout Group
1st Windsor Scout Group	CNI Rovers	Hawke Sea Scout Group
2nd Lower Hutt/Avalon Scout Group	Coastal Otago Zone	Hawthorndale Scout Group
Akarana Zone	Coastal Rover Otago Crew (C.R.O.C)	Heretaunga Scout Group
Akatarawa Scout Group	Coatesville Scout Group	Highfield/ Mountain View Scout Group
Alexandra Scout Group	Cockle Bay Scout Group	Hillcrest Scout Group
All Saints Birkenhead Scout Group	Columba Scout Group	Hinds Scout Group
Allenton Scout Group	Coromandel Scout Group	Hokitika Scout Group
Alton Scout Group	Counties Zone	Hokowhitu Scout Group
Andersons Bay Sea Scout Group	Cromwell Scout Group	Holmes Park Scout Group
Aokautere/ Linton Scout Group	Dannevirke Scout Group	Hora Hora Scout Group
Aotea Sea Scout Group	Darfield Scout Group	Hororata Scout Group
Arataki/ Omanu Scout Group	Deans Rover Crew	Howick Sea Scout Group
Arrowtown Scout Group	Diamond Harbour Sea Scout Group	Hutt Valley Gang Show
Ashburton Scout Group	Domain Rover Crew	Inglewood Scout Group
Ashhurst Scout Group	Doubtless Bay Sea Scout Group	Iona Scout Group
Atwill Park Campsite	Drummond Scout Group	Iron Duke Sea Scout Group
Auckland Gang Show	Drury Scout Group	Jellicoe Sea Scout Group
Avon-Cossgrove Rover Crew	Dunedin Harbour Rover Crew	Johnsonville Scout Group
Avonhead - Russley Scout Group	Dunrobin Scout Group	Kaiapoi Gray Raven Scout Group
Awakeri Scout Group	Eastbourne Scout Group	Kairanga Scout Group
Awatuna Sea Scout Group	Eastern Bays Scout Group	Kaiwaka-Mangawhai Scout Group
Baden Powell Centre	Eastern Southlands Jamboree	Kamo Scout Group
Baden Powell Scout Group	Eastern Waikato Zone	Kapiti Coastal Zone
Balclutha Scout Group	Eastman Rover Crew	Karori West Scout Group
Balfour Scout Group	Edendale Scout Group	KatiKati Sea Scout Group
Balmoral Scout Group	Edmonton Scout Group	Kaukapakapa Scout Group
Bays Rover Crew	Ellesmere Scout Group	Kaweka Rover Scout Group
Beckenham/ Ferguson Scout Group	Endeavour Sea Scout Group	Kawerau Scout Group

Belmont Scout Group	Fairfield Scout Group	Kereru/ Massey Scout Group
Birkenhead Sea Scout Group	Farm Cove Pakuranga Scout Group	Kerikeri Scout Group
Bishopdale-Harewood Group	Feilding Scout Group	Kew/Corstorphine Scout Group
Blue Skies Campsite	Fitzroy Scout Group	Khandallah Scout Group
Bombay Scout Group	Franz Josef Glacier Group	Kilsby Camp
Brighton Sea Scout Group	Friends of Gilbert Lodge	Kingsley Scout Group
Korokoro Scout Group	New Horizons	Raumati Scout Group
Kotuku Sea Scout Group	New Lynn Sea Scout Group	Raupo Scout Group
Lake Bruner Sea Scout Group	New Plymouth Venturers	Redwood Scout Group
Lake Taupo Sea Scout Group	Newlands Scout Group	Regal Rover Crew
Lansdowne Scout Group	Ngaio Scout Group	Regional Water Activities
Lincoln Scout Group	Ngati Toa Sea Scout Group	Remuera West Scout Group
Lone Rover Scout Crew of NZ	North Beach Scout Group	
Longbeach Scout Group	North Otago Zone	Riccarton Scout Group
Lower Hutt Zone	North Shore Gang Show	Richmond Scout Group
Lower North Island Region	Northdown Te Rangi Scout Group	Rimu Park
Lower South Island Region	Northland Scout Group	Rimutaka Zone
Lynmore Scout Group	Northland Zone	Riverhead Scout Group
Lyttelton Sea Scout Group	Ocean Beach Scout Group	Riverton Scout Group
M J Savage Memorial Rover Crew	Ohaupo Scout Group	Rolleston Scout Group
Macandrew Bay Scout Group	Omaka Campsite	Roskill Rover Crew
Mahurangi Zone	Omokoroa/ Pahoia Sea Scout Group	Roslyn Scout Group
Mairangi Scout Group	Opoho Scout Group	Roslyn Scout Group
Malvern Scout Group	Oratia Air Scout Group	Rotorua Central Scout Group
Manawatu River Zone	Orewa Sea Scout Group	Rowallan Scout Group
Mangapapa Scout Group	Orini Scout Group	Royal Oak Scout Group
Mangere Bridge Scout Group	Ormiston Scout Group	Ruakaka Scout Group
Mania-O-Roto Combined Venturer Unit	Orongorongo Rover Scout Crew	Schlaepher Park Scout Camp
Mania-O-Roto Rover Crew	Orpheus Sea Scout Group	Scotts Own Sea Scout Group
Mania-O-Roto Zone	Otago Gang Show	Scouting Waiora Campsite & Training Centre
Manukau Rover Crew	Otakaro Park ( Was Dallington) Scout Group	Scoutlands Camp
Manukau Zone	Otaki Scout Group	Scouts Direct
Manurewa Scout Group	Owairaka Sea Scout Group	Shackleton Sea Scout Group
Marine Education Centre	Paekakariki Scout Group	Silverpine Scout Group
Marlborough District Venturers	Paeroa Scout Group	South Canterbury Zone
Marlborough Zone	Pahiatua Scout Group	South Otago Zone
Marshlands Scout Group	Paihia Sea Scout Group	South Taranaki Scout Group
Matamata Scout Group	Papakura Sea Scout Group	South Taranaki Venturer Unit
Mataura Scout Group	Papamoa Beach Scout Group	Southern Cross Sea Scouts
Matawai Scout Group	Paparangi Scout Group	Springlands Sea Scout Group
Matua Scout Group	Papatoetoe East Scout Group	St Andrews Scout Group
Maungaraki/ Richmond Scout Group	Paraparaumu Beach Sea Scout Group	St Andrews Scout Hall
Maungarei Scout Group	Paraparaumu Scout Group	St Augustines Scout Group
Maungawhau Scout Group	Pegasus Bay Zone	St Augustines Scout Group
Mayfield Scout Group	Phoenix venturers	St Chads Scout Group
Mayfield Scout Group	Picton Sea Scout Group	St Columba's Scout Group
Methven Scout Group	Piopia Scout Group	St Georges Epsom Scout Group
Mid Northern Scout Group	Pirongia Scout Group	St Georges Scout Group (Papatoetoe)
Midhirst Scout Group	Pitcairn Scout Group	St Heliers/ Glendowie Scout Group
Milford Sea Scout Group	Pleasant Point Scout Group	St James Sea Scout Group
		St John's Scout Group and Bulls Air Scout Group
Millers Flat-Ettrick Scout Group	Plimmerton Scout Group	St Joseph's Scout Group
Milson Scout Group	Point Chevalier Air Scout Group	St Joseph's Scout Group
Milton Scout Group	Port Hills Zone	St Josephs Scouts Group
Ministry of Youth Development Funding	Pounamu Venturer Unit	St Mark Scout Group
Moanarua Zone	Puhi Scout Group	

Mornington Scout Group  
 Morrinsville Scout Group  
 Mosgiel Scout Group  
 Motu Moana Scout Camp  
 Motu Moana/ Green Bay Scout Group  
 Motutara/ Waimauku Scout Group  
 Mt Pleasant Scout Group  
 Murihiku Zone  
 National Scout Museum  
 National Scouts Centre  
 Nelson Zone  
 New Brighton Scout Group  
 Stonefields Scout Group  
 Stratford Scout Group  
 Summer Camp  
 Sunnynook Scout Group  
 Tai Tapu Scout Group  
 Taiaotea Air Scout Group  
 Tainui Sea Scout Group  
 Takanini Scout Group  
 Takapau Scout Group  
 Takapuna Scout Group  
 Takitimu Scout Group  
 Tamaha Sea Scout Group  
 Tao Temuka Scout Group  
 Taranaki Zone  
 Tasman Sea Scout Group  
 Tauhinu Sea Scout Group  
 Tawa Scout Group  
 Te Anau Sea Scout Group  
 Te Ara O Kiwa Scout Group  
 Te Aroha Scout Group  
 Te Atatu/ Endeavour Sea Scout Group  
 Te Awahou/Foxton Scout Group  
 Te Awamutu Scout Group  
 Te Awe Awe Scout Group  
 Te Kauwhata Scout Group  
 Te Kuiti Scout Group  
 Te Puke Scout Group  
 Te Puna Sea Scout Group  
 Te Puru Sea Scout Group  
 Te Runga Air Scout Group  
 Te Uri Group  
 Terra Nova Sea Scout Group  
 Thames Sea Scout Group  
 The Right Royal Rover Crew  
 Tinwald Scout Group  
 Titirangi Air Scout Group  
 Toi Tois Scout Group  
 Tokomaru Scout group  
 Torlesse Zone  
 Trinity Pakuranga Scout Group  
 Tuakau District Sea Scout Group  
 Tuatapere Scout Group  
 Turua Scout Group  
 Upper North Island Region  
 Upper South Island Region  
 Valley Rover Crew

Pukeatua Scout Group  
 Pukekohe Scout Group  
 Pukekura Scout Group  
 Pukerua Bay Scout Group  
 Puketapu Scout Group  
 Putaruru Scout Group  
 Queenstown Scout Group  
 Rakaia Scout Group  
 Rangatira/ Beachhaven Scout Group  
 Rangiora Scout Group  
 Rata/ Olsen Scout Group  
 Raukawa Scout Group  
 Waipukurau Scout Group  
 Waitare Scout Group  
 Waitoru Zone  
 Waiuku Scout Group  
 Wakari Scout Group  
 Wakefield Scout Group  
 Wanaka Scout Group  
 Warkworth Scout Group  
 Waverley Scout Group  
 Wellington Zone  
 West End Scout Group  
 West Melton Scout Group  
 West West Rover Crew  
 Westend Scout Group  
 Western Bay of Plenty Zone  
 Western Bays Sea Scout Group  
 Western Southland Zone  
 Westland-Buller Zone  
 Westown Scout Group  
 Westshore Sea Scout Group  
 Weymouth Sea Scout Group  
 Whangamata Scout Group  
 Whangaparaoa Sea Scout Group  
 Whenuapai Air Scout Group  
 Whitby Scout Group  
 Whitianga Sea Scout group  
 Winton Scout Group  
 Woodbourne Air Scout Group  
 Woodlands Scout Group

St Martins Scout Group  
 St Marys Levin Scout Group  
 St Mary's Scout Group  
 St Matthews LLO Scout Group  
 St Nicholas Scout Group  
 St Patricks Scout Group  
 St Patricks Scout Group  
 St Peters Scout Group  
 St Peter's Sea Scout Group  
 Stewart Rover Crew  
 Stoke Scout Group  
 Stokes Valley Scout Group

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE SCOUT ASSOCIATION OF NEW ZEALAND**

**Disclaimer of Opinion**

We were engaged to audit the consolidated financial statements of The Scout Association of New Zealand ("SANZ") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 30 September 2017, and the consolidated statement of comprehensive revenue and expense, and consolidated statement of changes in net assets/equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

**Basis for Disclaimer of Opinion**

We were unable to obtain sufficient appropriate audit evidence to form an opinion over the consolidated financial statements due to the following reasons:

- The group has not prepared an opening balance sheet as at 1 October 2017 thus we were unable to complete audit procedures over the opening balance sheet.
- We were unable to obtain sufficient audit evidence in regard to the deemed cost of buildings held on leasehold land. The total value of buildings held on leased land is \$9,769,164 and the valuation technique used in determining deemed cost is described in note 20.
- We were unable to obtain sufficient audit evidence in regard to the completeness, existence and valuation of other property plant and equipment (plant & equipment, furniture & fittings, computer equipment, boats & motor vehicles) as detailed in note 20 and has a net book value of \$5,137,000.
- We were unable to obtain sufficient audit evidence in regard to the completeness of Land and Buildings as detailed in note 20.
- We have been unable to obtain sufficient information on the cash and cash equivalents (\$8,958,830) and term deposits (\$3,735,032) to be able to form an opinion over these financial statement areas for the group and its consequent effect on Accumulated Funds. Accordingly the completeness, existence and accuracy is unable to be determined over these financial statement areas.
- No cash flow statement has been prepared as required under the framework as the opening cash position of the Group was unable to be determined. Accordingly the completeness, existence and accuracy is unable to be determined over the cash flow statement.
- We were unable to obtain sufficient audit evidence in regard to the valuation of the provision for building removal liability of \$924,659 as detailed in note 23.
- We were unable to obtain sufficient audit evidence in regard to the completeness of expenses and accounts payable and accruals.
- In common with other similar organisations, control over rent, donation and fundraising income received 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 this income is unable to be determined.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded property, plant and equipment, cash and cash equivalents, accounts payable, income in advance and provision for building removal, and the elements making up the consolidated statement of comprehensive revenue and expense, and consolidated statement of changes in net assets.

### **National Executive's Responsibilities for the Consolidated Financial Statements**

The National Executive is responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as the National Executive 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 National Executive 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 National Executive 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 responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with International Standards on Auditing (New Zealand) and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of 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.

BDO Wellington provides tax consulting advice to SANZ National Office. Other than in this capacity, and in our capacity as auditor, we have no relationship with, or interests in, SANZ any of its subsidiaries.

### **Who we Report to**

This report is made solely to the SANZ'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 SANZ and SANZ's members, as a body, for our audit work, for this report or for the opinions we have formed.

*BDO Wellington Audit Limited*

BDO Wellington Audit Limited  
Wellington  
New Zealand  
22 June 2018