

**The Scout Association Of New Zealand
Consolidated Financial Reports
For The Year Ended 30 September 2020**

Item	Page
Statement of Responsibility	1
Consolidated Statement of Comprehensive Revenue and Expense	2
Consolidated Statement of Change In Net Assets/Equity	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Cash Flow	5
Consolidated Statement of Accounting Policies	6
Notes to the Consolidated Comprehensive Income Statement	14
Notes to the Consolidated Balance Sheet	17
Appendix 1	24
Audit Opinion	29

**The Scout Association Of New Zealand
Statement of Responsibility
For The Year Ended 30 September 2020**

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.

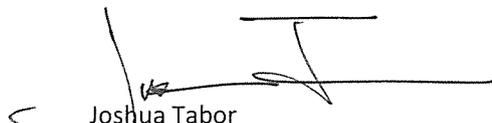
This is the fourth year of preparation of the Consolidated Group's financial statements and there have been significant challenges involved in preparing these financial statements.

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.

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 2020 fairly reflects the financial position and operations of the Group.

The Group's 2020 financial statements are authorised for issue by the Board.


Sean Gray
Chair of the Board


Joshua Tabor
Chief Executive

Date: 31 Mar
2021

Date: 31 Mar
2021

The Scout Association Of New Zealand
Consolidated Statement Of Comprehensive Revenue And Expense
For The Year Ended 30 September 2020

	Note	2020 \$	2019 \$
Revenue			
Revenue from Exchange Transactions			
Youth membership fees		2,823,030	3,689,914
Activities & Events	5	4,574,934	4,478,619
Campsite Income		456,980	864,345
Sales of goods		218,480	267,917
Rent income		679,225	999,259
Administration income		21,913	40,002
Revenue from Non-exchange Transactions			
Donations		381,819	479,046
Fundraising		1,451,392	2,228,656
Grants		1,996,633	2,019,352
Sponsorship		21,043	8,472
Other Revenue			
Investment income	6	464,095	750,259
Forestry income		463,275	100,189
Other income		438,533	306,741
Total Revenue		13,991,352	16,232,771
Expenses			
Activities & Events	7	5,442,720	4,528,552
Administration	8	720,870	844,373
Communication	9	320,257	394,050
Cost of goods sold		406,263	459,643
Depreciation	21	880,960	817,611
Donation and grants made		127,819	86,611
Facilities costs	10	2,635,638	3,228,436
Fundraising costs		394,604	594,444
Governance	11	49,276	222,541
Other expenses		688,391	911,348
Registration	12	292,179	191,976
Staff & Contractor	13	1,893,577	1,966,182
Adult volunteer leadership & training	14	82,066	139,777
Loss on control of closed groups	15	111,801	128,421
Total Expenses		14,046,422	14,513,964
Surplus/Deficit For The Year		(55,069)	1,718,807
Other Comprehensive Revenue and Expense			
Gain/Loss on revaluation of jointly controlled asset		(426,055)	(110,882)
Other Comprehensive Revenue and Expense for the year		(426,055)	(110,882)
Total Comprehensive Revenue And Expense For The Year		(481,124)	1,607,925

**The Scout Association Of New Zealand
Consolidated Statement Of Change In Net Assets/Equity
For The Year Ended 30 September 2020**

	Note	Revaluation of jointly controlled asset	Accumulated Funds	Total Equity
Opening Equity at 1 October 2019		(105,101)	64,935,866	64,830,765
Surplus/Deficit For The Year		-	(55,069)	(55,069)
Other Comprehensive Revenue and Expense		(426,055)	-	(426,055)
Total Comprehensive Revenue And Expense For The Year		(426,055)	(55,069)	(481,124)
Closing Equity at 30 September 2020		<u>(531,156)</u>	<u>64,880,797</u>	<u>64,349,641</u>

	Note	Revaluation of jointly controlled asset	Accumulated Funds	Total Equity
Opening Equity at 1 October 2018		5,781	63,217,059	63,222,840
Surplus/Deficit For The Year		-	1,718,807	1,718,807
Other Comprehensive Revenue and Expense		(110,882)	-	(110,882)
Total Comprehensive Revenue And Expense For The Year		(110,882)	1,718,807	1,607,925
Closing Equity at 30 September 2019		<u>(105,101)</u>	<u>64,935,866</u>	<u>64,830,765</u>

**The Scout Association Of New Zealand
Consolidated Statement Of Financial Position
As At 30 September 2020**

	Note	2020 \$	2019 \$
Assets			
Current Assets			
Cash and cash equivalents	16	10,130,560	10,991,640
Term deposits	16	8,430,582	8,874,599
Receivables (from exchange transactions)	17	421,550	670,809
Inventory	18	257,811	300,031
Prepayments		57,032	362,380
Assets held for sale		-	-
Other current assets		54,642	51,332
Short-term investment	19	2,805,788	2,230,177
Vendor Finance (current)	24	280,000	140,000
Total Current Assets		22,437,965	23,620,969
Non-current Assets			
Long term investments	19	1,616,892	1,579,434
Jointly controlled forestry asset	20	572,730	998,785
Property, plant and equipment	21	41,256,739	41,776,393
Vendor Finance (Non-current)	24	870,240	1,094,087
Total Non-current Assets		44,316,600	45,448,699
Total Assets		66,754,565	69,069,668
Liabilities			
Current Liabilities			
Accounts payable and accruals		188,999	399,541
Income received in advance		124,375	1,599,890
Grants unspent	22	345,722	379,650
Funds held on behalf		285,992	398,555
Employee benefit liability	25	224,545	175,692
Provision for building removal liability	23	1,013,427	977,785
Other current liabilities		199,831	291,349
Total Current Liabilities		2,382,892	4,222,462
Non-current Liabilities			
Long term loans		22,033	16,441
Total Non-current Liabilities		22,033	16,441
Total Liabilities		2,404,924	4,238,903
Total Net Assets/Equity		64,349,641	64,830,765
Equity			
Accumulated revenue and expense		64,349,641	64,830,765
Total Equity		64,349,641	64,830,765

**The Scout Association Of New Zealand
Consolidated Statement Of Cash Flows
As At 30 September 2020**

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from:		
Membership Fees	2,766,173	3,597,121
Receipts Activities & Events	3,556,399	5,884,416
Grants, Sponsorships, Donations & Fundraising Campaigns	3,816,960	4,784,122
Forest income	463,275	100,189
Rental income	679,225	999,259
Other Revenue	658,800	356,589
Payments to suppliers	(5,080,021)	(6,897,114)
Payments Activities & Events	(5,442,720)	(4,528,552)
Employee costs	(1,893,577)	(1,966,182)
Goods and Services Tax (GST)	(296,210)	(535,627)
Funds Held on Behalf	(112,563)	86,857
Net Cash Flow from Operating Activities	(884,259)	1,881,077
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of land & buildings	145,862	3,260,506
Interest received	386,861	36,264
Dividends received	30,273	324,536
Purchase of investments	(567,408)	(383,588)
Payments for purchase of Property, Plant and Equipment	(422,018)	(915,602)
Increase in term deposit investments	444,017	(2,958,810)
Net Cash Flow from Investing Activities	17,587	(636,694)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from draw down of loan	5,592	8,603
Net Cash Flow from Financing Activities	5,592	8,603
Net Increase/(Decrease) in Cash and Cash Equivalents	(861,080)	1,252,987
Cash and Cash Equivalents at Beginning of Year	10,991,640	9,738,653
Cash and Cash Equivalents at the End of Year	10,130,560	10,991,640

The Scout Association Of New Zealand

Notes To The Consolidated Financial Statements

For The Year Ended 30 September 2020

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 2020 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 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:

**The Scout Association Of New Zealand
Notes To The Consolidated Financial Statements
For The Year Ended 30 September 2020**

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 2020 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 21).

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 20).

The Scout Association Of New Zealand
Notes To The Consolidated Financial Statements
For The Year Ended 30 September 2020

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.

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:

The Scout Association Of New Zealand
Notes To The Consolidated Financial Statements
For The Year Ended 30 September 2020

- 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.

**The Scout Association Of New Zealand
Notes To The Consolidated Financial Statements
For The Year Ended 30 September 2020**

(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.

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.

**The Scout Association Of New Zealand
Notes To The Consolidated Financial Statements
For The Year Ended 30 September 2020**

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 21 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 2020**

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 Scout Association Of New Zealand
Notes To The Consolidated Financial Statements
For The Year Ended 30 September 2020**

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 then 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.

(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 2020**

	Note	2020 \$	2019 \$
Note 5. Activities & Events Income			
National Events (Jamboree, Regatta, Venturer)		3,342,053	2,209,102
Overseas Events		-	703,918
Training		45,446	105,305
Gang Show		21,960	116,331
General Activities		1,158,828	1,314,527
Investiture		6,648	10,819
Catering Income		-	18,618
Total Activities & Events Income		4,574,934	4,478,619
Note 6. Investment Income			
Interest Income		386,174	324,536
Dividends Received		30,273	35,644
Gains on Assets Disposal		1,300	164,355
Gain on Investment Revaluation		45,661	225,104
Other Investments		687	620
Total Investment Income		464,095	750,259
Note 7. Activities & Events Expense			
National Events (Jamboree, Regatta, Venturer)		3,985,809	2,225,760
Overseas Events		-	644,198
Training		107,195	214,474
Gang Show Expenses		22,662	74,964
General Activities		1,317,205	1,329,038
Food		8,233	34,799
Investiture Expenses		1,616	5,319
Total Activities & Events Expense		5,442,720	4,528,552
Note 8. Administration			
Auditing fees		82,528	87,825
Accounting & Consulting		56,477	50,546
Bank Fees		37,068	26,557
Legal expenses		28,524	54,733
Freight & Courier		14,798	18,708
Gifts		23,049	19,789
Printing & Stationery		18,614	30,260
Office Expenses		8,022	13,126
Equipment Consumable		71,007	106,849
Photocopying		7,413	20,922
General Administration Expenses		373,370	415,057
Total Administration		720,870	844,373

The Scout Association Of New Zealand
Notes To The Consolidated Comprehensive Income Statement
For The Year Ended 30 September 2020

	Note	2020	2019
		\$	\$
Note 9. Communication			
Travel		136,705	179,384
Motor Vehicle Expenses		38,839	54,864
Telephone & Internet		106,465	96,749
Advertising & Promotion		12,383	27,998
Other Communication Expenses		25,865	35,055
Total Communication		320,257	394,050
Note 10. Facilities costs			
Repairs and Maintenance		976,739	1,157,855
Insurance		710,207	787,799
Rates		181,458	180,883
Power		338,764	422,045
Water		22,614	31,135
Rent		149,091	210,646
General Accommodation Expenses		256,766	438,073
Total Facilities Cost		2,635,638	3,228,436
Note 11. Governance			
AGM & Committee Expenses		-	131
National Council, NEC, Taskforces		29,570	124,750
Meeting Costs		19,706	97,660
Total Governance Cost		49,276	222,541
Note 12. Registration			
Subscriptions		9,771	11,657
Fees to World Body & Asia Pacific		26,071	24,887
OSM License & Membership Fees		256,337	155,432
Total Registration		292,179	191,976
Note 13. Staff & Contractor			
Salaries		1,590,039	1,771,468
Defined Contribution Plans (Kiwisaver)		34,638	35,793
ACC Levies		3,685	3,396
Projects		203,715	107,786
Recruitment		27,002	8,790
Staff development & support		34,498	38,949
Total Staff & Contractor		1,893,577	1,966,182

**The Scout Association Of New Zealand
Notes To The Consolidated Comprehensive Income Statement
For The Year Ended 30 September 2020**

	Note	2020 \$	2019 \$
Note 14. Adult Volunteer Leadership and Training			
Leaders Expenses		60,793	90,601
Volunteer Staff Uniforms		8,801	7,973
Volunteer Leader Development & Support		12,472	41,203
Total Adult Volunteer Leadership and Training		82,066	139,777

Note 15. Loss on control of closed groups

In accordance with PBE IPSAS 35, 54(a), the net assets of non-financial branches in 2019FY need to be removed from the group accounts. (The loss on control of closed groups in 2019 : \$128,421)

The Groups has been closed in 2020:	Net Assets in 2019FY (\$)
Aokautere/Linton Scout Group	714
Blue Skies Campsite	18,976
Dunrobin Scout Group	7,163
Hororata Scout Group	3,041
Kairanga Scout Group	25,093
New Plymouth Venturers	2,003
Ohauti Scout Group	4,324
Orpheus Sea Scout Group	9,336
Otakaro Park Scout Group	5,457
Picton Sea Scouts	11,682
Pounamu Venturer	9,663
Southern Cross Sea Scouts	4,916
St Mark Scout Group	1,057
Tao Temuka Scout Group	8,375
	111,801

**The Scout Association Of New Zealand
Notes To The Consolidated Balance Sheet
For The Year Ended 30 September 2020**

Note 16 Cash and cash equivalent & Term deposits

	2020	2019
	\$	\$
Cash on hand and bank current deposits	10,130,560	10,991,640
Term deposits	8,430,582	8,874,599
	<u>18,561,141</u>	<u>19,866,239</u>

There are no cash and cash equivalent balances that 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 17 Receivables from exchange transactions

	2020	2019
	\$	\$
Membership fees receivable	114,327	117,293
Accounts Receivable	348,766	667,623
Less: Provision for doubtful debts	(41,543)	(114,107)
Net receivable from exchange transactions	<u>421,550</u>	<u>670,809</u>

Note 18 Inventories

	2020	2019
	\$	\$
Finished goods	272,811	300,031
Less Provision for obsolete/discontinued stock	(15,000)	-
Total Inventory	<u>257,811</u>	<u>300,031</u>

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 19 Investments

	2020	2019
	\$	\$
Corporate note, bonds and deposits	2,023,933	2,096,588
Equities - Australian	1,169,799	430,054
Equities - Global	786,927	739,107
Equities - New Zealand	35,770	490,098
Other Investments	406,250	53,764
Total Investment	<u>4,422,679</u>	<u>3,809,611</u>

**The Scout Association Of New Zealand
Notes To The Consolidated Balance Sheet
For The Year Ended 30 September 2020**

Note 20 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 \$737,712 on 30 June 2020 (2019: \$998,785).

Since the 30th of June 2020 there has been a further harvest of 17,629m3 resulting in \$164,982 of sale proceed, thus an indicative value for the 30th of September 2020 was provided as \$572,730 (2019: No change from 30th of June valuation)

The forest valuation methodology used is an Estate Based Expectation Value approach, utilising a constrained optimisation of the Net Present Value of post-tax cashflows based on the forest combined wood flows managed to liquidation.

Note 21 Property, plant and equipment

	Land	Buildings	Plant & Equipment	Furniture & Fittings	Computer Equipment	Boats & Motor Vehicles	WIP	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Audited Balance as at 1 Oct 2019	16,481,000	20,564,767	4,437,647	1,347,498	222,702	2,374,751	90,638	45,519,003
Additions (exchange)			312,601	33,280	123,362	5,245	119,252	593,740
Additions (non-exchange)		51,132						51,132
Revaluation gain/(loss)								-
Disposals (exchange)	(50,000)	(30,000)	(575)	(8,628)	(77,601)		(45,550)	(212,354)
Disposals (non-exchange)	(42,000)	(115,270)						(157,270)
Transfer from WIP								-
Balance as at 30 Sept 2020	16,389,000	20,470,629	4,749,673	1,372,150	268,463	2,379,996	164,340	45,794,251
Depreciation								
Audited Balance as at 1 Oct 2019		1,267,494	1,362,953	411,032	108,096	593,035		3,742,610
Disposals (exchange)		(600)	(535)	(7,993)	(72,007)			(81,135)
Disposals (non-exchange)		(4,923)						(4,923)
Depreciation		409,413	255,374	73,776	14,434	127,964		880,960
Balance as at 30 Sept 2020		1,671,383	1,617,792	476,815	50,523	720,999		4,537,512
Net Book Value								
As at 30 Sept 2019	16,481,000	19,297,273	3,074,694	936,466	114,606	1,781,716	90,638	41,776,393
As at 30 Sept 2020	16,389,000	18,799,246	3,131,882	895,335	217,940	1,658,997	164,340	41,256,739

**The Scout Association Of New Zealand
Notes To The Consolidated Balance Sheet
For The Year Ended 30 September 2020**

(i) Buildings on leased land

The buildings cost includes \$9,831,542 relating to buildings that are owned on leasehold land.
For the purpose estimating a deemed cost on transition at 1 Oct 2016 a value in use calculation was used.

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) Impairment and impairment reversals

There were no impairments or impairment reversals during the year (2019: Nil).

The Scout Association Of New Zealand
Notes To The Consolidated Balance Sheet
For The Year Ended 30 September 2020

Note 22 Grants unspent

	2020	2019
	\$	\$
Grants Unspent	345,722	379,650
Total Grants Unspent	345,722	379,650

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 23 Provision for removal obligations

	2020	2019
	\$	\$
Opening Removal Provision	977,785	981,806
<i>add: current year's movement</i>	35,642	(4,021)
Closing Removal Provision	1,013,427	977,785

The provision for removal obligations is the estimated cost of meeting contractual commitments in relation to restoration of properties held on leasehold land. Currently there are 252 buildings owned by The Group on the leasehold land which have removal obligations. Due to the number of leasehold properties owned and the fact that each property is so unique, the National Executive has been unable to calculate an accurate provision. Therefore the estimate is very high level and is based on the number of leasehold properties held multiplied by \$10,000 (being a very rough estimate as to expected cost to restore the land) discounted at 2% over 50 years in line with the useful life of the buildings. Going forward the National Executive plans to carry out a more detailed and accurate assessment of the provision by assessing each property individually.

Note 24 Vendor Finance

	2020	2019
	\$	\$
Vendor Finance (current)	280,000	140,000
Vendor Finance (Non-current)	870,240	1,094,087
Total Vendor Finance	1,150,240	1,234,087

As part of a sales contract for land and buildings concluded in May 2019 a payment schedule was entered into, with an immediate upfront lump sum payment, and the remaining balance to be paid by way of four annual installments concluding in May 2023. The Loan has been recognised at a fair value of \$1,150,240, (2019: \$1,234,087), which is the amount of the loan discounted by the prevailing market interest rate for a similar instrument. Interest revenue is recognised over the term of the loan.

Note 25 Employee benefit liability

	2020	2019
	\$	\$
Payable - Wages, PAYE	224,545	175,692
Payable - Defined Contribution Plans (Kiwisaver)	-	-
Provision for Holiday Pay	-	-
Total employee benefit liability	224,545	175,692

The Scout Association Of New Zealand
Notes To The Consolidated Balance Sheet
For The Year Ended 30 September 2020

Note 26

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 2020.

	Carrying Amount				
	Financial Assets			Liabilities	Total
	Loans and receivables	Held - to - Maturity	FVTSD	Amortised cost	
\$	\$	\$	\$	\$	
<i>Subsequently not measured at fair value</i>					
Cash & Cash Equivalents	10,130,560				10,130,560
Term Deposits	8,430,582				8,430,582
Receivables	421,550				421,550
Vendor Finance		1,150,240			1,150,240
Payables				(188,999)	(188,999)
Loans				(22,033)	(22,033)
Funds held on behalf				(285,992)	(285,992)
<i>Subsequently measured at fair value</i>					
Investment			4,422,679		4,422,679
	18,982,692	1,150,240	4,422,679	(497,024)	24,058,588

The tables below show the carrying amount of the entity's financial assets and financial liabilities as at 30 September 2019.

	Carrying Amount				
	Financial Assets			Liabilities	Total
	Loans and receivables	Held - to - Maturity	FVTSD	Amortised cost	
\$	\$	\$	\$	\$	
<i>Subsequently not measured at fair value</i>					
Cash & Cash Equivalents	10,991,640				10,991,640
Term Deposits	8,874,599				8,874,599
Receivables	670,809				670,809
Vendor Finance		1,234,087			1,234,087
Payables				(399,541)	(399,541)
Loans				(16,441)	(16,441)
Funds held on behalf				(398,555)	(398,555)
<i>Subsequently measured at fair value</i>					
Investment			3,809,611		3,809,611
	20,537,049	1,234,087	3,809,611	(814,537)	24,766,210

**The Scout Association Of New Zealand
Notes To The Consolidated Balance Sheet
For The Year Ended 30 September 2020**

Note 27 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 Minimum Lease Payments	
	2020	2019
	\$	\$
Less than one year	359,554	259,723
Between one and five years*	406,309	235,691
Greater than five years	104,926	107,112
Total Non-cancellable Operating Lease Payments	870,788	602,526

* National Office lease finishes on 30 Nov 2021

Note 28 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:

	2020		2019	
	\$	FTE's	\$	FTE's
Chief Executive & Executive Leadership Team	523,500	4.0	465,710	3.5

Note 29 Commitments and Contingencies

(i) Commitments

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

	2020	2019
	\$	\$
Stock - Scout Direct		
Not later than one year (NZ Uniforms)	44,249	95,129
Total	44,249	95,129

(ii) Contingent Liabilities and Assets

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

**The Scout Association Of New Zealand
Notes To The Consolidated Balance Sheet
For The Year Ended 30 September 2020**

Note 30

COVID 19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. Due to the social distancing rules in place when the country was at Alert Levels 3 and 4, Scout Groups were unable to meet face to face, and events were cancelled. The economic uncertainties that the COVID-19 pandemic has generated are likely to negatively affect our operations and services.

The main possible effects that we have identified on the Association as a result of the COVID-19 pandemic are;

- Ability to Run events and group activities
- Impact on subscriptions that will be received
- Valuation of land and buildings.
- Valuation of Investments

While it is difficult to determine the full effect of the COVID 19 Pandemic, certainly the collection of membership fees was effected by one full term in the 2020 financial year. The Association continues to operate and the Trustees believe that they have the ability to manage quite significant fluctuations in trading conditions with a strong balance sheet (Working Capital of \$20,006,284 and no significant debt). The Trustees have therefore assessed there is no going concern impact on the Trust as at the date of these financial statements.

Appendix 1

List of controlled entities

1st Alexandra Scout Group
1st Carterton Scout Group
1st Dargaville Scout Group
1st Devonport Scout Group
1st Gore Scout Group
1st Island Bay Scout Group
1st Karori Scout Group
1st Kelburn 1909 Scout Group
1st Marton Scout Group
1st Matapuna Scout Group
1st Mikotahi Sea Scout Group
1st Mt Albert St Judes Scout Group
1st Ngongotaha Scout Group
1st Orakei Sea Scouts
1st Papakura Scout Group
1st Taupo Scout Group
1st Titahi Bay Scout Group
1st Tokoroa Scout Group
1st Waiheke Sea Scout Group
1st Waihi Scout Group
1st Wainuiomata Parish Scout Group
1st Waterloo Scout Group
1st Windsor Scout Group
2nd Lower Hutt Scout Group
Akatarawa Scout Group
All Saints Birkenhead Scout Group
Allenton Scout Group
Alton Scout Group
Andersons Bay Sea Scouts
Aotea Sea Scouts
Arataki Omanu Scout Group
Arrowtown Scout Group
Ashburton Scout Group
Ashhurst Scout Group
Atwill Park Campsite
Auckland Central Gang Show
Aurora Rover Crew
Avon Cossgrove Rover Crew
Avonhead/Russley Scout Group
Awakeri Scout Group
Awatuna Sea Scouts
Baden Powell Centre
Baden Powell Scout Group
Balclutha Scout Group
Balfour Scout Group
Balmoral Scout Group
Otago Rover Crew
Otago Scout Endowment Trust
Otaki Scout Group
Owairaka Sea Scouts
Paekakariki Scout Group
Paeroa Scout Group
Pahiatua Scout Group
Paihia Sea Scout Group
Papakura Sea Scout Group
Papamoa Scout Group
Paparangi Scout Group
Papatoetoe Scout Group
Paraparaumu Beach Sea Scouts
Paraparaumu Scout Group
Piopio Scout Group
Pirongia Scout Group
Pleasant Point Scout Group
Pt Chevalier Air Scout Group
Puhoi Air Scout Group
Pukeatua Scout Group
Pukekohe Scout Group
Pukekura Scout Group
Pukerua Bay Scout Group
Puketapu Scout Group
Putaruru Scout Group
Queenstown Scout Group
Raincliff Camp
Rakaia Scout Group
Rangiora Scout Group
Rata Olsen Scout Group
Raukawa Scout Group
Raumati Scout Group
Redwood Scout Group
Regal Rover Crew
Remuera West Scout Group
Riccarton Scout Group
Richmond Scout Group
Right Royal Rover Crew
Riverhead Scout Group
Riverton Scout Group
Robin Hood Rover Crew
Rolleston Scout Group
Roskill Rover Crew
Roslyn Scout Group - Dunedin
Roslyn Scout Group - Palmerston North
Rotorua Central Scout Group

Bays Rover Crew	Rowallan Scout Group
Beach Haven Scout Group	Royal Oak Scout Group
Belmont Scout Group	Ruakaka Scout Group
Birkenhead Sea Scout Group	Saddle View Scout Group
Bishopdale/Harewood Scout Group	Schlaepfer Park Camp
Bombay Scout Group	Scotts Own Sea Scouts
Bounty Sea Rovers	Scout Association Central North Island Region
Brighton Sea Scouts	Scout Association Lower North Island Region
Brightwater Scout Group	Scout Association Lower South Island Region
Britannia Sea Scouts	Scout Association Upper North Island Region
Brookfield Outdoor Education Centre	Scout Association Upper South Island Region
Brooklyn Scout Group	Scouting Waioira Campsite and Training Centre
Bucklands Beach Sea Scout Group	Shackleton Sea Scouts
Bulls Air Scout Group	Silverpine Scout Group
Burwood Scout Group	South Taranaki Scout Group
Calliope Sea Scouts	South Taranaki Venturer Unit
Cambridge Scout Group	Southland Gang Show
Camp Gow	Springlands Sea Scout Group
Camp Kilsby	St Andrews Scout Group
Camp Maynard	St Augustines Scout Group - Napier
Camp Sladdin	St Augustines Scout Group - Petone
Captain Musick Air Scouts	St Chads Scout Group
Cashmere Scout Group	St George/Epsom Scout Group
Chartwell Scout Group	St Georges Scout Group
Christchurch Gang Show	St Heliers/Glendowie Scout Group
Church of Nativity Scout Group	St James Sea Scout Group
Churchward Park Scout Group	St John's Scout Group
City Church Scout Group	St Josephs Scout Group - Upper Hutt
Clevedon Scout Group	St Kilda Scout Group
CNI Summer Camp	St Martins Scout Group
Coatesville Scout Group	St Marys Scout Group - Hamilton
Cockle Bay Scout Group	St Mary's Scout Group - Levin
Columba Scout Group	St Matthews LLO Scout Group
Combined Scout Youth Trusts (SYF, EAD, PAU, TAT)	St Nicholas Scout Group
Coromandel Scout Group	St Patricks Scout Group - Oamaru
Cromwell Scout Group	St Peter's Sea Scouts
Dannevirke	St Peters Scout Group
Darfield Scout Group	Stewart Rover Crew
Deans Rover Scout Group	Stoke Scout Group
Diamond Harbour Sea Scout Group	Stokes Valley Scout Group
Dilworth Scout Group	Stonefields Scout Group
Domain Rover Crew	Stratford Scout Group
Doubtless Bay Sea Scout Group	Sunnynook Scout Group
Drury Scout Group	Suzanne Aubert Scout Group
Dunstan Rover Crew	Tai Tapu Scout Group
Eastbourne Scout Group	Taiaotea Air Scouts
Eastern Bays Scout Group	Tainui Sea Scout Group
Eastman Rover Crew	Takanini Scout Group
Edendale Scout Group	Takapau Scout Group

Edmonton Scout Group
 Ellesmere Scout Group
 Endeavour Sea Scout Group
 Enner Glynn Scout Group
 Farm Cove Pakuranga Scout Group
 Feilding Scout Group
 Fitzroy Scout Group
 Franklin Rover Crew
 Franz Josef Glacier Scout Group
 Friends of Gilbert Lodge
 Georgetown Scout Group
 Geraldine Scout Group
 Gladstone Scout Group
 Glen Eden Scout Group
 Gleniti Scout Group
 Glenmark Scout Group
 Golden Bay Scout Group
 Gordon Scout Group
 Green Park Camp
 Greendale/Tamatea Scout Group
 Greerton Scout Group
 Grey Valley Scout Group
 Greymouth Scout Group
 Greytown Scout Group
 Halswell Scout Group
 Hanmer Springs Scout Group
 Havelock North Scout Group
 Hawke Sea Scouts
 Hawthorndale Scout Group
 Heretaunga Scout Group
 Highfield Mountainview Scout Group
 Hillcrest Scout Group
 Hinds Scout Group
 Hokowhitu Scout Group
 Holmes Park Scout Group
 Hora Hora Scout Group
 Howick Sea Scouts
 Hutt Valley Gang Show
 Inglewood Scout Group
 Iona Scout Group
 Iron Duke Sea Scouts
 Jack & Tui Lucas Trust
 Jellicoe Sea Scouts
 Johnsonville Scout Group
 Kaiapoi Gray Raven Scout Group
 Kaiwaka-Mangawhai Scout Group
 Kamo Scout Group
 Karori West Scout Group
 Katikati Sea Scout Group

Takapuna Scout Group
 Takitimu Scout Group
 Tamaha Sea Scout Group
 Tasman Sea Scout Group
 Tauhinu Sea Scout Group
 Tawa Scout Group
 Te Anau Sea Scouts
 Te Ara o Kiwa Sea Scouts
 Te Aroha Scout Group
 Te Atatu Endeavour Sea Scouts
 Te Awamutu Scout Group
 Te Awe Awe Scout Group
 Te Kauwhata Scout Group
 Te Kuiti Scout Group
 Te Puke Scout Group
 Te Puna Scout Group
 Te Puru Sea Scout Group
 Terra Nova Sea Scouts
 Thames Sea Scout Group
 The George and Nigel Arkley Memorial Trust
 The Scout Association of New Zealand Akarana Zone
 The Scout Association of New Zealand Central Lakes Zone
 The Scout Association of New Zealand Coastal Otago Zone
 The Scout Association of New Zealand Counties Zone
 The Scout Association of New Zealand East Christchurch Zone
 The Scout Association of New Zealand Eastern Waikato Zone
 The Scout Association of New Zealand Kapiti Coastal Zone
 The Scout Association of New Zealand Lower Hutt Zone
 The Scout Association of New Zealand Mahurangi Zone
 The Scout Association of New Zealand Manawatu Horizons Zone
 The Scout Association of New Zealand Mania-O-Roto Zone
 The Scout Association of New Zealand Manukau Zone
 The Scout Association of New Zealand Marlborough Zone
 The Scout Association of New Zealand MoanaRua Zone
 The Scout Association of New Zealand Murihiku Zone
 The Scout Association of New Zealand Nelson Zone
 The Scout Association of New Zealand North Canterbury Zone
 The Scout Association of New Zealand North Otago Zone
 The Scout Association of New Zealand Northland Zone
 The Scout Association of New Zealand Pegasus Bay Zone
 The Scout Association of New Zealand Port Hills Zone
 The Scout Association of New Zealand Pukepuke Zone
 The Scout Association of New Zealand Rangitoto Zone
 The Scout Association of New Zealand Remutaka Zone
 The Scout Association of New Zealand Selwyn Zone
 The Scout Association of New Zealand South Canterbury Zone
 The Scout Association of New Zealand Taranaki Zone
 The Scout Association of New Zealand Torlesse Zone
 The Scout Association of New Zealand Volcanic Zone

Kaukapakapa Scout Group
 Kaweka Rover Crew
 Kawerau Scout Group
 Kereru Massey Scout Group
 Kerikeri Scout Group
 Kew Corstorphine Scout Group
 Khandallah Scout Group
 Kingsley Scout Group
 Kirikiriroa Scout Group
 Korokoro Scout Group
 Kotuku Sea Scout Group
 Lake Taupo Sea Scout Group
 Lincoln Scout Group
 Longbeach Scout Group
 LSI Regional Rovers
 LSI Regional Venturers
 Lynmore Scout Group
 Lyttelton Sea Scout Group
 Macandrew Bay Scout Group
 Mairangi Bay Scout Group
 Malvern Scout Group
 Manawatu Gang Show
 Mangapapa Scout Group
 Mangere Bridge Scout Group
 Mania-O-Roto Rover Crew
 Mania-O-Roto Venturers
 Manurewa Scout Group
 Marlborough Venturers
 Marshland Scout Group
 Matamata Scout Group
 Mataura Scout Group
 Matua Scout Group
 Maungaraki/Richmond Scout Group
 Maungarei Scout Group
 Maungawhau Scout Group
 Mayfield Scout Group - Auckland
 Mayfield Scout Group - Canterbury
 Methven Scout Group
 Mid Northern Scout Group
 Midhirst Scout Group
 Milford Sea Scout Group
 Millers Flat/Etrick Scout Group
 Milson Scout Group
 Milton Scout Group
 Mornington Scout Group
 Morrinsville Scout Group
 Mosgiel Scout Group
 Motu Moana Camp
 Motu Moana/Green Bay Scout Group

The Scout Association of New Zealand Waiapu Zone
 The Scout Association of New Zealand Waikato Zone
 The Scout Association of New Zealand Waitoru Zone
 The Scout Association of New Zealand Wellington Zone
 The Scout Association of New Zealand Western Bay of Plenty Zone
 The Scout Association of New Zealand Western Southland Zone
 The Scout Association of New Zealand Westland Buller Zone
 Tinwald Scout Group
 Titirangi Air Scout Group
 Toi Tois Scout Group
 Tokomaru Scout Group
 Trinity Pakuranga Scout Group
 Tuakau Districts Sea Scouts
 Tuatapere Valley Scout Group
 Turua Scout Group
 UNI Regional Water Activities
 USI Regional Rovers
 Valley Rover Crew
 Victoria Rover Crew
 Wadestown Scout Group
 Waianiwa Scout Group
 Waiau Pa Scout Group
 Waikaka Scout Group
 Waikanae Scout Group
 Waikaretu Sea Scouts
 Waikato Gang Show
 Waikato Rover Crew
 Waikowhai Scout Group
 Waimakariri Scout Group
 Waimate Scout Group
 Waingaro Camp
 Wainui Sea Scout Group
 Waiotapu Scout Group
 Waipukurau Scout Group
 Waitara Scout Group
 Waitarere Scout Group
 Waiuku Scout Group
 Wakari Scout Group
 Wakefield Scout Group
 Wanaka Scout Group
 Warkworth Scout Group
 Waverley Scout Group
 West End Scout Group
 West Melton Scout Group
 West West Rover Crew
 Western Bay of Plenty Rover Crew
 Western Bays Sea Scouts
 Westown Scout Group
 Westshore Sea Scout Group

Motutara/Waimauku Scout Group
Mt Pleasant Sea Scout Group
Murchison Scout Group
National Scout Museum
National Scouts Centre
Nelson Gang Show
New Brighton Scout Group
New Lynn Sea Scout Group
Newlands Scout Group
Ngaio Scout Group
Ngati Toa Sea Scout Group
North Beach Scout Group
North Shore Gang Show
Northdown Te Rangi Scout Group
Northland Scout Group
Ocean Beach Scout Group
Ohaupo Scout Group
Omaka Campsite
Omokoroa/Pahoia Sea Scouts
One Tree Hill/Ellerslie Scout Group
Opoho Scout Group
Oranga Scout Group
Oratia Air Scout Group
Orewa Sea Scouts
Ormiston Scout Group
Orongorongo Rover Scout Crew
Otago Gang Show

Weymouth Sea Scouts
Whakaoriori Air Scout Group
Whangamata Scout Group
Whangaparaoa Scout Group
Whenuapai Air Scouts
Whitby Scout Group
Whitianga Sea Scouts
Winton Scout Group
Woodbourne Air Scout Group
Woodlands Scout Group

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

Qualified Opinion

We have audited 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 2020, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated cash flow statement 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 30 September 2020, 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

- The total value of buildings held on leased land is \$9,831,542 described in Note 21, the National Executive determined that the buildings value in use calculation, rather than Government Value, presents a fairer representation of the valuation of buildings held on leased land. We were unable to obtain sufficient appropriate audit evidence in regards to the valuation method adopted in the valuation of buildings held on leasehold land.
- The total value of plant & equipment, furniture & fittings, computer equipment, boats & motor vehicles is \$6,068,494 and the related depreciation expense of \$471,547. We were unable to obtain sufficient appropriate audit evidence from a number of components of the Group, about the carrying value and depreciation expense of plant & equipment, furniture & fittings, computer equipment, boats & motor vehicles as detailed in note 21.
- The total value of the provision for building removal liability is \$1,013,427. The method for estimating the value of this provision is detailed in note 23. We were unable to obtain sufficient appropriate audit evidence in regard to this valuation.
- In common with other similar organisations, control over youth membership fees, activities & events 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. This in addition to the high variability of the balances results in the completeness and accuracy of this income being 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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 SANZ or its subsidiaries.

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 PBE Standards RDR, 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 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.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/>.

This description forms part of our auditor's report.

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 the 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

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Wellington

New Zealand

31 March 2021