

The Outward Bound Trust of New Zealand Foundation

Financial Statements

30 June 2013

The Outward Bound Trust of New Zealand Foundation

Statement of Comprehensive Income
For the year ended 30 June 2013
In New Zealand Dollars

| | Note | 2013 | 2012 |
|--|------|------------------|------------------|
| Specific income | | | |
| Donations | | 58,071 | 534,041 |
| Dividends | | 294,160 | 330,631 |
| Interest | | 327,556 | 351,328 |
| Realised gain/ (loss) on sale of investments | | 177,187 | 31,213 |
| Unrealised gain/ (loss) on investments | | 1,373,759 | (597,805) |
| Total specific income | | 2,230,733 | 649,408 |
| Specific expenditure | | | |
| Investment advisory fees | | 68,490 | 60,077 |
| Financial assistance | | 457,844 | 449,638 |
| Other specific expenditure | | 18,474 | 316,689 |
| Total specific expenditure | | 544,808 | 826,404 |
| Specific funding surplus/ (loss) | | 1,685,925 | (176,996) |
| Other income | | | |
| Interest on Outward Bound Trust Loan | | - | - |
| Other | | - | - |
| Total other income | | - | - |
| Overhead expenditure | | | |
| Audit fees | | 3,000 | 3,000 |
| Bank fees | | - | - |
| Other expenditure | | - | - |
| Total overhead expenditure | 4 | 3,000 | 3,000 |
| Operating surplus/ (loss) | | (3,000) | (3,000) |
| Surplus/ (loss) for the year | | 1,682,925 | (179,996) |
| Other comprehensive income | | | |
| Total comprehensive income for the year | | 1,682,925 | (179,996) |

Total comprehensive income for the year is attributable to the members of the Foundation.

The accompanying notes form part of these financial statements.



The Outward Bound Trust of New Zealand Foundation

Statement of Financial Position

As at 30 June 2013

In New Zealand Dollars

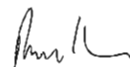
| | Note | 2013 | 2012 |
|-------------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | 5 | 54,744 | 226,059 |
| Interest income accrued | | - | - |
| Outward Bound Trust current account | | 26,327 | - |
| Total current assets | | 81,071 | 226,059 |
| Non-current | | | |
| Investments | 6 | 13,073,169 | 11,281,373 |
| Total non-current assets | | 13,073,169 | 11,281,373 |
| TOTAL ASSETS | | 13,154,240 | 11,507,432 |
| LIABILITIES | | | |
| Current | | | |
| Trade creditors and other payables | 7 | 3,000 | 3,000 |
| Outward Bound Trust current account | 8 | - | 36,117 |
| Total current liabilities | | 3,000 | 39,117 |
| TOTAL LIABILITIES | | 3,000 | 39,117 |
| EQUITY | | | |
| Accumulated Funds | | (22,663) | (19,663) |
| Endowment Funds | 9 | 12,902,935 | 11,250,958 |
| Specific Funds | | 270,968 | 237,020 |
| TOTAL EQUITY | | 13,151,240 | 11,468,315 |
| TOTAL EQUITY AND LIABILITIES | | 13,154,240 | 11,507,432 |

These financial statements were approved by the Foundation Trustees on 15 August 2013.

For and on behalf of the Foundation:



Bruce Cardwell
Trustee
15 August 2013



Andrew Smith
President
15 August 2013

The accompanying notes form part of these financial statements.



The Outward Bound Trust of New Zealand Foundation
Statement of Changes in Equity
For the year ended 30 June 2013
In New Zealand Dollars

| | Note | Accumulated Funds | Endowment Funds | Specific Funds | Total equity |
|--|------|-------------------|-------------------|----------------|-------------------|
| Balance 1 July 2011 | | (16,664) | 11,426,997 | 237,979 | 11,648,312 |
| Total comprehensive income for the year | | | | | |
| Surplus for the year | | (179,996) | - | - | (179,996) |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the year | | (179,996) | - | - | (179,996) |
| Transfers between equity reserves | | 176,997 | (176,039) | (958) | - |
| Balance 30 June 2012 | | (19,663) | 11,250,958 | 237,020 | 11,468,315 |
| Total comprehensive income for the year | | | | | |
| Surplus for the year | | 1,682,925 | - | - | 1,682,925 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the year | | 1,682,925 | - | - | 1,682,925 |
| Transfers between equity reserves | | (1,685,925) | 1,651,977 | 33,948 | - |
| Balance 30 June 2013 | | (22,663) | 12,902,935 | 270,968 | 13,151,240 |



The accompanying notes form part of these financial statements.

The Outward Bound Trust of New Zealand Foundation

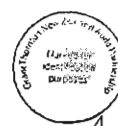
Statement of cash flows

For the year ended 30 June 2013

In New Zealand Dollars

| | Note | 2013 | 2012 |
|--|------|-----------|-----------|
| Cash flows from Operating activities | | | |
| Donations | | 58,071 | 534,040 |
| Interest income | | 327,556 | 351,328 |
| Dividends | | 294,160 | 330,631 |
| Payments to suppliers and employees | | (89,964) | (379,766) |
| Financial assistance provided | | (520,288) | (464,227) |
| Net cash flows from/ (used in) operating activities | 5 | 69,535 | 372,006 |
| Cash flows from investing activities | | | |
| Repayment of funds advanced to the Outward Bound Trust | | - | 170,000 |
| Funds advanced to the Outward Bound Trust | | - | - |
| Realised gains/ (losses) from sale of investments | | (240,850) | (505,396) |
| Purchase of investments | | - | - |
| Net cash flows from/ (used in) investing activities | | (240,850) | (335,396) |
| Net increase/ (decrease) in cash and cash equivalents | | (171,315) | 36,610 |
| Cash and cash equivalents at beginning of year | | 226,059 | 189,449 |
| Cash and cash equivalents at end of year | | 54,744 | 226,059 |

The accompanying notes form part of these financial statements.



The Outward Bound Trust of New Zealand Foundation

Notes to the financial statements

In New Zealand dollars

1 Reporting Entity

These financial statements comprise the separate financial statements of the Outward Bound Trust of New Zealand Foundation (the "Foundation") for the year ended 30 June 2013.

The Foundation was incorporated under the Charitable Trust Act 1957, is registered under the Charities Act 2005, and is domiciled in New Zealand.

The principal activity of the Foundation is to invest Endowment donations received, providing an income to Outward Bound Trust of New Zealand, to be used in the running of its experiential education courses.

The financial statements were authorised for issue by the Foundation Board of Trustees on 15 August 2013.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to non-profit orientated entities.

The Foundation is defined as a Public Benefit Entity as its primary objective is to provide services to the community for social benefit and the Foundation has been established with a view to supporting that primary objective rather than financial return.

(b) Basis of measurement

The financial statements have been prepared on a historical costs basis, except for financial assets and liabilities that have been measured at fair value. The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

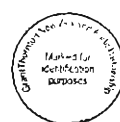
The financial statements are presented in New Zealand dollars (\$), which is the Foundation's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumption that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant assumptions is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.



The Outward Bound Trust of New Zealand Foundation

Notes to the financial statements

In New Zealand dollars

(e) Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except that the Parent and Group have adopted the following new and amended New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International financial Reporting Interpretations Committee (IFRIC) interpretations since 1 April 2011:

NZ IFRS Financial reporting requirements for certain entities frozen

The XRB issued a "position statement" that all NZ IFRSs with a mandatory effective date for annual periods beginning on or after 1 January 2012 will be applicable only to profit-orientated entities, which are not in a position to apply differential reporting exemptions.

The result is that the financial reporting requirements for public benefit entities and non-large for-profit entities are effectively frozen from 2012 year-end onwards. This exemption from new pronouncements is provided in light of pending changes to the Statutory Financial Reporting Framework in New Zealand.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(b) Trade debtors and other receivables

Trade debtors and other receivables are measured at amortised cost using the effective interest method less any impairment losses.

An allowance for impairment is established where there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivable.

Receivables with a short duration are not discounted.

(c) Investments

All investments are initially recognised at cost, being the fair value of the consideration given. All investments disclosed in these financial statements have been classified as "fair value through profit or loss".

After initial recognition, investments, any which are classed as "fair value through profit or loss", are recognised at fair value less impairment. Any movement in the fair value or impairment is recognised in the Statement of Comprehensive Income.

The Foundation's National Bank investment portfolio and other equity investments are classified as "fair value through profit or loss", because investments held are part of a portfolio of investments, that are managed together to generate short-term profits. The policy of the Foundation is to hold investments for the long-term, but if conditions change the investments are available for sale.

The Outward Bound Trust of New Zealand Foundation

Notes to the financial statements

In New Zealand dollars

(d) Impairment

The carrying amounts of Foundation assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

The estimated recoverable amount of an asset is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indicators exist, the Foundation estimates the asset's recoverable amount, to measure the reversal of any previous period impairment charges. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment are recognised in the Statement of Comprehensive Income.

(e) Trade creditors and other payables

Trade creditors and other payables are measured at amortised cost using the effective rate interest method.

(f) Provisions

A provision is recognised when the Foundation has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

A provision for onerous contracts is recognised when the expected benefits expected from the contract are lower than the unavoidable costs of meeting contract obligations.

(g) Financial instruments

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, investments, trade creditors and other payables. The Foundation has held no derivative financial instruments (i.e. hedging instruments) in the years reported.

The Foundation has no off-balance sheet financial instruments.

Recognition and de-recognition of financial assets and liabilities

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

The Outward Bound Trust of New Zealand Foundation

Notes to the financial statements

In New Zealand dollars

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for those carried at fair value through profit or loss, which are measured at fair value.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification. The classification depends on the purpose for which financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

The Foundation currently holds financial assets in two classifications:

(i) *Loans and receivables*

Financial assets that are non-derivative with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

(ii) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include investments, which were designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables are presented in the Statement of Comprehensive Income, within expenses.

A financial assets at "*fair value through profit or loss*" is impaired if objective evidence indicates that a loss event has occurred after the fair value measurement of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include indicators that an issuer will enter bankruptcy or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Subsequent measurement of financial liabilities

All financial liabilities held by the Foundation are designated as "loans and receivables", being non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method

(h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Foundation and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The Foundation assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the



The Outward Bound Trust of New Zealand Foundation

Notes to the financial statements

In New Zealand dollars

Foundation's own account is recognised as gross revenue in the Statement of Comprehensive Income.

The following specific recognition criteria must be met before revenue is recognised.

Interest

Revenue is recognized as it accrues, using the effective interest method.

Dividend Income

Dividend income is recognised on the date that the Foundation's rights to receive payment are established, which in the case of quoted securities is the ex-dividend date.

Donations and Grants

Donations and grants are recognised in the Statement of Comprehensive Income when received and all obligations associated with the donations and grants have been met. Where grants have been given for specific services, income will be recognised in the same period in which the specific service is provided. At balance date any unexpended specific funding is treated as a liability (income in advance).

Donated assets are recorded at their value at the date of donation. Like many other charitable organisations, the Foundation often receives the benefit of people's time and service carried out free of charge. This type of donation cannot be readily quantified and hence is not recorded in the financial statements.

Bequests

Endowment fund bequests are recognised as revenue in the Statement of Comprehensive Income when received. Endowment bequests received are first recognised in the surplus/deficit for the year and then transferred in the Statement of Changes in Equity from accumulated funds to the endowment funds equity reserve. This treatment recognises that endowment fund bequests are preserved in investments carried forward and only income earned from these investments is used to fund student scholarships.

(i) Income Tax

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

(j) GST

The Foundation is not registered for Goods & Services Tax.

4 Other Expenses

Expenditure disclosed in the Statement of Comprehensive Income includes:

| | 2013 | 2012 |
|--|-------|-------|
| General overheads | | |
| Audit fees for financial statement audit | 3,000 | 3,000 |
| Trustee fees | - | - |
| Bad debts expense / (written back) | - | - |
| Impairment of assets | - | - |
| Finance costs include: | | |
| Bank fees | - | - |

The Outward Bound Trust of New Zealand Foundation

Notes to the financial statements In New Zealand dollars

5 Cash and cash equivalents

| | 2013 | 2012 |
|--------------------------|---------------|----------------|
| Cash at bank and in hand | 7,870 | 164,464 |
| Call deposits | 46,874 | 61,595 |
| Total | 54,744 | 226,059 |

The carrying amount of cash and cash equivalents and call deposits approximates their fair value.

Cash at bank and call deposits earn interest at floating rates based on daily deposit balances.

Reconciliation of surplus/ (loss) for the year to net cash flows from operations

| | 2013 | 2012 |
|---|---------------|----------------|
| Surplus/ (loss) for the year | 1,682,925 | (179,996) |
| <i>Non cash items</i> | | |
| Unrealised (gain)/ loss on investments | (1,373,759) | 597,805 |
| <i>Cash movements classified as investing activities</i> | | |
| Realised (gain)/ loss on sale of investments | (177,187) | (31,213) |
| <i>Movements in working capital</i> | | |
| Decrease/ (increase) in dividend accrued | - | - |
| Decrease/ (increase) in interest accrued | - | - |
| Increase/ (decrease) in trade creditors and other payables | - | - |
| Increase/ (decrease) in Outward Bound Trust current account | (62,444) | (14,590) |
| Cash flows from operating activities | 69,535 | 372,006 |

6 Investments

| | 2013 | 2012 |
|--------------------------|-------------------|-------------------|
| Rangatira shares | 2,131,250 | 1,725,000 |
| ANZ investment portfolio | 10,941,919 | 9,556,373 |
| Total | 13,073,169 | 11,281,373 |

| | 2013 | 2012 |
|--|-------------------|------------------|
| <i>ANZ investment portfolio</i> | | |
| New Zealand cash and outstanding settlements | 122,161 | 200,455 |
| New Zealand fixed interest investments | 4,203,678 | 4,271,454 |
| New Zealand equity investments | 3,229,080 | 2,680,659 |
| Australian equity investments | 1,890,294 | 1,216,596 |
| International equity investments | 1,496,706 | 1,187,209 |
| Other | - | - |
| Total | 10,941,919 | 9,556,373 |

All investments are carried at fair value with movements recognised in the Statement of Comprehensive Income. Investments are considered to be long-term by nature and therefore are classified as non-current assets.



The Outward Bound Trust of New Zealand Foundation

Notes to the financial statements
In New Zealand dollars

7 Trade creditors and other payables

| | 2013 | 2012 |
|------------------|--------------|--------------|
| Trade creditors | - | - |
| Accrued expenses | 3,000 | 3,000 |
| Total | 3,000 | 3,000 |

Trade creditors and other payables are non-interest bearing and are normally settled on 30- day terms; therefore the carrying value of trade creditors and other payables approximates their fair value.

8 Related party transactions

Related parties arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Foundation.

(a) Parent and ultimate controlling party

The Outward Bound Trust of New Zealand is the ultimate controlling party of the Foundation.

(b) Related parties

The Foundation is related to the following entities:

- o The Outward Bound Trust of New Zealand (the "Trust")

The Board of the Trust resolved to set up the Foundation as a separate organisation, to be run in parallel to the Outward Bound Trust, and dedicated to providing funds for long term sustainability of the Outward Bound Trust.

All trustees of the Foundation are also members of the Trust Governing Body.

(c) Related party transactions

Transactions with related parties are priced on an arm's length basis. No provision has been required, nor any expense recognised for impairment for any loans or other receivable balance to related parties (2012: \$nil).



The Outward Bound Trust of New Zealand Foundation

Notes to the financial statements

In New Zealand dollars

The Outward Bound Trust of New Zealand Loan

The Foundation advanced the Outward Bound Trust of New Zealand \$170,000 in March, April and June 2011 to the Trust's documentary. Nil interest was to be accrued to the loan. The loan was turned into a grant on 26 February 2012.

| | 2013 | 2012 |
|------------------------------------|----------|----------|
| Opening balance | - | 170,000 |
| Loan monies advanced to the Trust | - | - |
| Loan principal repaid by the Trust | - | 170,000 |
| Closing balance | - | - |

The loan is repayable on demand with interest being charged at 0%.

The Foundation charged the Trust \$Nil (2012: \$nil) interest in the 2013 financial year.

Outward Bound Trust Current Account

All other transactions between the Foundation and Trust are reflected in the Trust Current Account, currently disclosed as a payable balance.

| | 2013 | 2012 |
|--|-----------------|---------------|
| Opening payable balance | 36,116 | 50,706 |
| Interest charged on Foundation Loan to the Trust | - | - |
| Foundation expenditure paid by the Trust | 531,211 | 766,879 |
| Repayment of current account by Foundation | (541,000) | (781,469) |
| Closing payable balance | (26,327) | 36,116 |

(d) Key management personnel

The Foundation has a related party relationship with members of the Foundation Board, executive officers and other key management personnel.

| <i>Key management personnel compensation</i> | 2013 | 2012 |
|---|------|------|
| Salaries and other short-term employee benefits | - | - |

There were no fees paid to the members of the Foundation Board in the years reported.

Total remuneration paid to key management personnel is made up of short-term employee benefits and no other post-employment benefits, termination benefits or long-term benefit arrangements have been expensed in the years reported.

(e) Other related party transactions

John Patterson – Outward Bound Foundation Trustee
Consultant to HOBEC, solicitors

There were no other related party transactions in the 2012 and 2013 financial reporting years.



The Outward Bound Trust of New Zealand Foundation

Notes to the financial statements

In New Zealand dollars

9 Equity reserves

All income and expenditure is recognised in the Statement of Comprehensive Income and the surplus for the year taken to retained earnings. Transfers between accumulated funds and equity reserves are disclosed in the Statement of Changes in Equity.

(a) Special Funds

Surplus funds targeted for operation funding other than non-operational expenditure and student scholarships.

(b) Endowment funds

Endowment funds are bequests whereby the principal donation is preserved and only income earned being expended on student scholarships. Endowment fund bequests are recognised as income when received in the Statement of Comprehensive Income and transferred to the Endowment Funds equity reserve from Accumulated Funds.

| <i>2013 – movement in Endowment Funds</i> | Opening | Movement | Closing |
|---|-------------------|------------------|-------------------|
| Arch Beazer Memorial Fund | 16,938 | 1,125 | 18,063 |
| Annie Tia Memorial Funds | 80,270 | 11,183 | 91,453 |
| Kowhai Trust | 73,043 | 11,810 | 84,853 |
| Cobham Memorial Trust | 31,714 | (3,352) | 28,362 |
| Mike Abott Trust | 236,716 | 35,945 | 272,661 |
| E W Johnson Scholarship | 8,540 | 1,652 | 10,192 |
| Frances Burdett Scholarship | 13,541 | 2,063 | 15,604 |
| Geoff Simons Endowment Fund | 10,363 | 994 | 11,357 |
| H R Hornsby Memorial Scholarship | 130,999 | 21,050 | 152,049 |
| J R McKenzie Youth Foundation Scholarship | 360,699 | 75,513 | 436,212 |
| K E Reynolds Estate | 18,290 | 2,062 | 20,352 |
| Chris Jillet Trust | 23,719 | (2,731) | 20,988 |
| Morley Sutherland Fund | 13,541 | 2,732 | 16,273 |
| R A McKenzie Special Courses & Projects | 1,157,194 | 151,320 | 1,308,514 |
| Rotary Club of Newmarket | 18,944 | 3,715 | 22,659 |
| S Ferguson Adventure School Scholarship | 10,429 | 1,963 | 12,392 |
| Timaru Boys High School | 46,278 | 9,252 | 55,530 |
| Moana Wi-Neera Trust | 14,641 | 2,670 | 17,311 |
| NZ Community Trust – J Hebron | 241,772 | 42,411 | 284,183 |
| Foundation Pathway | 45,982 | 4,379 | 50,361 |
| H & R Smith Scholarship | 11,328 | 1,445 | 12,773 |
| Granger Estate | 31,771 | 4,132 | 35,903 |
| Estate of Marjorie Coombes | 499,358 | 55,139 | 554,497 |
| Akaroa/Wairewa Community Trust | 22,838 | 566 | 23,404 |
| Wairarapa Scholarship Fund | - | 20,834 | 20,834 |
| Hawkes Bay Scholarship Fund | - | 17,813 | 17,813 |
| General funds | 8,132,050 | 1,176,292 | 9,308,342 |
| Total | 11,250,958 | 1,651,977 | 12,902,935 |



The Outward Bound Trust of New Zealand Foundation

Notes to the financial statements

In New Zealand dollars

| 2012 – movement in Endowment Funds | Opening | Movement | Closing |
|---|-------------------|------------------|-------------------|
| Arch Beazer Memorial Fund | 18,603 | (1,665) | 16,938 |
| Annie Tia Memorial Funds | 86,021 | (5,751) | 80,270 |
| Kowhai Trust | 78,752 | (5,709) | 73,043 |
| Cobham Memorial Trust | 31,744 | (30) | 31,714 |
| Mike Abott Trust | 259,816 | (23,100) | 236,716 |
| E W Johnson Scholarship | 8,512 | 28 | 8,540 |
| Frances Burdett Scholarship | 13,551 | (10) | 13,541 |
| Geoff Simons Endowment Fund | 10,317 | 46 | 10,363 |
| H R Hornsby Memorial Scholarship | 131,303 | (304) | 130,999 |
| J R McKenzie Youth Foundation Scholarship | 349,322 | 11,377 | 360,699 |
| K E Reynolds Estate | 18,314 | (24) | 18,290 |
| Chris Jillet Trust | 24,636 | (917) | 23,719 |
| Morley Sutherland Fund | 15,122 | (1,581) | 13,541 |
| R A McKenzie Special Courses & Projects | 1,240,607 | (83,413) | 1,157,194 |
| Rotary Club of Newmarket | 20,434 | (1,490) | 18,944 |
| S Ferguson Adventure School Scholarship | 10,457 | (28) | 10,429 |
| Timaru Boys High School | 46,614 | (336) | 46,278 |
| Moana Wi-Neera Trust | 14,666 | (25) | 14,641 |
| NZ Community Trust – J Hebron | 274,293 | (32,521) | 241,772 |
| Foundation Pathway | 44,555 | 1,427 | 45,982 |
| H & R Smith Scholarship | 11,338 | (10) | 11,328 |
| Granger Estate | 31,749 | 22 | 31,771 |
| Estate of Marjorie Coombes | 524,372 | (25,014) | 499,358 |
| Akaroa/Wairewa Community Trust | 24,893 | (2,055) | 22,838 |
| General funds | 8,137,006 | (4,956) | 8,132,050 |
| Total | 11,426,997 | (176,039) | 11,250,958 |

10 Financial instruments

(a) Carrying value of financial instruments

The carrying amount of all material balance sheet assets and liabilities are considered to be equivalent to their fair value.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

(b) Classification of financial instruments

All financial assets held by the Foundation are classified as "loans and receivables" and carried at cost less accumulated impairment losses, except for investments.

Investments are classified as "financial assets at fair value through profit or loss" which are measured at fair value upon recognition and re-measured to fair value at each reporting period.

All financial liabilities held by the Foundation are carried at amortised cost using the effective interest rate method.



The Outward Bound Trust of New Zealand Foundation

Notes to the financial statements

In New Zealand dollars

(c) Measuring fair value

Amendments to NZ IFRS 7 *Improving Disclosures about Financial Instruments* require the Group to present information concerning financial asset and liabilities measured at fair value. There are three levels in which fair values can be measured based on the significance of inputs used. The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

- o Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- o Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- o Level 3: Inputs for the asset or liability that is based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy as follows:

| 2013 | Level 1 | Level 2 | Level 3 |
|---|-------------------|------------------|----------|
| Financial assets | | | |
| Financial assets at fair value through profit or loss | 10,941,919 | 2,131,250 | - |
| Total | 10,941,919 | 2,131,250 | - |

| 2012 | Level 1 | Level 2 | Level 3 |
|---|------------------|------------------|----------|
| Financial assets | | | |
| Financial assets at fair value through profit or loss | 9,556,373 | 1,725,000 | - |
| Total | 9,556,373 | 1,725,000 | - |

All investments held by the Foundation have been classified as "financial assets at fair value through profit or loss".

The investments with level 2 inputs used to determine fair value are shares held with Rangatira. These shares do not trade frequently and are traded and quoted on an unlisted platform.

(d) Risk management analysis

The Foundation is exposed to various risks in relation to financial instruments. The main type of risk relevant to Foundation operations is credit risk, market risk, and currency risk. The Foundation has a series of policies to manage the risks associated with financial instruments. Policies have been established which do not allow transactions that are speculative in nature to be entered into. As part of this policy, limits on exposure have been set and are monitored on a regular basis.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Foundation, causing the Foundation to incur losses. The Foundation has no significant concentration of credit risk in relation to accounts receivable. The Foundation does not expect the non-performance of any obligations at balance date. The carrying value of trade debtors, other receivables, cash and cash equivalents and investments represents the Trust's maximum exposure to credit risk at balance date.

The Outward Bound Trust of New Zealand Foundation

Notes to the financial statements

In New Zealand dollars

The majority of investments are held in custody with the ANZ investment portfolio and the associated credit risk is managed by the Investment Manager. The Foundation Investment Policy is to hold a portfolio of New Zealand Fixed Interest, New Zealand Company listed equity investments, as well as Australian and global equity investments. Investments are made according to the Statement of Investment Policy and Objectives (SIPO). The investment strategy is to invest in low-medium risk investments aimed at providing growth over the long-term.

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange (FX) rates. The Foundation is exposed to foreign currency risk on foreign currency investments held in the ANZ investment portfolio. As at 30 June 2013 the ANZ Investment portfolio had \$3,387,000 (2012: \$2,403,805) invested in off-shore fixed interest securities and equities which expose the Foundation to currency risks.

A +/-5% movement in the New Zealand dollar against the currencies in which foreign investments are held would result in an approximate increase/decrease in the carrying value of investments by \$169,350 (2012: \$120,190). The movement would be recorded in the Statement in Comprehensive Income.

Market risk

Market risk is the risk that the fair value of future cash flows of equity financial instruments will fluctuate because of changes in market prices (i.e. stock market). The unrealised gain/ loss on investments, due to changes in market values, at year-end was a gain \$1,373,759 (2012: loss \$597,805).

A +/-10% movement in the market prices (i.e.fair value) of Foundation investment at year end, would result in an estimated increase/decrease in the carrying value of investments balance by \$661,607 (2012 \$508,446).

11 Capital Management

The Foundation's capital is its equity, being the net assets of the Foundation represented by accumulated funds and other equity reserves. The primary objective of the Foundation's capital management policy is to ensure working capital is maintained in order to support its activities. The Foundation manages its capital structure and makes adjustment to it, in light of changes to funding requirements. To maintain or adjust the capital structure, budgeted discretionary expenditure is reduce the need for external borrowings.

12 Capital Commitments

The Foundation has no capital commitments as at balance date (2012 \$Nil).

13 Contingent Liabilities

The Foundation has no contingent liabilities as at balance date (2012: \$Nil).

14 Subsequent events

There were no significant events after balance date requiring reporting or adjustment in these financial statements (2012: Nil).

