The Outward Bound Trust of New Zealand Group

Financial Statements
30 June 2013

The Outward Bound Trust of New Zealand Group

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

	Note	2013	2012
Operating revenue			
Course fees		5,085,342	5,228,551
Merchandise sales		125,746	115,124
General donations and subscriptions		53,787	202,295
Interest		346,792	374,779
Dividends		294,160	330,631
Realised gain/(loss) on sale of investments		1,373,759	31,213
Unrealised gain/ (loss) on investments		177,187	(597,805)
Gain/ (loss) on disposal of fixed assets		5,000	-
Other income		126,864	94,817
Total operating income		7,588,637	5,769,605
Operating expenditure			
Staff and administration costs		5,067,491	5,069,105
Student costs		258,037	276,391
Merchandise costs		66,582	88,174
Premises rental		75,752	78,161
Audit fee		18,000	18,000
Depreciation	8	260,814	246,839
Amortisation	9	40,918	21,144
Interest on other borrowings		14,403	17,079
Bad debts written off		2,569	3,078
Total operating expenditure	4	5,804,566	5,817,971
Net operating surplus/ (loss)		1,784,071	(48,366)
Specific revenue			
Donations		652,289	926,244
Interest income		36	532
Total specific revenue		652,325	926,776
Specific expenditure			
Financial assistance to students		660,990	881,345
Other specific expenditure		21,304	231,201
Total specific expenditure		682,294	1,112,546
Specific funding surplus/ (loss)		(29,969)	(185,770)
Surplus for the year		1,754,102	(234,136)
Other comprehensive income		-	-
Total comprehensive income for the year		1,754,102	(234,136)

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

Marked for identification purposes

The accompanying notes form part of these financial statements.

The Outward Bound Trust of New Zealand Group

Statement of Financial Position

As at 30 June 2013

In New Zealand Dollars

	Note	2013	2012
ASSETS			
Current			
Cash and cash equivalents	5	744,052	1,095,005
Trade debtors and other receivables	6	650,805	956,927
Prepayments		62,902	60,910
Inventories	7	69,802	80,569
Total current assets		1,527,561	2,193,411
Non-current			
Property plant and equipment	8	6,282,812	6,091,807
Intangible assets	9	146,212	187,130
Investments	10	13,085,012	11,290,103
Total non-current assets		19,514,036	17,569,040
TOTAL ASSETS		**21,041,597**	**19,762,451**
LIABILITIES			
Current			
Trade creditors and other payables	11	630,380	686,611
Employee entitlements	12	75,135	73,763
Income in advance	13	1,508,345	1,885,101
Loans and borrowings	14	45,161	42,537
Total current liabilities		2,259,021	2,688,012
Non – current			
Loans and borrowings	14	171,639	217,604
TOTAL LIABILITIES		**2,430,660**	**2,905,616**
EQUITY			
Accumulated funds		3,087,777	3,073,726
Equity reserves	15	15,523,159	13,783,109
TOTAL EQUITY		**18,610,936**	**16,856,835**
TOTAL EQUITY AND LIABILITIES		**21,041,597**	**19,762,451**

These financial statements were approved by the Board of Directors on 15 August 2013.

For and on behalf of the Trust:

Bruce Cardwell
President
15 August 2013

Andrew Smith
Vice President
15 August 2013

Grant Thornton New Zealand Audit Partnership
Marked for identification purposes

The accompanying notes form part of these financial statements.

The Outward Bound Trust of New Zealand Group

Statement of Changes in Equity
For the year ended 30 June 2013
In New Zealand Dollars

	Note	Accumulated funds	Equity reserves	Total equity
Balance 1 July 2011		3,168,731	13,922,239	17,090,970
Total comprehensive income for the year				
Surplus for the year		(234,136)	-	(234,136)
Other comprehensive income		-	-	-
Total comprehensive income for the year		(234,136)	-	(234,136)
Transfers between equity reserves	15	139,130	(139,130)	-
Balance 30 June 2012		**3,073,726**	**13,783,109**	**16,856,835**
Total comprehensive income for the year				
Surplus for the year		1,754,102	-	1,754,102
Other comprehensive income		-	-	-
Total comprehensive income for the year		1,754,102	-	1,754,102
Transfers between equity reserves	15	(1,740,052)	1,740,052	-
Balance 30 June 2013		**3,087,777**	**15,523,161**	**18,610,936**

The accompanying notes form part of these financial statements.

The Outward Bound Trust of New Zealand Group

Statement of cash flows
For the year ended 30 June 2013
In New Zealand Dollars

	Note	2013	2012
Cash flows from Operating activities			
Course fees, subscriptions and other income receipts		5,966,958	6,749,309
Interest income		346,795	372,996
Dividend income		294,160	330,631
Payments to suppliers and employees		(6,216,809)	(6,579,975)
Interest paid		(7,931)	(17,079)
Net cash flows from/ (used in) operating activities	5	383,170	855,882
Cash flows from investing activities			
Realised gain/(loss) on sale of investments		(243,931)	(505,396)
Purchase of investments		-	-
Proceeds from sale of property, plant and equipment		-	-
Property, plant and equipment additions		(452,688)	(180,228)
Intangible asset additions		-	(24,770)
Net cash flows from/ (used in) investing activities		(690,782)	(710,394)
Cash flows from financing activities			
Borrowings advanced		-	-
Repayment of borrowings		(43,341)	(1,037)
Net cash flows from/ (used in) financing activities		(43,341)	(1,037)
Net increase/ (decrease) in cash and cash equivalents		(350,958)	144,451
Cash and cash equivalents at beginning of year		1,095,004	950,553
Cash and cash equivalents at end of year		744,052	1,095,004

The accompanying notes form part of these financial statements.

Marked for identification purposes

Notes to the financial statements
In New Zealand Dollars

1 Reporting Entity

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

The Trust 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 Group is to provide experiential education courses.

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

(b) Basis of consolidation

The Group financial statements consolidated those of the Parent, being the Outward Bound Trust of New Zealand (the "Trust") and its 100% owned subsidiary – The Outward Bound Trust of New Zealand Foundation (the "Foundation").

The Group financial statements consolidate the financial statements of the Trust and all entities over which the Trust has the power to control the financial reporting and operating policies. Control is obtained through ownership of more than half the voting rights or the subsidiary governing body members also being members of the Parent governing body.

The purchase method is used to prepare the consolidated financial statements, which involves adding together like terms of asset assets, liabilities, income and expenses on a line-by-line basis. All significant inter-group balances are eliminated on consolidation of group results, position and cash flows.

All subsidiaries have a 30 June 2013 reporting date and consistent accounting policies are applied.

(c) 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.

(d) Presentation currency

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

(e) 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 period in which the estimate is revised and in any future periods affected.

(f) 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 Group 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) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and selling expenses after making due allowance for any damaged and obsolete stock.

Cost is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Any write down in the cost of inventory to net realisable value is recognised in the Statement of Comprehensive Income.

(d) Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Group and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

Depreciation

Depreciation is charged on a straight- line basis on all property, plant and equipment, other than land, over the estimated useful life of the asset. Depreciation is charged to the surplus or loss in the Statement of Comprehensive Income.

The following depreciation rates have been applied at each class of property, plant and equipment:

o Land	0%
o Boats	3-10 years
o Buildings	10–40 years
o Plant and equipment	4-40 straight line
o Office furniture and Computer equipment	1-5 years
o Training equipment	3-10 years
o Canoes	3 years
o Motor vehicles	5 years
o Rockface	10 years

The residual value of property, plant and equipment is reassessed annually.

(e) Intangibles assets

Intangible assets acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the intangible asset, from the date that they are available fie use. The estimated useful lives for the current and comparative periods are as follows:

- Computer software 3 years
- Documentary 5 years

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software.

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

(g) Impairment

The carrying amounts of Group 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 Group 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.

(h) Trade creditors and other payables

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

(i) Provisions

A provision is recognised when the Group 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.

(j) Employee entitlements

Short term benefits

Employee benefits that the Group expects to be settled within 12 months of balance date are measured at nominal value based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, and sick leave.

The Group recognises a liability for sick leave. The amount is calculated based on the unused sick leave entitlements that can be carried forward at balance date, to the extent that the Group anticipates that it will be used by staff to cover those future absences.

The Group recognises a liability and expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term benefits

The Group does not provide long service leave to employees or members of the governing body and has not entered into any defined benefit/contribution pension plans.

(k) Financial instruments

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

The Group 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 Group 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.

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 Group 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 asset designated as *"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 Group 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

(l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The Group 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 Group'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 recognised as it accrues, using the effective interest method.

Dividend Income

Dividend income is recognised on the date that the Group'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 Group 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 investments is used to fund student scholarships.

Course Fees
Course fees are recognised as income by reference to the stage of completion. When the course has been provided to the customer the fees are recognised. Any fees invoiced at year-end for courses, which students intend to attend at a future date is recognised as income in advance.

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risk and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

(m) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Interest expenses comprise interest expenses charged on borrowings and the unwinding of discounts used to measure the fair value of borrowed funds.

(n) Operating lease payments
An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the Income Statement on a straight- line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(o) Income Tax
Due to its charitable status, the Group is exempt from liability to income tax.

Notes to the financial statements
In New Zealand Dollars

(p) GST

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

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	18,000	18,000
Other fees paid to audit firm	-	-
Trustee fees	-	-
Bad debts expense / (written back)	2,569	3,078
Minimum lease payments – operating leases	-	-
Impairment of assets	-	-
Employee remuneration		
Wages and salaries	2,863,183	2,856,436
Increase/ (decrease) in employee entitlements	(1,372)	(5,983)
Finance costs include:		
Interest on borrowings	14,403	17,079
Bank fees	15,442	25,524

5 Cash and cash equivalents

	2013	2012
Cash at bank and in hand	253,830	303,869
Call deposits	490,222	791,136
Total	**744,052**	**1,095,005**

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.

Bank Security

On 13 January 2004 the Board approved that a loan facility be established with National Bank of New Zealand, with a first charge registered mortgage over the Trust's property at Torea Bay being approved as security. This facility is to cover all indebtedness of the Trust. The balance of indebtedness at 30 June 2013 was Nil (2012: Nil).

Notes to the financial statements
In New Zealand Dollars

Reconciliation of surplus for the year to net cash flow from operations	**2013**	**2012**
Surplus for the year	1,754,102	(234,136)
Non cash items		
Depreciation and amortization	301,732	267,983
Unrealised (gain)/ loss on investments	(177,187)	596,350
Cash movements classified as investing activities		
Realised (gain)/ loss on sale of investments	(1,373,751)	(31,213)
(Gain)/loss on disposal of fixed assets	(5,000)	-
Movements in working capital		
Decrease/ (increase) in prepayments	(7,992)	29,418
Decrease/ (increase) in trade debtors and other receivables	306,122	(59,731)
Decrease/ (increase) inventories	10,767	(6,154)
Increase/ (decrease) in trade creditors and other payables	(56,231)	48,200
Increase/ (decrease) in employee entitlements	1,372	(5,984)
Increase/ (decrease) in income in advance	(376,756)	251,149
Cash flows from operating activities	**383,170**	**885,882**

6 Trade debtors and other receivables

	2013	**2012**
Trade debtors	650,805	956,927
Interest accrued	-	-
Allowance for doubtful debts	-	-
Total	**650,805**	**956,927**

Trade debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of trade debtors and other receivables approximates their fair value.

Detail on the movement of the current account with the Outward Bound Trust of New Zealand Foundation (the "Foundation") has been disclosed in note 16 – *Related party transactions.*

Allowance for doubtful debts	**2013**	**2012**
Opening balance	-	-
Doubtful debts collected	-	-
Current year provision movement	-	-
Closing balance	**-**	**-**

Each year overdue receivable balances are assessed for impairment and appropriate allowances applied. All trade receivables are subject to credit risk exposure. There is no concentration of credit risk with respect to receivables outside the entity, as the entity has a large number of customers.

The impairment assessment is based on expected losses for the Group's pool of receivable balances. Expected losses are determined on analysis of the past period losses and review of specific debtors at year-end.

Marked for identification purposes

Notes to the financial statements
In New Zealand Dollars

2013 trade debtors receivable ageing analysis	Gross	Impairment	Net
Not past due	650,805	-	650,805
Past due 1 – 30 days	-	-	-
Past due 31 – 60 days	-	-	-
Past due 61 – 90 days	-	-	-
Past due > 91 days	-	-	-
Total	650,805	-	650,805

2012 trade debtors receivable ageing analysis	Gross	Impairment	Net
Not past due	956,927	-	956,927
Past due 1 – 30 days	-	-	-
Past due 31 – 60 days	-	-	-
Past due 61 – 90 days	-	-	-
Past due > 91 days	-	-	-
Total	**956,927**	-	**956,927**

7 Inventories

	2013	2012
Catering, medical and fuel supplies	57,023	53,682
Merchandise stock	12,779	26,887
Allowance for obsolete stock	-	-
Total	**69,802**	**80,569**

There are no inventories pledged as security (2012: Nil).

Marked for identification purposes

Notes to the financial statements
In New Zealand Dollars

8 Property, plant and equipment

Movement 2013	Cost 1 July 12	Additions	Disposals	Cost 30 June 13	Accumulated depreciation 1 July 12	Depreciation written back	Current year Depreciation	Accumulated depreciation 30 June 13	Carrying amount 30 June 12	Carrying amount 30 June 13
Land	2,700,000	-	-	2,700,000	-	-	-	-	2,700,000	2,700,000
Buildings	5,211,046	-	-	5,211,046	2,171,711	-	138,486	2,310,197	3,039,335	2,900,849
Boats	983,099	366,505	869	1,348,735	774,865	-	41,530	816,395	208,234	532,340
Motor vehicles	597,543	14,812	-	612,355	597,543	-	741	598,284	-	14,071
Plant and equipment	465,119	24,555	-	489,674	424,918	-	15,588	440,506	40,201	49,168
Office furniture and equipment	170,830	18,802	-	189,632	148,118	-	13,860	161,978	22,712	27,655
Training equipment and canoes	373,904	28,015	-	401,919	292,580	-	50,609	343,189	81,324	58,730
Total	10,501,541	452,689	869	10,953,361	4,409,735	-	260,814	4,670,549	6,091,806	6,282,812

Movement 2012	Cost 1 July 11	Additions	Disposals	Cost 30 June 12	Accumulated depreciation 1 July 11	Depreciation written back	Current year Depreciation	Accumulated depreciation 30 June 12	Carrying amount 30 June 11	Carrying amount 30 June 12
Land	2,700,000	-	-	2,700,000	-	-	-	-	2,700,000	2,700,000
Buildings	5,197,671	13,375	-	5,211,046	2,032,981	-	138,730	2,171,711	3,164,690	3,039,335
Boats	883,692	99,407	-	983,099	747,777	-	27,088	774,865	135,915	208,234
Motor vehicles	597,543	-	-	597,543	597,543	-	-	597,543	-	-
Plant and equipment	461,458	3,661	-	465,119	407,444	-	17,474	424,918	54,014	40,201
Office furniture and equipment	152,995	17,835	-	170,830	135,872	-	12,246	148,118	17,123	22,712
Training equipment and canoes	327,955	45,949	-	373,904	241,279	-	51,301	292,580	86,676	81,324
Total	10,321,314	180,227	-	10,501,541	4,162,896	-	246,839	4,409,735	6,158,418	6,091,806

In New Zealand Dollars

9 Intangibles

Movement 2013	Cost 1 July 12	Additions	Disposals	Cost 30 June 13	Accumulated amortization 1 July 12	Amortization written back	Current year amortization	Accumulated amortization 30 June 13	Carrying amount 30 June 12	Carrying amount 30 June 13
Computer software	66,160	-	-	66,160	53,030	-	4,918	57,948	13,130	8,212
Documentary (WIP)	180,000	-	-	180,000	6,000	-	36,000	42,000	174,000	138,000
Total	246,160	-	-	246,160	59,030	-	40,918	62,062	187,130	146,212

Movement 2012	Cost 1 July 11	Additions	Disposals	Cost 30 June 12	Accumulated amortization 1 July 11	Amortization written back	Current year amortization	Accumulated amortization 30 June 12	Carrying amount 30 June 11	Carrying amount 30 June 12
Computer software	112,140	14,770	60,750	66,160	98,636	60,750	15,144	53,030	13,504	13,130
Documentary (WIP)	170,000	10,000	-	180,000	-	-	6,000	6,000	170,000	174,000
Total	282,140	24,770	60,750	246,160	98,636	60,750	21,144	59,030	183,504	187,130

There are no restrictions over the title of the Trust's intangible assets, nor are any intangible assets pledged as security for liabilities.

All software is externally acquired and not internally generated.

Notes to the financial statements
In New Zealand Dollars

10 Investments

	2013	2012
Rangatira shares	2,131,250	1,725,000
ANZ investment portfolio	10,941,919	9,556,373
Foodstuffs redeemable preference shares	11,843	8,730
Total	**13,085,012**	**11,290,103**

ANZ investment portfolio	2013	2012
New Zealand cash and outstanding settlements	122,161	200,455
New Zealand fixed interest investments	4,203,670	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	**10,941,911**	**9,556,373**

The manager of the Investment Portfolio was changed from the Guardian Trust to the National Bank in the current reporting year.

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.

11 Trade creditors and other payables

	2013	2012
Trade creditors	95,127	108,544
Accrued expenses	299,417	361,760
GST and PAYE payable	191,428	208,803
Gift vouchers redeemable	10,852	7,504
Total	**630,380**	**686,611**

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.

12 Employee entitlements

	2013	2012
Annual leave	75,135	73,763
Total	**75,135**	**73,763**

Notes to the financial statements
In New Zealand Dollars

13 Income in advance

	2013	2012
Course fees received in advance	1,354,607	1,676,939
Grant income	138,092	187,189
Other income received in advance	-	-
Discount on Canterbury Community Trust Loan (refer to note 14)	15,646	20,973
Total	**1,508,345**	**1,885,101**

The Group has received grants specifically provided for the sponsorship of student fees. Unexpended grants are recognised as income in advance and are expected to be expended within 6-12 months following balance date.

Unexpended grants	2013	2012
Pub Charity	81,933	133,336
New Zealand Community Trust	27,708	10,870
The Trusts Charitable Foundation	28,451	31,635
Youthtown	-	11,348
Total	**138,092**	**187,189**

14 Loans and borrowings

	2013	2012
Canterbury Community Trust loan	216,800	260,141
Total	**216,800**	**260,141**
Less balance payable within 12 months (current borrowings)	(45,161)	(42,537)
Non-current borrowings	171,639	217,604

(a) Canterbury Community Trust loan

On 21 November 2007 the Group received an advance of $400,000 from Canterbury Community Trust for building improvements. A further advance of $75,000 was received on 29 May 2009. Interest is charged at 3% per annum and the loan is repayable over 8.5 years. Interest and principal payments per month are $4,717.

The loan is measured at fair value being the carrying value of the loan, discounted for the difference between the market interest rate of a similar loan being 6% (2012: 6%) and the actual interest charge 3% (2012: 3%). The discount (low interest rate benefit) is recognised as a donation in the Statement of Comprehensive Income using the effective interest rate method.

The loan is secured by way of mortgage over the Group's property at 46 Lady Cobham Grove.

	2013	2012
Loan balance with Canterbury Community Trust	232,446	281,114
Low interest rate discount	(15,646)	(20,973)
Carrying value in balance sheet	**216,800**	**260,141**

Notes to the financial statements
In New Zealand Dollars

15 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.

2013 - transfers between equity reserves	Opening	Transfer from/ (to) retained earnings	Closing
Endowment funds	11,300,490	1,635,475	12,935,965
Sponsorship funds	704,184	75,789	779,973
Special funds	1,762,165	45,058	1,807,223
Cutter Replacement Reserve	16,270	(16,270)	-
Total	**13,783,109**	**1,756,590**	**15,523,161**

2012 - transfers between equity reserves	Opening	Transfer from/ (to) retained earnings	Closing
Endowment funds	11,477,301	(176,811)	11,300,490
Sponsorship funds	759,691	(55,507)	704,184
Special funds	1,586,522	175,643	1,762,165
Cutter Replacement Reserve	-	16,270	16,270
Building reserve	36,853	(36,853)	-
Deep Creek reserve	61,872	(61,872)	-
Total	**13,922,239**	**(139,130)**	**13,783,109**

Marked for identification purposes

The Outward Bound Trust of New Zealand Group

Notes to the financial statements
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(a) 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.

2013 – movement in endowment funds	Opening	Movement	Closing
Arch Beazer Memorial Fund	16,938	1,125	18,063
Annie Tia Memorial Fund	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	1,175,986	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 Endowment Fund	16,502	4,332	20,834
Winton and Margaret Bear Endowment Fund	14,058	17,813	17,813
General funds	8,132,050	1,176,292	9,308,342
Total	**11,300,490**	**1,635,475**	**12,935,965**

Notes to the financial statements
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2012 – movement in endowment funds	Opening	Movement	Closing
Arch Beazer Memorial Fund	18,603	(1,665)	16,938
Annie Tia Memorial Fund	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	1,259,579	(83,413)	1,175,986
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
Wairarpa Endowment Fund	17,274	(772)	16,502
Winton and Margaret Bear Endowment Fund	14,058	-	14,058
General funds	8,137,006	(4,956)	8,132,050
Total	11,477,301	**(176,811)**	**11,300,490**

(b) Sponsorship Funds
Surplus unexpended donations received targeted towards student scholarships.

(c) Special Funds
Surplus funds targeted for operation funding other than non-operational expenditure and student scholarships.

(d) Cutter Replacement Reserve
Donations received for replacement of Cutter fleet.

(e) Building Reserve
Donations received for capital development of buildings. This reserve has been written back through the General Accumulated Fund.

(f) Deep Creek Reserve
The Trust received a grant on 18 July 2004 from the New Zealand Community Trust for $131,810 to purchase a property in the Wakamarina Valley. The purchase date of this property was 30 September 2004. This reserve was written back through the General Accumulated Fund on 30 June 2012.

In New Zealand Dollars

16 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 Group.

(a) Parent and ultimate controlling party

The Outward Bound Trust of New Zealand (the "Trust") is the ultimate controlling party and is not a subsidiary of any other entity, nor controlled by any other party.

(b) Related parties

The Trust is related to the following entities:

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

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. The Foundation came into effect 1 July 2001.

Five of the ten trustees of the Foundation are also members of the governing body of the Trust.

(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).

Key management personnel

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

Key management personnel compensation	**2013**	**2012**
Salaries and other short-term employee benefits	186,500	160,500

There were no fees paid to the members of the Trust 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.

(d) Other related party transactions

Dick Hubbard – Outward Bound Trust Director and Chairman of Hubbard Foods.

The Trust receives royalty payments from Hubbard Foods for use of Outward Bound's name. The relationship is at arm's length. The royalty payments received in the year were $60,000 (2012: $60,000)

Andrew Smith – Outward Bound Trust Director

The Trust received donations of $46,700 for the 2013 financial year to assist with capital replacement and other operational costs (2012: $15,000)

In New Zealand Dollars

David Levene – Outward Bound Patron

The Trust received a donation of $36,500 from the David Levene Foundation for the 2013 financial year to assist with capital replacement. (2012: Nil)

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.

17 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 Group 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 Group are carried at amortised cost using the effective interest rate method.

(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.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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
- 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	10,953,762	2,131,250	-
Total	**10,953,762**	**2,131,250**	**-**

In New Zealand Dollars

2012	Level 1	Level 2	Level 3
Financial assets			
Financial assets at fair value through profit or loss	9,556,373	1,733,730	-
Total	9,556,373	1,733,730	-

All investments held by the Group 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 and Foodstuffs. These shares do not trade frequently and are traded and quoted on an unlisted platform.

(b) Risk management analysis

The Group is exposed to various risks in relation to financial instruments. The main types of risk relevant to Group operations are credit risk, interest rate risk, liquidity risk, market rate and foreign exchange risk. The Group 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.

(i) Credit risk

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

The ageing profile of trade debtors has been provided in note 6 – *Trade debtors and other receivables.*

The majority of investments are held in custody with the ANZ National Bank investment portfolio and the associated credit risk is managed by the Investment Manager. The Group 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.

(ii) Interest rate risk

Interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Group has interest rate risk exposure on its borrowings with the Canterbury Community Trust. The interest rate on the Canterbury Community Trust loan is fixed at 3% for 8.25 years.

If interest rates increased by 10% this would have resulted in approximately $1,400 of additional interest costs for the year ended 30 June 2013 (2012: $1,700).

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(iii) Liquidity Risk
Liquidity risk represents the Group's ability to meet is contractual obligations. The Group manages liquidity risk by managing cash flows and ensuring that adequate credit lines are in place to cover potential shortfalls.

The tables below analyses the Group's financial instruments into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

2013 *Contractual cash flows from financial instruments held*	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1-2 years**	**2-5 years**
Assets					
Cash and cash equivalents	744,052	744,052	744,052		
Trade debtors and other receivables	650,805	650,805	650,805		
	1,394,857	1,394,857	1,394,857		
Liabilities					
Trade creditors and other payables	630,380	630,380	630,380		
Borrowings	216,800	232,446	56,604	56,604	119,238
Operating leases	-	71,800	35,148	36,654	-
	847,180	934,626	722,132	93,258	119,238
Net liquidity position	**547,677**	**460,231**	**672,725**	**(93,258)**	**(119,238))**

2012 *Contractual cash flows from financial instruments held*	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1-2 years**	**2-5 years**
Assets					
Cash and cash equivalents	1,095,005	1,095,005	1,095,005		
Trade debtors and other receivables	956,927	956,927	956,927		
	2,051,932	2,051,932	2,051,932		
Liabilities					
Trade creditors and other payables	686,611	686,611	686,611		
Borrowings	260,141	260,141	56,604	56,604	146,933
Operating leases	-	131,731	107,832	16,747	7,152
	933,757	1,078,483	851,047	73,351	154,085
Net liquidity position	**1,105,180**	**973,449**	**1,200,885**	**(73,351)**	**(154,085)**

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 Group 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 Group 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

In New Zealand Dollars

$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 1,373,759 (2012: loss $597,805).

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

18 Capital Management

The Group's capital is its equity, being the net assets of the Group represented by accumulated funds and other equity reserves. The primary objective of the Group's capital management policy is to ensure working capital is maintained in order to support its activities. The Group 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.

19 Operating leases

Non-cancellable operating leases are payable as follows:	2013	2012
Less than one year	35,148	107,832
Between one and five years	36,054	23,899
More than five years	-	-
Closing balance	**71,802**	**131,731**

Operating leases are held in relation to computer equipment.

20 Capital Commitments

The Group has no capital commitments as at balance date (2012: $Nil).

21 Contingent Liabilities

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

22 Subsequent events

Subsequent to balance date the Trust entered into a lease agreement for a rental premise at 3 Queens Wharf, Wellington. The lease is for a term of 6 years.