

# **The Outward Bound Trust of New Zealand Foundation**

**Financial Statements  
For the year ended  
30 June 2017**

# **The Outward Bound Trust of New Zealand Foundation**

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**The Outward Bound Trust of New Zealand Foundation**

**Statement of Comprehensive Revenue and Expense  
For the year ended 30 June 2017  
In New Zealand Dollars**

	Note	2017	2016
<b>Revenue from Non Exchange Transactions</b>			
Donations		129,284	52,017
<b>Revenue from Exchange Transactions</b>			
Revenue from Interest, Dividends, and other Investment Revenue		1,653,435	1,026,004
<b>Total Revenue</b>		<b>1,782,719</b>	<b>1,078,021</b>
<b>Expenses</b>			
Investment advisory fees		75,844	77,401
Financial assistance		722,816	713,924
Audit fees	4	5,555	5,123
Other specific expenditure		259,376	833,680
<b>Total Expenses</b>		<b>1,063,591</b>	<b>1,630,128</b>
<b>Total Surplus/(Deficit) for the year</b>		<b>719,128</b>	<b>(552,107)</b>
Other comprehensive revenue and expenses		-	-
<b>Total comprehensive revenue and expenses for the year</b>		<b>719,128</b>	<b>(552,107)</b>

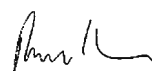
Total comprehensive revenue and expenses for the year is attributable to the members of the Foundation.

These financial statements were approved by the Foundation Trustees on 24 August 2017.

**For and on behalf of the Trust:**

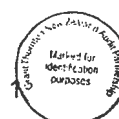


Dave Tibby  
Trustee  
24 August 2017



Andrew Smith  
Chair  
24 August 2017

*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 2017  
In New Zealand Dollars**

	Note	2017	2016
<b>Current Assets</b>			
Cash and cash equivalents		146,771	39,315
Outward Bound Trust current account		111,270	197,078
		<b>258,041</b>	<b>236,393</b>
<b>Non-current Assets</b>			
Outward Bound Trust Loan		200,000	200,000
Investments	5	16,480,252	15,782,442
		<b>16,680,252</b>	<b>15,982,442</b>
<b>Total assets</b>		<b>16,938,293</b>	<b>16,218,835</b>
<b>Current Liabilities</b>			
Trade creditors and other payables		5,330	5,000
<b>Total Net Assets</b>		<b>16,932,963</b>	<b>16,213,835</b>
<b>Equity</b>			
Accumulated Funds		(41,589)	(35,837)
Endowment Funds	7	17,581,073	16,869,949
Specific Funds		(606,521)	(620,277)
<b>Total Equity</b>		<b>16,932,963</b>	<b>16,213,835</b>

*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 2017  
In New Zealand Dollars**

	Note	Accumulated Funds	Endowment Funds	Specific Funds	Total equity
Balance 1 July 2015		(30,330)	16,795,840	432	16,765,942
Total comprehensive income for the year					
Surplus for the year		(552,107)	-	-	(552,107)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		(552,107)	-	-	(552,107)
Transfers between equity reserves		546,600	74,109	(620,709)	-
<b>Balance 30 June 2016</b>		<b>(35,837)</b>	<b>16,869,949</b>	<b>(620,277)</b>	<b>16,213,885</b>
Total comprehensive income for the year					
Surplus for the year		719,128	-	-	719,128
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		719,128	-	-	719,128
Transfers between equity reserves		(724,880)	711,124	13,756	-
<b>Balance 30 June 2017</b>		<b>(41,589)</b>	<b>17,581,073</b>	<b>(606,521)</b>	<b>16,932,963</b>

*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 2017**  
**In New Zealand Dollars**

	Note	2017	2016
Cash flows from Operating activities			
Donations		137,915	62,017
Dividends and interest		155,505	149,092
Payments to suppliers, employees and the Trust		(910,240)	(1,647,281)
Net cash flows from/ (used in) operating activities		(616,820)	(1,436,172)
Cash flows from investing activities			
Purchase of Investments		(13,225,000)	(2,100,000)
Withdrawal of investments		13,949,276	1,308,804
Net cash flows from/ (used in) investing activities		724,276	(791,196)
Cash flows from financing activities			
Repayment of loan		-	-
Net cash flows from/ (used in) financing activities		-	-
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>107,456</b>	<b>(2,227,368)</b>
Cash and cash equivalents at beginning of year		39,315	2,266,683
Cash and cash equivalents at end of year		146,771	39,315

*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*

**I 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 2017.

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 24 August 2017.

**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 Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

**(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.

**Presentation currency**

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

**(c) Use of estimates and judgements**

The preparation of financial statements in conformity with PBE IPSAS RDR 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. 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 Outward Bound Trust of New Zealand Foundation**  
**Notes to the financial statements**  
*In New Zealand dollars*

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. No significant judgements or estimates have been made in the preparation of these financial statements.

**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) 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 Revenue and Expenses.

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 Revenue and Expenses.

**(d) Trade creditors and other payables**

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

**(e) 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.



**The Outward Bound Trust of New Zealand Foundation**  
**Notes to the financial statements**  
*In New Zealand dollars*

**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.

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 surplus or deficit, 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 surplus or deficit include investments, which were designated upon initial recognition at fair value through surplus or deficit. Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Revenue and Expenses.

*(iii) Impairment*

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 Revenue and Expenses, within expenses.

**Subsequent measurement of financial liabilities**

All financial liabilities held by the Foundation are designated as “loans and advances”, 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

**The Outward Bound Trust of New Zealand Foundation**  
**Notes to the financial statements**  
*In New Zealand dollars*

**(f) 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 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 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 Revenue and Expense when received unless a use or return condition exists. Where donations and grants have such a condition, they are held as revenue in advance until such time as the condition is satisfied at which at which point the balance is recognised within the Statement of Comprehensive Revenue and Expense.

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 Revenue and Expense 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.

**(g) Income Tax**

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

**(h) GST**

The Foundation is not registered for Goods & Services Tax.

**The Outward Bound Trust of New Zealand Foundation**  
**Notes to the financial statements**  
*In New Zealand dollars*

**4 Other expenses**

Expenditure disclosed in the Statement of Comprehensive Revenue and Expense includes:

	2017	2016
Audit fees for financial statement audit	5,555	5,123

**5 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 surplus or deficit".

After initial recognition for investments classed as "fair value through surplus or deficit", any movement in the fair value or impairment is recognised in the Statement of Comprehensive Revenue and Expense.

The Foundation's FCNZ, ANZ and AMP Capital investment portfolios and other equity investments are classified as "fair value through surplus or deficit", 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 readily able to be sold.

	2017	2016
Rangatira shares	2,971,250	2,817,500
ANZ investment portfolio	-	2,221,434
FCNZ investment portfolio	1,506	10,743,508
AMP Capital	13,507,496	-
<b>Total</b>	<b>16,480,252</b>	<b>15,782,442</b>

All investments are carried at fair value with movements recognised in the Statement of Comprehensive Revenue and Expense. Investments are considered to be long-term by nature and therefore are classified as non-current assets. Cash funds held within the investment portfolio at balance date were \$1,350,093 (2016: \$544,364)

**6 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**

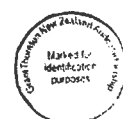
The Outward Bound Trust of New Zealand is the ultimate controlling party of the Foundation.

**(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.



**The Outward Bound Trust of New Zealand Foundation**  
**Notes to the financial statements**  
*In New Zealand dollars*

**(c) Related party transactions**

No provision has been required, nor any expense recognised for impairment for any loans or other receivable balance to related parties (2016: \$nil).

**Outward Bound Trust Current Account**

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

	2017	2016
Opening payable balance	(197,075)	(111,024)
Foundation expenditure paid by the Trust	795,995	757,272
Repayment of current account by Foundation	(710,190)	(843,323)
<b>Closing payable balance</b>	<b>111,270</b>	<b>(197,075)</b>

**Outward Bound Trust Loan**

On 30 April 2015 the Foundation advanced a \$200,000 loan to the Outward Bound Trust of New Zealand, to support its operational costs. The loan is repayable on demand with an interest rate charged at 0%. The terms of the loan are reviewed on a six-monthly basis.

The loan is classified as a non-current asset as it is not expected to be called with 12 months of balance date.

	2017	2016
Loan balance with Outward Bound Trust of New Zealand Foundation	200,000	200,000
<b>Carrying value in balance sheet</b>	<b>200,000</b>	<b>200,000</b>

**(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>	2017	2016
Salaries and other short-term employee benefits	-	-

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

**(e) Other related party transactions**

There were no other related party transactions in the 2017 and 2016 financial reporting years.

**7 Equity reserves**

All income and expenditure is recognised in the Statement of Comprehensive Revenue and Expense and the surplus for the year taken to accumulated funds. 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.

**The Outward Bound Trust of New Zealand Foundation**  
**Notes to the financial statements**  
*In New Zealand dollars*

**(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 Revenue and Expense and transferred to the Endowment Funds equity reserve from Accumulated Funds.

**8 Financial instruments**

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	2017	2016
<b>Financial Assets</b>		
<i>Financial assets at fair value through surplus or deficit</i>		
Investments	16,480,252	15,782,442
<i>Loans and receivables</i>		
Cash and cash equivalents	146,771	39,315
Outward Bound Trust current account	111,270	197,078
Outward Bound Trust Loan	200,000	200,000
<b>Total</b>	<b>16,938,293</b>	<b>16,218,835</b>

	2017	2016
<b>Financial Liabilities</b>		
<i>At amortised cost</i>		
Trade creditors and other payables	5,330	5,000
<b>Total</b>	<b>5,330</b>	<b>5,000</b>

**9 Capital Commitments**

The Foundation has no capital commitments as at balance date (2016: \$ Nil).

**10 Contingent Liabilities**

The Foundation has no contingent liabilities as at balance date (2016: \$ Nil).

**11 Subsequent Events**

There were no significant events after balance date requiring reporting or adjustment in these financial statements (2016: Nil).

# Independent Auditor's Report

**Audit****Grant Thornton New Zealand Audit Partnership**

L15 Grant Thornton House,  
215 Lambton Quay  
PO Box 10712  
Wellington 6143

Telephone: +64 4 474 8500  
Fax: +64 4 474 8509  
[www.granthornton.co.nz](http://www.granthornton.co.nz)

**To the Trustees of The Outward Bound Trust of New Zealand Foundation****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of The Outward Bound Trust of New Zealand Foundation on pages 1 to 11 which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 30 June 2017 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) Reduced Disclosure Regime.

**Basis for Opinion**

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 Financial Statements* section of our report. We are independent of the Entity in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Entity.

**Trustees' Responsibilities for the Financial Statements**

The Trustees are responsible on behalf of the entity for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) Reduced Disclosure

Regime, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing the Foundation'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 Trustees either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

#### **Restriction on use of our report**

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state to the Trustees, as a body, 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 Foundation and the Trustees, as a body, for our audit work, for this report or for the opinion we have formed.

#### **Grant Thornton New Zealand Audit Partnership**



**B Smith**  
Partner  
**Wellington**

**28 August 2017**