

**Cancer Society of New Zealand Auckland Northland Division  
Incorporated**

**(formerly known as Cancer Society of New Zealand Auckland  
Division Incorporated)**

**Financial statements**

**for the year ended 31 March 2016**

<b>Contents</b>	<b>Pages</b>
Directory	1
Independent auditor's report	2-3
Statements of comprehensive revenue and expense	4
Statements of changes in net assets/equity	5
Statements of financial position	6
Statements of cash flows	7
Significant accounting policies	8-19
Notes to the financial statements	20-29

**Cancer Society of New Zealand Auckland Northland Division Incorporated  
(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)  
Directory  
for the year ended 31 March 2016**

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<b>DATE OF INCORPORATION</b>	20 February 1951
<b>REGISTERED OFFICE</b>	1 Boyle Crescent Grafton Auckland
<b>CHARITIES REGISTRATION NUMBER</b>	CC22556
<b>INCORPORATION NUMBER</b>	221619
<b>PRESIDENT</b>	G N K Brown
<b>VICE PRESIDENTS</b>	J B Koea
<b>INDEPENDENT AUDITOR</b>	BDO Auckland Auckland
<b>BANKERS</b>	ANZ Bank Auckland
<b>SOLICITORS</b>	Simpson Grierson Barristers & Solicitors Auckland

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
CANCER SOCIETY OF NEW ZEALAND AUCKLAND NORTHLAND DIVISION INCORPORATED**

**Report on the Financial Statements**

We have audited the financial statements of Cancer Society of New Zealand Auckland Northland Division Incorporated ("the Society") and its controlled entities (together "the Group") on pages 4 to 29, which comprise the consolidated and separate statements of financial position as at 31 March 2016, and the consolidated and separate statements of comprehensive revenue and expense, statements of changes in net assets/equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Members, as a body, in accordance with the Rules of Society. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditors' 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 Members, as a body, for our audit work, for this report, or for the opinions we have formed.

**The Board's Responsibility for the Financial Statements**

The Board are responsible on behalf of the Society and the Group for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued in New Zealand by the New Zealand Accounting Standards Board and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on financial position and our qualified audit opinion on financial performance and cash flows.

In addition to audit services, our firm provides other services in the areas of business advisory. We have no other relationship with, or interests in the Society or any of its controlled entities.

**Basis for Qualified Opinion on Financial Performance and Cash Flows**

Control over income from Daffodil Day Appeal and donations of \$751,747 (2015: \$1,544,085), prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control. Accordingly the completeness of revenue and related cash flows is unable to be determined.

**Qualified Opinion on Financial Performance and Cash Flows**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial performance and cash flows of the Society and the Group for the year ended 31 March 2016 are presented fairly, in all material respects, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

**Opinion on Financial Position**

In our opinion, the financial position of the Society and the Group as at 31 March 2016 is presented fairly, in all material respects, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

A handwritten signature in blue ink that reads 'BDO Auckland'.

**BDO Auckland**  
**21 June 2016**  
**Auckland**  
**New Zealand**

**Cancer Society of New Zealand Auckland Northland Division Incorporated**  
**(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)**  
**Statements of comprehensive revenue and expense**  
**for the year ended 31 March 2016**

	<i>Note</i>	<b>Group 2016 \$</b>	<b>Group 2015 \$</b>	<b>Society 2016 \$</b>	<b>Society 2015 \$</b>
Revenue from non-exchange transactions	2	6,772,218	8,626,974	6,899,218	8,371,808
Revenue from exchange transactions	3	2,149,316	1,949,525	2,149,316	1,949,525
Financial income	6	1,288,571	1,320,140	709,777	806,816
Other income		3,356	14,300	3,356	14,300
<b>Total income</b>		<b>10,213,461</b>	<b>11,910,939</b>	<b>9,761,667</b>	<b>11,142,449</b>
Administration expenses	7	2,589,067	2,472,550	2,514,404	2,400,235
Research costs		3,179,668	3,141,962	3,179,668	3,141,962
Support service expenses		2,106,273	2,179,420	2,106,273	2,179,420
Domain Lodge accommodation expenses		1,301,913	1,328,225	1,301,913	1,328,225
Fundraising & promotion costs		1,605,140	2,736,719	1,605,140	2,736,719
Health promotion costs		541,743	585,945	541,743	585,945
<b>Total expenses</b>		<b>11,323,804</b>	<b>12,444,821</b>	<b>11,249,141</b>	<b>12,372,506</b>
<b>Surplus/ (deficit) for the year attributable to members</b>		<b>(1,110,343)</b>	<b>(533,882)</b>	<b>(1,487,474)</b>	<b>(1,230,057)</b>
Other comprehensive revenue and expense:					
Fair value movement on available for sale financial assets		573,680	1,239,369	(1,478)	61,377
Gain or loss on available for sale financial assets transferred to profit or loss on sale	6	(200,667)	(181,354)	(17,920)	(36,230)
<b>Total comprehensive revenue and expense</b>		<b>373,013</b>	<b>1,058,015</b>	<b>(19,398)</b>	<b>25,147</b>
<b>Total comprehensive revenue and expense for the period attributable to members</b>		<b>(737,330)</b>	<b>524,133</b>	<b>(1,506,872)</b>	<b>(1,204,910)</b>

This statement must be read in conjunction with the notes to the accounts and the audit report on pages 2-3.

Cancer Society of New Zealand Auckland Northland Division Incorporated  
(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)  
Statements of changes in net assets/equity  
for the year ended 31 March 2016

<i>Note</i>	Available for sale assets reserve \$	Accumulated funds \$	Total \$
<b>Society</b>			
<b>2015</b>			
Balance at 1 April 2014	178,570	28,403,670	28,582,240
Comprehensive revenue and expense:			
Fair value movement - available for sale financial assets transferred to profit or loss on sale	61,377 (36,230)	- -	61,377 (36,230)
Surplus (deficit) for the year	-	(1,230,057)	(1,230,057)
Total comprehensive revenue and expense	25,147	(1,230,057)	(1,204,910)
<b>Balance at 31 March 2015</b>	<b>203,717</b>	<b>27,173,613</b>	<b>27,377,330</b>
<b>Society</b>			
<b>2016</b>			
Balance at 1 April 2015	203,717	27,173,613	27,377,330
Comprehensive revenue and expense:			
Fair value movement - available for sale financial assets transferred to profit or loss on sale	(1,478) (17,920)	- -	(1,478) (17,920)
Surplus (deficit) for the year	-	(1,487,474)	(1,487,474)
Total comprehensive revenue and expense	(19,398)	(1,487,474)	(1,506,872)
<b>Balance at 31 March 2016</b>	<b>184,319</b>	<b>25,686,139</b>	<b>25,870,458</b>
<b>Group</b>			
<b>2015</b>			
Balance at 1 April 2014	1,287,820	37,565,184	38,853,004
Comprehensive revenue and expense:			
Fair value movement - available for sale financial assets transferred to profit or loss on sale	1,239,369 (181,354)	- -	1,239,369 (181,354)
Surplus (deficit) for the year	-	(533,882)	(533,882)
Total comprehensive revenue and expense	1,058,015	(533,882)	524,133
<b>Balance at 31 March 2015</b>	<b>2,345,835</b>	<b>37,031,302</b>	<b>39,377,137</b>
<b>Group</b>			
<b>2016</b>			
Balance at 1 April 2015	2,345,835	37,031,302	39,377,137
Comprehensive revenue and expense:			
Fair value movement - available for sale financial assets transferred to profit or loss on sale	573,680 (200,667)	- -	573,680 (200,667)
Surplus (deficit) for the year	-	(1,110,343)	(1,110,343)
Total comprehensive revenue and expense	373,013	(1,110,343)	(737,330)
<b>Balance at 31 March 2016</b>	<b>2,718,848</b>	<b>35,920,959</b>	<b>38,639,807</b>

Cancer Society of New Zealand Auckland Northland Division Incorporated  
(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)  
Statements of financial position  
as at 31 March 2016

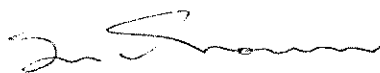
	Note	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
<b>Equity</b>					
Accumulated funds		35,920,959	37,031,302	25,686,139	27,173,613
Available for sale assets reserve		2,718,848	2,345,835	184,319	203,717
<b>Total Equity</b>		<b>38,639,807</b>	<b>39,377,137</b>	<b>25,870,458</b>	<b>27,377,330</b>
<b>Non-current liabilities</b>					
Employee benefits	15	69,915	74,370	69,915	74,370
<b>Total non-current liabilities</b>		<b>69,915</b>	<b>74,370</b>	<b>69,915</b>	<b>74,370</b>
<b>Current liabilities</b>					
Trade payables	14	695,702	1,230,866	669,610	1,207,292
Employee benefits	15	269,516	225,529	269,516	225,529
<b>Total current liabilities</b>		<b>965,218</b>	<b>1,456,395</b>	<b>939,126</b>	<b>1,432,821</b>
<b>Total liabilities</b>		<b>1,035,133</b>	<b>1,530,765</b>	<b>1,009,041</b>	<b>1,507,191</b>
<b>Total equity and liabilities</b>		<b>39,674,940</b>	<b>40,907,902</b>	<b>26,879,499</b>	<b>28,884,521</b>
<b>Non-current assets</b>					
Investments	11	20,557,621	21,306,030	7,905,473	9,305,291
Property, plant and equipment	12	6,296,739	6,679,722	6,296,739	6,679,722
Properties held for strategic purposes	13	5,587,803	5,657,728	5,587,803	5,657,728
<b>Total non-current assets</b>		<b>32,442,163</b>	<b>33,643,480</b>	<b>19,790,015</b>	<b>21,642,741</b>
<b>Current assets</b>					
Cash and cash equivalents	8	2,368,415	1,929,207	2,368,415	1,929,207
Investments	11	4,066,260	4,961,175	4,066,260	4,961,175
Receivables - exchange transactions	9	256,512	227,813	113,219	205,171
Receivables - non exchange transactions	10	350,000	-	350,000	-
GST receivable		191,590	146,227	191,590	146,227
<b>Total current assets</b>		<b>7,232,777</b>	<b>7,264,422</b>	<b>7,089,484</b>	<b>7,241,780</b>
<b>Total assets</b>		<b>39,674,940</b>	<b>40,907,902</b>	<b>26,879,499</b>	<b>28,884,521</b>

For and on behalf of the board:

Dated: 21 June 2016



Chief Executive



President

Cancer Society of New Zealand Auckland Northland Division Incorporated  
(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)  
**Statements of cash flows**  
for the year ended 31 March 2016

	Note	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
<b>Cash flows from operating activities</b>					
Cash provided from:					
Receipts from public, services and other sources		8,500,828	10,691,242	8,748,479	10,441,153
Interest received		1,078,805	1,131,022	682,758	762,822
Dividends received		9,099	7,764	9,099	7,764
		<u>9,588,732</u>	<u>11,830,028</u>	<u>9,440,336</u>	<u>11,211,739</u>
Cash applied to:					
Payments to suppliers and to employees		(11,152,079)	(11,348,642)	(11,079,934)	(11,274,289)
<b>Net cash from operating activities</b>	21	<u>(1,563,347)</u>	<u>481,386</u>	<u>(1,639,598)</u>	<u>(62,550)</u>
<b>Cash flows from investing activities</b>					
Cash provided from:					
Proceeds from sale of property, plant & equipment		1,739	12,174	1,739	12,174
Proceeds from sale of investments		8,143,556	4,637,760	480,704	858,701
Cash applied to:					
Purchase of investments		(5,926,552)	(5,180,421)	1,812,551	(857,426)
Purchase of property, plant & equipment		(216,188)	(187,063)	(216,188)	(187,063)
<b>Net cash from investing activities</b>		<u>2,002,555</u>	<u>(717,550)</u>	<u>2,078,806</u>	<u>(173,614)</u>
<b>Net (decrease)/increase in cash, and cash equivalents</b>		439,208	(236,164)	439,208	(236,164)
Cash and cash equivalents at the beginning of the year		1,929,207	2,165,371	1,929,207	2,165,371
<b>Cash and cash equivalents at the end of the year</b>	8	<u>2,368,415</u>	<u>1,929,207</u>	<u>2,368,415</u>	<u>1,929,207</u>



**Cancer Society of New Zealand Auckland Northland Division Incorporated**  
**(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)**  
**Notes to the financial statements**  
**for the year ended 31 March 2016**

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**1. Statement of significant accounting policies for the year**

**Reporting entity**

The Cancer Society of New Zealand Auckland Northland Division Incorporated (formerly known as Cancer Society of New Zealand Auckland Division Incorporated) ("the Society") is an incorporated society incorporated in New Zealand under the Incorporated Societies Act 1908 and registered under the Charities Act 2005. The Society is a public benefit entity for the purposes of financial reporting.

This is the Society's first set of financial statements presented in accordance with PBE Standards.

The Society is domiciled and operates in New Zealand. The primary objective of the Society is to provide support and counselling services for cancer patients. The Society also supports research into the causes and treatment of cancer.

The Society changed its trading and registered name from Cancer Society of New Zealand Auckland Division Incorporated to Cancer Society of New Zealand Auckland Northland Division Incorporated.

**Group**

The group consolidated financial statements include the Society and the Davis Carr Cancer Society Endowment Trust as described in note 24.

**Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with the Charities Act 2005 and generally accepted accounting practice in New Zealand. They comply with *Public Benefit Entity International Public Sector Accounting Standards* (PBE IPSAS) and other applicable Financial Reporting Standards, as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted. The Group qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between \$2 million and \$30 million operating expenditure.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

The financial statements are presented in New Zealand dollars (\$), which is the functional currency of the Society and Group's presentation currency, rounded to the nearest dollar. There has been no change in the functional currency of the Society and Group during the year.

**Cancer Society of New Zealand Auckland Northland Division Incorporated**  
**(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)**  
**Notes to the financial statements**  
**for the year ended 31 March 2016**

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**Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by group entities.

***Basis of consolidation***

***Controlled entities***

Controlled entities are entities controlled by the Group, being where the Group has power to govern the financial and operating policies of another entity so as to benefit from that entity's activities. The financial statements of the Group's controlled entities are included in the financial statements from the date that control commences until the date that control ceases.

Subsequent changes in a controlled entity that do not result in a loss of control are accounted for as transactions with controllers of the controlling entity in their capacity as controllers, within net assets/equity.

The Society established the Davis Carr Cancer Society Endowment Trust (the Trust) on 31 March 2008 to maintain and develop Domain Lodge, assist with the work and activities of the Society and provide funds for cancer research and treatment and assistance to those with cancer. The Society has the power to govern the financial and operating policies of the Trust so as to benefit from the Trust's activities.

***Transactions eliminated on consolidation***

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

***Revenue***

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

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

***Revenue from exchange transactions***

***Sale of goods***

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

For sales of goods that occur on the Group entity's premises, transfer of risks and rewards occurs at the point of sale.



**Cancer Society of New Zealand Auckland Northland Division Incorporated**  
**(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)**  
**Notes to the financial statements**  
**for the year ended 31 March 2016**

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***Revenue (continued)***

***Revenue from Domain Lodge accommodation***

Revenue from services rendered is recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date. The stage of completion is assessed by reference to the accommodation services provided at reporting date.

Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

***Rental income on investment property***

Rental income from properties held for strategic purposes is recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

***Revenue from non-exchange transactions***

Non-exchange transactions are those where the Group receives an inflow of resources ((i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

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

***Fundraising***

The Group's fundraising activities involve public cash collections. Fundraising non-exchange revenue is recognised at the point at which cash is received.

***Volunteer service***

The Society would be unable to operate without the extensive volunteer service it receives from members, supporters, service groups and the general public. These services relate to both raising revenue and service delivery. Principal volunteer services include street collectors for Daffodil Day, entrants and organisers of Relay for Life events, numerous small fund raising events sponsored by individuals and service clubs, board members who provide governance to the Group, drivers who transport cancer patients to their treatment and meal service providers who deliver meals to cancer patients homes. Generally, the contributions made by individuals is not recorded in detail. No complete record of hours is available and the diverse nature of contribution and individuals involved means it is not possible to reliably value the services they provide. For this reason the value of volunteer services is not recognised as revenue.

***Grants, Donations, Legacies and bequests***

The recognition of non-exchange revenue from Grants, Donations, Legacies and bequests depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

**Cancer Society of New Zealand Auckland Northland Division Incorporated**  
**(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)**  
**Notes to the financial statements**  
**for the year ended 31 March 2016**

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***Revenue (continued)***

*Donated assets*

Where a physical asset is donated or vested in the Group for nil or nominal consideration the asset received is recognised at fair value and the amount of the donation/subsidy is recognised as non-exchange revenue. Assets vested in the Group are recognised as revenue when control through ownership over the asset is obtained.

*Research income*

Research income is recognised by reference to the stage of completion. The stage of completion is determined by reference to the specific output required from research income. The specific output is based on agreed milestones.

*Financial income*

*Dividends*

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

***Employee benefits***

*Short-term employee benefits*

Employee benefits that the Group expects to be settled within 12 months of reporting date are measured at nominal values based on accrued entitlements at current rates of pay on an undiscounted basis.

These include salaries and wages accrued up to reporting date, annual leave earned to, but not yet taken at reporting date, expected to be settled within 12 months, and sick leave.

*Long-term employee benefits*

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities.

Provision is made for benefits accruing to employees in respect of long service leave based on the probability that settlement will be required.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

*Defined contribution pension plans*

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in surplus or deficit in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

***Finance income and finance costs***

Finance income comprises interest income on financial assets and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

Finance costs comprise interest expense on financial liabilities, unwinding of the discount on provisions, losses on disposal of available-for-sale financial assets, and impairment losses recognised on financial assets.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

***Financial instruments***

The Group initially recognises financial instruments when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Group also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies financial assets into the following categories: *loans and receivables, and available-for-sale*.

The Group classifies financial liabilities into the following category: *amortised cost*.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

**Cancer Society of New Zealand Auckland Northland Division Incorporated**  
**(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)**  
**Notes to the financial statements**  
**for the year ended 31 March 2016**

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***Financial instruments (continued)***

*Loans and receivables*

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

*Loans and receivables* are subsequently measured at amortised cost using the effective interest method, less any impairment losses (refer Impairment of non-derivative financial assets).

*Loans and receivables* comprise cash and cash equivalents and receivables.

*Cash and cash equivalents* represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

*Available-for-sale financial assets*

*Available-for-sale* financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

*Available-for-sale* financial assets are subsequently measured at fair value with gains or losses (other than foreign exchange gains or losses) recognised in other comprehensive revenue and expense and presented in the AFS fair value reserve within net assets/equity, less impairment (refer Impairment of non-derivative financial assets).

Upon derecognition, the accumulated gain or loss within net assets/equity is reclassified to surplus or deficit.

*Available-for-sale* financial assets comprise shares and bonds.

*Amortised cost financial liabilities*

Financial liabilities classified as *amortised cost* are non-derivative financial liabilities that are not classified as *fair value through surplus or deficit* financial liabilities.

Financial liabilities classified as *amortised cost* are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as *amortised cost* comprise cash and cash equivalents (bank overdrafts), and payables.

***Impairment of non-derivative financial assets***

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an equity security classified as an *available-for-sale* financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

***Financial assets classified as loans and receivables***

The Group considers evidence of impairment for financial assets measured at amortised cost (*loans and receivables*) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against *loans and receivables*. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

***Impairment of non-derivative financial assets (continued)***

*Financial assets classified as available-for-sale*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in net assets/equity to surplus or deficit.

The cumulative loss that is reclassified from net assets/equity to surplus or deficit is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in surplus or deficit.

Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired *available-for-sale* debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit. However, any subsequent recovery in the fair value of an impaired *available-for-sale* equity security is recognised in other comprehensive revenue and expense.

***Property, plant and equipment***

Items of property plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses. All of the Group's items of property plant and equipment are subsequently measured in accordance with the cost model.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour
- Costs directly attributable to bringing the assets to a working condition for their intended use
- When the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- Capitalised borrowing costs.

***Subsequent costs***

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



**Cancer Society of New Zealand Auckland Northland Division Incorporated**  
**(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)**  
**Notes to the financial statements**  
**for the year ended 31 March 2016**

---

***Property, plant and equipment (continued)***

***Depreciation***

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. Depreciation is charged to profit and loss. Land is not depreciated. The useful lives and associated depreciation rates of major classes of assets have been estimated for current and prior period as follows:

Asset	Economic Life
Plant and Equipment	5 years
Computer equipment	3 years
Motor vehicles	6.7 years
Buildings	30 years

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

***Properties held for strategic purposes***

Properties which are held for strategic purposes are held to meet service delivery objectives and are accounted for under PBE IPSAS 17 Property, Plant and Equipment. Refer to "property, plant and equipment" above.

Buildings	30 years	Straight Line Method
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The residual value, depreciation method and useful life of buildings is reviewed, and adjusted if applicable, at each financial year-end.

***Research and development***

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in surplus or deficit as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in surplus or deficit as incurred.

***Impairment of non-financial assets***

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

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. 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.

Value in use is depreciated replacement cost of an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the group or society would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in surplus and deficit.

The carrying amounts of the Group and Society's assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists.

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount but not to an amount that would exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

***Income tax***

The Group was granted charitable tax status by the Charities Commission. As such no taxation expense has been provided for.

***Goods and services tax (GST)***

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**Cancer Society of New Zealand Auckland Northland Division Incorporated**  
**(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)**  
**Notes to the financial statements**  
**for the year ended 31 March 2016**

---

***Foreign currency***

Transactions in foreign currencies are converted at the New Zealand rate of exchange at the date of transaction. At the reporting date, any foreign currency monetary assets and liabilities are translated at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in surplus or deficit, except for the following differences which are recognised in other comprehensive revenue and expense arising on the retranslation of available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive revenue and expense are reclassified to surplus or deficit).

***Critical accounting estimates and assumptions***

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is noted below:

- The Board have judged that the Group's investment properties are held for strategic purpose and therefore the properties are accounted for under PBE IPSAS 17 Property, Plant and Equipment and not PBE IPSAS 16 Investment Property (refer to note 13).
- The Board have judged that the Davis Carr Cancer Society Endowment Trust (Trust) is a special purpose entity controlled by the Society as the board appoints the trustees and are the beneficiaries of the trust (refer to note 24).
- Revenue from bequests and legacies: Where there is a life interest associated with the bequest or legacy or the bequest or the legacy is being contested, the revenue from the bequest and legacy is not recognised until the revenue is measurable and probable.
- The Society has adopted a strategy of purchasing properties adjacent to Domain Lodge, as they become available for sale, for the purpose of providing for the future development of Domain Lodge. It is anticipated the demand for the patient accommodation will steadily increase and it will become necessary to expand the accommodation facilities. Given the close proximity of the Domain Lodge to the Auckland Public Hospital it is expected any future development will take place adjacent to and in conjunction with the existing Domain Lodge building.

**Cancer Society of New Zealand Auckland Northland Division Incorporated**  
**(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)**  
**Notes to the financial statements**  
**for the year ended 31 March 2016**

---

**Changes in accounting policy**

These are the Society's and Group's first set of financial statements presented in accordance with the *PBE Standards*. The transition had immaterial impact on the accounting policies of the Society and Group. All accounting policies were applied consistently during the year.

**Accounting standards issued not yet effective**

There are no new standards or interpretations that have recently been issued or amended that are not yet effective that have been adopted by the Group and the Society for the annual reporting period ended 31 March 2016.

2 Revenue from non-exchange transactions

	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
Bequest and legacies				
- For general purposes	2,529,536	2,614,518	2,529,536	2,614,518
- For research	212,345	175,617	212,345	175,617
Donations, appeals & events and memoriam	4,030,337	5,836,839	3,842,337	5,266,673
Grant from Davis Carr Cancer Society Endowment Trust	-	-	315,000	315,000
Total revenue from non-exchange transactions	6,772,218	8,626,974	6,899,218	8,371,808

Note 18

3 Revenue from exchange transactions

	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
Information services income	48,225	41,558	48,225	41,558
Health promotion income	157,368	75,086	157,368	75,086
Revenue from property rentals	318,442	308,799	318,442	308,799
Revenue from Domain Lodge accommodation	1,625,281	1,524,082	1,625,281	1,524,082
Total revenue from exchange transactions	2,149,316	1,949,525	2,149,316	1,949,525

4 Gain on disposal of property, plant & equipment

The Group disposes of motor vehicles when they reach a pre-determined mileage or age. During the year 1 motor vehicles was disposed of through private sale and a gain of \$1,739 was recognised from disposal of this vehicle. The gain from asset disposals in 2015 was \$12,174.

5 Employee benefit costs

	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
Salaries and wages	3,943,935	3,913,414	3,943,935	3,913,414
Contributions to defined contribution plans	19,518	22,051	19,518	22,051
Contributions to medical insurance	57,526	59,653	57,526	59,653
Total employee benefit costs	4,020,979	3,995,118	4,020,979	3,995,118

6 Financial income

Recognised in revenue	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
<i>Dividend income on available for sale financial assets</i>				
Dividends	9,099	7,764	9,099	7,764
<i>Interest income on loans and receivables</i>				
Interest on term deposits and bank balance	559,569	593,673	559,569	593,673
<i>Interest/distribution income on available for sale financial assets</i>				
Interest/distribution on available for sale financial Assets	519,236	537,349	123,189	169,149
<i>Income from available for sale financial assets on disposal</i>				
Gain or loss transferred from equity	200,667	181,354	17,920	36,230
Total financial income	1,288,571	1,320,140	709,777	806,816

Cancer Society of New Zealand Auckland Northland Division Incorporated  
(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)  
Notes to the financial statements  
for the year ended 31 March 2016

7 Administration expenses

	Group 2016	Group 2015	Society 2016	Society 2015
	\$	\$	\$	\$
<i>Administration expenses include the following:</i>				
Audit fee (for the audit of the financial statements)	33,234	29,052	24,675	24,345
Depreciation on property, plant & equipment (note 12)	597,432	602,375	597,432	602,375
Depreciation on properties held for strategic purposes (note 13)	69,925	69,925	69,925	69,925
Cancer Society Levy	460,168	453,365	460,168	453,365
Salaries and wages	535,000	492,302	535,000	492,302
Computer costs	218,112	194,665	218,112	194,665
Other administration expenses	675,196	630,866	609,092	563,258
	<u>2,589,067</u>	<u>2,472,550</u>	<u>2,514,404</u>	<u>2,400,235</u>

8 Cash and cash equivalents

	Group 2016	Group 2015	Society 2016	Society 2015
	\$	\$	\$	\$
Cash at bank	2,368,415	1,929,207	2,368,415	1,929,207
Total cash and cash equivalents	<u>2,368,415</u>	<u>1,929,207</u>	<u>2,368,415</u>	<u>1,929,207</u>

9 Receivables - exchange transactions

	Group 2016	Group 2015	Society 2016	Society 2015
	\$	\$	\$	\$
Accounts receivable	223,160	187,031	79,867	164,389
Other receivable	12,364	12,795	12,364	12,795
Accrued bank interest	20,988	27,987	20,988	27,987
Total trade receivables	<u>256,512</u>	<u>227,813</u>	<u>113,219</u>	<u>205,171</u>

As at 31 March 2016 and 2015 there were no impairment allowances.

10 Receivable - non exchange transactions

	Group 2016	Group 2015	Society 2016	Society 2015
	\$	\$	\$	\$
Monetary legacies and bequests	350,000	-	350,000	-
Total non trade receivables	<u>350,000</u>	<u>-</u>	<u>350,000</u>	<u>-</u>

## 11 Investments

	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
<i>Current investments</i>				
Loans and receivables - term deposits with maturity under 12 months	3,650,000	4,500,000	3,650,000	4,500,000
Available for sale financial assets - bonds	416,260	461,175	416,260	461,175
	<u>4,066,260</u>	<u>4,961,175</u>	<u>4,066,260</u>	<u>4,961,175</u>
<i>Term investments</i>				
	\$	\$	\$	\$
Loans and receivables - term deposits with maturity over 12 months	6,450,000	7,450,000	6,450,000	7,450,000
Available for sale financial assets - bonds	1,070,230	1,483,620	1,070,230	1,483,620
Available for sale financial assets - shares	385,243	371,671	385,243	371,671
Available for sale financial assets - unit funds				
Nikko am wholesale nz cash fund	1,095,182	631,680	-	-
Nikko am wholesale nz bond fund	2,426,083	3,531,615	-	-
Nikko am corporate bond fund	634,959	-	-	-
Nikko am wholesale global bond fund	1,793,908	1,699,431	-	-
Nikko am wholesale sri equity fund	3,565,497	3,019,610	-	-
Nikko am wholesale property fund	694,414	1,178,505	-	-
F & C stewardship international fund	2,442,105	1,939,898	-	-
	<u>20,557,621</u>	<u>21,306,030</u>	<u>7,905,473</u>	<u>9,305,291</u>

The investments held by the Trust in unit funds are managed by Nikko Asset Management New Zealand Limited and the Trust Board in accordance with the Statement of Investment Policy and Objectives. Also refer to notes 22 and 24.

### Available for sale financial assets - bonds

#### Group

Interest-bearing available for sale financial assets with a carrying amount of \$1,486,490 as at 31 March 2016 (2015: \$1,944,795) have stated interest rates of 6 to 8 percent (2015: 6 to 8 percent) and mature between 0.53 and 3.19 years. The bonds are listed on the New Zealand stock exchange.

#### Society

Interest-bearing available for sale financial assets with a carrying amount of \$1,486,490 as at 31 March 2016 (2015: \$1,944,795) have stated interest rates of 6 to 8 percent (2015: 6 to 8 percent) and mature between 0.53 and 3.19 years.

### Available for sale financial assets - shares

#### Group and Society

The shares are listed on the New Zealand and London stock exchanges.

The Group and Society's exposure to credit, currency and interest rate risks related to investments is disclosed in note 22.

### Available for sale financial assets - unit funds

#### Group

The fair value for the various unit funds available for sale financial assets is determined as follows:

Cash funds - at face value of the amounts deposited or drawn;

Listed government and semi government securities - by reference to quoted bid price;

Unlisted investments - at valuation based on arm's length transactions, reference to other instruments that have substantially the same characteristics, discounted cash flow analysis and other pricing models;

Unit trusts - by reference to the quoted bid price.

Cancer Society of New Zealand Auckland Northland Division Incorporated  
(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)  
Notes to the financial statements  
for the year ended 31 March 2016

12 Property, plant and equipment

Group & Society	Land \$	Building \$	Plant & Equipment \$	Computers	Motor Vehicles \$	Total \$
<b>Cost</b>						
Balance at 31 March 2014	300,944	12,241,748	319,847	302,350	461,112	13,626,001
Additions	-	-	54,151	52,451	68,287	174,889
Disposals	-	-	(52,164)	(36,132)	(77,717)	(166,013)
Balance at 31 March 2015	300,944	12,241,748	321,834	318,669	451,682	13,634,877
Balance at 31 March 2015	300,944	12,241,748	321,834	318,669	451,682	13,634,877
Additions	-	-	73,520	45,938	94,991	214,449
Disposals	-	-	(20,392)	(180,128)	(26,795)	(227,315)
Balance at 31 March 2016	300,944	12,241,748	374,962	184,479	519,878	13,622,011
<b>Accumulated depreciation</b>						
Balance at 31 March 2014	-	5,869,014	172,028	178,957	298,794	6,518,793
Depreciation for the year	-	408,058	60,825	71,734	61,758	602,375
Release on disposal	-	-	(52,164)	(36,132)	(77,717)	(166,013)
Balance at 31 March 2015	-	6,277,072	180,689	214,559	282,835	6,955,155
Balance at 31 March 2015	-	6,277,072	180,690	214,558	282,835	6,955,155
Depreciation for the year	-	408,058	63,347	67,984	58,043	597,432
Release on disposal	-	-	(20,392)	(180,128)	(26,795)	(227,315)
Balance at 31 March 2016	-	6,685,130	223,645	102,414	314,083	7,325,272
<b>Carrying amounts</b>						
At 31 March 2014	300,944	6,372,734	147,819	123,393	162,318	7,107,208
At 31 March 2015	300,944	5,964,676	141,145	104,110	168,847	6,679,722
At 31 March 2016	300,944	5,556,618	151,317	82,065	205,795	6,296,739

13 Properties held for strategic purposes

Group & Society	Land	Buildings	Total
<b>Cost</b>			
Balance at 31 March 2014	4,175,651	2,097,760	6,273,411
Additions	-	-	-
Balance at 31 March 2015	4,175,651	2,097,760	6,273,411
Balance at 31 March 2015	4,175,651	2,097,760	6,273,411
Additions	-	-	-
Balance at 31 March 2016	4,175,651	2,097,760	6,273,411
<b>Accumulated depreciation</b>			
Balance at 31 March 2014	-	545,758	545,758
Depreciation for the year	-	69,925	69,925
Balance at 31 March 2015	-	615,683	615,683
Balance at 31 March 2015	-	615,683	615,683
Depreciation for the year	-	69,925	69,925
Balance at 31 March 2016	-	685,608	685,608
<b>Carrying amounts</b>			
At 31 March 2014	4,175,651	1,552,002	5,727,653
At 31 March 2015	4,175,651	1,482,077	5,657,728
At 31 March 2016	4,175,651	1,412,152	5,587,803

Properties held for strategic purposes comprises a number of domestic properties that are leased to third parties. Subsequent renewals are negotiated with the lessees. No contingent rents are charged. See note 16 for further information.



Cancer Society of New Zealand Auckland Northland Division Incorporated  
(formerly known as Cancer Society of New Zealand Auckland Division Incorporated)  
Notes to the financial statements  
for the year ended 31 March 2016

14 Trade payables - exchange transactions

	Group 2016	Group 2015	Society 2016	Society 2015
	\$	\$	\$	\$
Trade payables from exchange transactions	695,702	1,230,866	669,610	1,207,292
Total trade payables	695,702	1,230,866	669,610	1,207,292

15 Employee benefit liabilities

	Group 2016	Group 2015	Society 2016	Society 2015
	\$	\$	\$	\$
<i>Current</i>				
Current portion of long-service leave (long term employee benefit)	12,750	10,962	12,750	10,962
Holiday pay accrual (short term employee benefit)	176,481	172,346	176,481	172,346
Accrued expense (short term employee benefit)	80,285	42,221	80,285	42,221
Total current employee benefit liabilities	269,516	225,529	269,516	225,529
<i>Non-current</i>				
Non current portion of long-service leave	69,915	74,370	69,915	74,370
Total non-current employee benefit liabilities	69,915	74,370	69,915	74,370

16 Financial commitments and operating leases

Leases as lessee

At balance date the Group and Society had operating lease commitments of \$nil (2015 - \$nil).

Financial commitments:

	Next 12 months	Between 1 - 5 years	Beyond 5 years
<b>Group and Society</b>			
<b>2016</b>			
Cancer Trials NZ - clinical trials	243,000	-	-
Travel grants	14,702	-	-
ACS Research Centre funding and other fundraising costs	2,405,000	-	-
	2,662,702	-	-
<b>2015</b>			
Cancer Trials NZ - clinical trials	270,000	-	-
Travel grants	3,625	-	-
ACS Research Centre funding and other fundraising costs	2,645,000	-	-
	2,918,625	-	-

Leases as lessor

The Group and Society leases out its properties held for strategic purposes under operating leases (see note 13). The future minimum lease payments under non- cancellable leases are as follows:

	Group 2016	Group 2015	Society 2016	Society 2015
	\$	\$	\$	\$
Less than one year	11,036	12,116	11,036	12,116
Between one and five years	-	-	-	-
More than five years	-	-	-	-
	11,036	12,116	11,036	12,116

**17 Contingencies**

**Contingent liability**

The Group and Society have no contingent liabilities as at 31 March 2016 (2015 - \$nil).

**Contingent assets**

At reporting date the Group and Society has received intimation concerning bequests which will be received in the future. These bequests cannot be quantified by the Group and Society as at reporting date due to fact that they cannot be reliably measured. A register is maintained of all the future bequests receivable.

This is available from the Domain Lodge, 1 Boyle Crescent, Grafton.

**18 Related party transactions**

*The following transactions were carried out with related parties during the year.*

(1) Two of the board members of the Society are also members of the steering committee for Cancer Trials New Zealand. Professor Michael Findlay is a Director of Cancer Trials NZ and Associate Professor Jonathan Koea is a surgeon at Auckland City Hospital. The Society is a sponsor of Cancer Trials NZ and it funded \$270,000 in the 2016 financial year (2015: \$270,000).

(2) Cancer Society of New Zealand Incorporated is partly funded by the Society. The Society is entitled to representation on the board of the Cancer Society of New Zealand Incorporated. In 2016 the Society paid administration and research levies of \$751,583 which is equal to 35% of the total divisional levy (2015: \$740,476).

(3) In the current year, the Davis Carr Cancer Society Endowment Trust paid a grant of \$315,000 to the Society to assist with the maintenance of Domain Lodge and the day to day work of the Society (2015: \$315,000) (refer to note 24).

(4) In the current year, the Waikato/ Bay Of Plenty Division Cancer Society of New Zealand (Incorporated) paid the Society \$20,386

(2015: \$27,841) to assist in the costs of providing the 0800 telephone support service to the Auckland/Waikato region.

There are no fees paid to any board member.

**18 Related party transactions (continued)**

**Key management personnel**

The Directors and executive team are considered to be the key management personnel of the Group and Society. Directors of the Society receive no remuneration.

	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
Compensation to key management personnel:				
Short term employee benefits	762,581	814,567	762,581	814,567
·	762,581	814,567	762,581	814,567

**19 Events after the reporting date**

There were no significant events after the reporting date.

## 20 Capital management

The Group and Society's capital is its equity, which comprises of accumulated funds and available for sale financial assets reserve. Equity is represented by net assets.

The members require the Board to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently. The Group and Society's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing the Group and Society's equity is to ensure the Group and Society effectively achieves its objectives and purpose, whilst remaining a going concern.

The Group and Society is not subject to any externally imposed capital requirements.

The Rules of the Society and the Trust permit the Board to purchase securities or property authorised by law for the investment of trust funds.

## 21 Reconciliation of profit or loss for the year with cash from operating activities

	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
Profit or loss for the year	(1,110,343)	(533,882)	(1,487,474)	(1,230,057)
Add back non-cash items				
Profit/(Loss) on sold assets transferred to profit and loss	(200,667)	(181,354)	(17,920)	(36,230)
Depreciation	667,357	672,300	667,357	672,300
Movement in working capital:				
Decrease (increase) in accounts receivable	(378,699)	144,489	(258,048)	149,566
Decrease (increase) in other receivables	(45,363)	(44,046)	(45,363)	(44,046)
Increase (decrease) in accounts payable and provisions	(495,632)	423,879	(498,150)	425,917
Net cash flow from operating activities	<u>(1,563,347)</u>	<u>481,386</u>	<u>(1,639,598)</u>	<u>(62,550)</u>

## 22 Financial instruments

The Group and Society is risk averse and seeks to minimise its exposure to risks associated with financial assets and liabilities. Exposure to risk is minimised by review of monthly portfolio valuations, asset allocations and portfolio performance. Investment managers are required to present quarterly reviews containing benchmark comparisons, investment commentary and portfolio recommendations.

The principal goals of performance monitoring are to assess the extent to which the investment objectives are being achieved; to compare the performance of the appointed investment manager against the performance of other relevant professional managers and market indices; to confirm that all investment constraints have been complied with; to ascertain the existence of particular weakness in the investment manager and /or products utilised; and to allow the continual assessment of the investment manager to successfully meet the Group and Society's objectives.

### Market risk

All equity investments present a risk of loss of capital due to factors outside the control of the Group and Society such as competition, regulatory change, commodity price changes and changes in general economic climates domestically and internationally. The investment manager moderates this risk by diversifying investments within asset classes across sectors of the economy; diligent research processes; and monitoring existing investments for default risk. The Group and Society are exposed to interest rate risk, price risk and currency risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rate interest rates. The Group and Society manage the interest rate risk by ensuring that the investments are made for varying periods, depending on the cash requirements of the Group and Society.

The Group and Society are exposed to the risk of fluctuations in the underlying value of their listed portfolio investments.

The Group holds assets denominated in foreign currencies and is therefore exposed to currency risk as the value of the foreign currency dominated assets will fluctuate with changes in the relative value of the New Zealand dollar compared to the respective foreign currencies.

## 22 Financial instruments (continued)

### Interest rate and pricing risk sensitivity analysis

Based on historical movements and volatilities and management's knowledge and experience, management believes that the following movements are 'reasonably possible' :

The Group and Society has fixed rate bonds which are accounted for as available for sale assets. Therefore a 10% increase / (decrease) in bond prices at reporting date would impact surplus or deficit; net assets/equity by :

	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
+ 10% increase Surplus or deficit	743,662	780,752	148,649	194,480
- 10% decrease Surplus or deficit	(743,662)	(780,752)	(148,649)	(194,480)

A change of 1% in interest rates for term deposits at the reporting date would have increased/ (decreased) surplus or deficit; net assets/equity by the amounts as shown below:

	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
+ 1% increase Surplus or deficit	124,684	138,792	124,684	138,792
- 1% decrease Surplus or deficit	(124,684)	(138,792)	(124,684)	(138,792)

The Group and Society also has equity investments which are accounted for as available for sale assets which are listed on the New Zealand stock exchange and other recognised markets and are subject to price risk. A 15% increase/ (decrease) in equity prices at the reporting date would have impacted surplus or deficit; net assets/equity by:

	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
+ 15% increase	1,063,089	976,453	57,786	55,751
- 15% decrease	(1,063,089)	(976,453)	(57,786)	(55,751)

The Group holds assets denominated in foreign currency. Based on the New Zealand dollar volatility over the past 10 years, a 10% strengthening or weakening of the New Zealand dollar at reporting date would have impacted surplus or deficit; net assets/equity by:

	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
+ 10% increase	(709,228)	(330,848)	-	-
- 10% decrease	866,834	404,370	-	-

### Credit risk

Credit risk is the risk that a third party will default on its obligations to the Group and Society, causing the Group and Society to incur a loss. Financial instruments which may subject the Group and Society to credit risk consist of bank balances, bank term deposits, and accounts receivable. The maximum exposure to credit risk at the reporting date is the carrying amount of those instruments.

The Group and Society does not anticipate non-performance by counterparties and has no significant concentrations of credit risk. The Group and Society minimises their credit exposure by using only registered banks, and buying bonds in organisations that are blue chip corporate or government related.

### Liquidity risk

Liquidity risk is the risk that the Group and Society will encounter difficulty raising liquid funds to meet commitments as they fall due. The Group and Society has ongoing commitments to pay trade and other payables.

The Group and Society pays trade and other payables when they fall due, which is typically within 30 days. The Group and Society has cash and other short term deposits that it can use to meet its ongoing payment obligations.

There is no liquidity risk.

**22 Financial Instruments (continued)**

**Fair values**

All financial instruments are recognised in the statement of financial position and are stated at carrying amounts that are also a reasonable approximation of their fair values.

**Fair value hierarchy**

As at 31 March 2016, the Group held the following financial instruments measured at fair value:

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using ; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: techniques which use inputs which have a significant effect on the recorded value that are not based on observable market data

**Assets measured at fair value**

2016	31 March	Level 1	Level 2	Level 3
	2016			
	\$	\$	\$	\$
<b>Group</b>				
<i>Available for sale financial assets</i>				
Bonds	1,486,940	1,486,940	-	-
Shares	385,243	385,243	-	-
Unit funds	12,652,148	-	12,652,148	-
<b>Society</b>				
<i>Available for sale financial assets</i>				
Bonds	1,486,490	1,486,490	-	-
Shares	385,243	385,243	-	-
Unit funds	-	-	-	-

During the reporting period ending 31 March 2016, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

2015	31 March	Level 1	Level 2	Level 3
	2015			
	\$	\$	\$	\$
<b>Group</b>				
<i>Available for sale financial assets</i>				
Bonds	1,944,795	1,944,795	-	-
Shares	371,671	371,671	-	-
Unit funds	12,000,739	-	12,000,739	-
<b>Society</b>				
<i>Available for sale financial assets</i>				
Bonds	1,944,795	1,944,795	-	-
Shares	371,671	371,671	-	-
Unit funds	-	-	-	-

During the reporting period ending 31 March 2015, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

23 Financial assets and financial liabilities

	Group 2016 \$	Group 2015 \$	Society 2016 \$	Society 2015 \$
<b>Current financial assets</b>				
<i>Loans and receivables</i>				
Cash at bank	2,368,415	1,929,207	2,368,415	1,929,207
Loans and receivables - term deposits with maturity under 12 months	3,650,000	4,500,000	3,650,000	4,500,000
Accounts receivable	223,160	187,031	79,867	164,389
Other receivables	12,364	12,795	12,364	12,795
Accrued bank interest	20,988	27,987	20,988	27,987
<i>Available for sale financial assets</i>				
Available for sale financial assets - bonds	416,260	461,175	416,260	461,175
<b>Non current financial assets</b>				
<i>Loans and receivables</i>				
Loans and receivables - term deposits with maturity over 12 months	6,450,000	7,450,000	6,450,000	7,450,000
<i>Available for sale financial assets</i>				
Available for sale financial assets - bonds	1,070,230	1,483,620	1,070,230	1,483,620
Available for sale financial assets - shares	385,243	371,671	385,243	371,671
Available for sale financial assets - unit funds	12,652,148	12,000,739	-	-
<b>Current financial liabilities</b>				
<i>Financial liabilities measured at amortised cost</i>				
Trade payables from exchange transactions	695,702	1,230,866	669,610	1,207,292

24 Group entity

**Davis Carr Cancer Society Endowment Trust**

The Davis Carr Cancer Society Endowment Trust was established in March 2008 to provide future income to maintain the patient support work carried out at Domain Lodge. The Board have judged that the Trust is a Group entity controlled by the Society as the board appoints the trustees and are the beneficiaries of the trust.

The reporting date for the Trust is 31 March 2016. The principal activity of the Trust is investment.