

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

**Financial statements
for the year ended 31 March 2021**

Contents	Pages
Directory	1
Independent auditor's report	2
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
Notes to and forming part of financial statements	8-17

**Cancer Society of New Zealand Auckland Northland Division Incorporated
Directory
for the year ended 31 March 2021**

DATE OF INCORPORATION 20 February 1951

REGISTERED OFFICE 1 Boyle Crescent
Grafton
Auckland

CHARITIES REGISTRATION NUMBER CC22556

INCORPORATION NUMBER 221619

PRESIDENT C Kinser

INDEPENDENT AUDITOR BDO Auckland
Auckland

BANKERS ANZ Bank
Auckland

SOLICITORS Armstrong Murray
Lawyers
Auckland

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

Qualified Opinion

We have audited the consolidated and separate financial statements of Cancer Society of New Zealand Auckland Northland Division Incorporated ("the Society") and its controlled entity (together, "the Group"), which comprise the consolidated and separate statements of financial position as at 31 March 2021, and the consolidated and separate statements of comprehensive revenue and expense, consolidated and separate statements of changes in net assets/equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Society and Group as at 31 March 2021, the consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion

Control over revenue from Donations, Appeals, and Events Memoriam of \$1,039,792 (2020: \$1,064,279), 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.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Society and Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society or its controlled entity.

Board's Responsibilities for the Consolidated and Separate Financial Statements

The Board is responsible on behalf of the Society and Group for the preparation and fair presentation of the consolidated and separate financial statements in accordance with PBE Standards RDR, and for such internal control as the Board determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board is responsible on behalf of the Society and Group for assessing the Society and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

unless the Board either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated and separate financial statements.

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

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Auckland

BDO Auckland
Auckland
New Zealand
29 June 2021

Cancer Society of New Zealand Auckland Northland Division Incorporated
Statements of comprehensive revenue and expense
for the year ended 31 March 2021

	<i>Note</i>	Group 2021 \$	Group 2020 \$	Society 2021 \$	Society 2020 \$
Revenue from non-exchange transactions	2	14,038,931	12,611,574	14,038,931	12,601,574
Revenue from exchange transactions	3	1,739,060	1,981,889	1,739,060	1,981,889
Financial income	5	1,012,116	519,205	750,139	178,080
Other income		9,038	974	9,038	974
Total income		16,799,145	15,113,642	16,537,168	14,762,517
Administration expenses	6	2,975,866	3,070,795	2,862,488	2,972,720
Research costs		2,441,061	2,422,587	2,441,061	2,422,587
Support service expenses		2,444,073	2,445,710	2,444,073	2,445,710
Domain Lodge accommodation expenses		1,285,681	1,284,106	1,285,681	1,284,106
Fundraising & promotion costs		3,002,126	3,231,834	3,002,126	3,231,834
Health promotion costs		414,301	408,800	414,301	408,800
Grant to Davis Carr Cancer Society Endowment Trust		-	-	2,815,478	2,026,865
Total expenses		12,563,108	12,863,832	15,265,208	14,792,622
Surplus/ (deficit) for the year attributable to members		4,236,037	2,249,810	1,271,960	(30,105)
Other comprehensive revenue and expense:					
Fair value movement on available for sale financial assets		5,759,670	134,298	2,447,064	(11,574)
Gain or loss on available for sale financial assets transferred to surplus or deficit on sale	5	(553,047)	(25,141)	(553,047)	95,679
Other comprehensive revenue and expense		5,206,623	109,157	1,894,017	84,105
Total comprehensive revenue and expense for the period attributable to members		9,442,660	2,358,967	3,165,977	54,000

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
Statements of changes in net assets/equity
for the year ended 31 March 2021

<i>Note</i>	Available for sale assets reserve \$	Accumulated funds \$	Total \$
Society			
2020			
Balance at 1 April 2019	536,972	26,212,212	26,749,184
Comprehensive revenue and expense:			
Fair value movement - available for sale financial assets	(11,574)	-	(11,574)
Gain or loss on available for sale financial assets transferred to surplus or deficit on sale	95,679	-	95,679
Surplus (deficit) for the year	-	(30,105)	(30,105)
Total comprehensive revenue and expense	84,105	(30,105)	54,000
Balance at 31 March 2020	621,077	26,182,107	26,803,184
Society			
2021			
Balance at 1 April 2020	621,077	26,182,107	26,803,184
Comprehensive revenue and expense:			
Fair value movement - available for sale financial assets	2,447,064	-	2,447,064
Gain or loss on available for sale financial assets transferred to surplus or deficit on sale	(553,047)	-	(553,047)
Surplus (deficit) for the year	-	1,271,960	1,271,960
Total comprehensive revenue and expense	1,894,017	1,271,960	3,165,977
Balance at 31 March 2021	2,515,094	27,454,067	29,969,161
Group			
2020			
Balance at 1 April 2019	4,622,067	37,033,608	41,655,675
Comprehensive revenue and expense:			
Fair value movement - available for sale financial assets	134,298	-	134,298
Gain or loss on available for sale financial assets transferred to surplus or deficit on sale	(25,141)	-	(25,141)
Surplus (deficit) for the year	-	2,249,810	2,249,810
Total comprehensive revenue and expense	109,157	2,249,810	2,358,967
Balance at 31 March 2020	4,731,224	39,283,418	44,014,642
Group			
2021			
Balance at 1 April 2020	4,731,224	39,283,418	44,014,642
Comprehensive revenue and expense:			
Fair value movement - available for sale financial assets	5,759,670	-	5,759,670
Gain or loss on available for sale financial assets transferred to surplus or deficit on sale	(553,047)	-	(553,047)
Surplus (deficit) for the year	-	4,236,037	4,236,037
Total comprehensive revenue and expense	5,206,623	4,236,037	9,442,660
Balance at 31 March 2021	9,937,847	43,519,455	53,457,302

Cancer Society of New Zealand Auckland Northland Division Incorporated
Statements of financial position
as at 31 March 2021

	Note	Group 2021 \$	Group 2020 \$	Society 2021 \$	Society 2020 \$
Equity					
Accumulated funds		43,519,455	39,283,418	27,454,067	26,182,107
Available for sale assets reserve		9,937,847	4,731,224	2,515,094	621,077
Total Equity		53,457,302	44,014,642	29,969,161	26,803,184
Non-current liabilities					
Employee benefits	14	100,719	87,073	100,719	87,073
Total non-current liabilities		100,719	87,073	100,719	87,073
Current liabilities					
Trade payables - exchange transactions	13	419,370	352,077	383,921	321,543
Payables - non exchange transactions		157,703	357,507	398,278	684,372
Income in advance		143,000	174,600	143,000	174,600
Employee benefits	14	303,399	257,398	303,399	257,398
Total current liabilities		1,023,472	1,141,582	1,228,598	1,437,913
Total liabilities		1,124,191	1,228,655	1,329,317	1,524,986
Total equity and liabilities		54,581,493	45,243,297	31,298,478	28,328,170
Non-current assets					
Investments	10	42,037,215	32,964,444	18,754,200	16,049,317
Property, plant and equipment	11	4,180,656	4,616,003	4,180,656	4,616,003
Properties held for strategic purposes	12	5,238,178	5,308,103	5,238,178	5,308,103
Total non-current assets		51,456,049	42,888,550	28,173,034	25,973,423
Current assets					
Cash and cash equivalents	7	1,801,600	1,275,951	1,801,600	1,275,951
Investments	10	950,000	850,000	950,000	850,000
Receivables - exchange transactions	8	117,537	133,853	117,537	133,853
Receivables - non exchange transactions	9	150,000	-	150,000	-
GST receivable		106,307	94,943	106,307	94,943
Total current assets		3,125,444	2,354,747	3,125,444	2,354,747
Total assets		54,581,493	45,243,297	31,298,478	28,328,170

For and on behalf of the board:

Dated: 29 June 2021

Chief Executive

President

Cancer Society of New Zealand Auckland Northland Division Incorporated
Statements of cash flows
for the year ended 31 March 2021

	<i>Note</i>	Group 2021	Group 2020	Society 2021	Society 2020
		\$	\$	\$	\$
Cash flows from operating activities					
Cash provided from:					
Receipts from public, services and other sources		15,620,619	14,583,286	15,620,619	14,676,742
Interest received		188,731	272,278	188,731	272,278
Dividends received		9,487	10,334	9,487	10,334
		<u>15,818,837</u>	<u>14,865,898</u>	<u>15,818,837</u>	<u>14,959,354</u>
Cash applied to:					
Payments to suppliers and to employees		(12,027,429)	(12,226,003)	(14,828,553)	(13,846,084)
Net cash from operating activities		<u>3,791,408</u>	<u>2,639,895</u>	<u>990,284</u>	<u>1,113,270</u>
Cash flows from investing activities					
Cash provided from:					
Proceeds from sale of property, plant & equipment		12,608	13,042	12,608	13,042
Proceeds from sale of investments		1,220,435	4,517,761	850,000	4,200,000
Cash applied to:					
Purchase of investments		(4,371,559)	(6,844,386)	(1,200,000)	(5,000,000)
Purchase of property, plant & equipment		(127,243)	(238,663)	(127,243)	(238,663)
Net cash from investing activities		<u>(3,265,759)</u>	<u>(2,552,246)</u>	<u>(464,635)</u>	<u>(1,025,621)</u>
Net increase in cash, and cash equivalents		525,649	87,649	525,649	87,649
Cash and cash equivalents at the beginning of the year		1,275,951	1,188,302	1,275,951	1,188,302
Cash and cash equivalents at the end of the year	7	<u>1,801,600</u>	<u>1,275,951</u>	<u>1,801,600</u>	<u>1,275,951</u>

1. Statement of significant accounting policies for the year

Reporting entity

The Cancer Society of New Zealand Auckland Northland 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.

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.

Group

The group consolidated financial statements include the Society and the Davis Carr Cancer Society Endowment Trust as described in note 15.

Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with the Charities Act 2005 and New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). 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 ("Tier2 PBE Standards"), for which all reduced disclosure regime exemptions have been adopted. The Group and Society are eligible to apply Tier 2 PBE Standards because they both have annual expenditure less than \$30 million and they are not publically accountable.

These financial statements have been prepared under the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Available for sale financial instruments (note 10)

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 during the year.

The accounting policies have been applied consistently to all periods presented in these financial statements except as noted below:

Going Concern Disclosures (Amendments to PBE IPSAS 1)

During the period, an amendment to PBE IPSAS 1 in relation to going concern disclosures was adopted by the Society and Group. The amendment introduced more specific disclosures about going concern assessments to provide more relevant and transparent information about the matters considered when making such assessments. This amendment has not had an impact on accounting policies of the Society and Group. Because the Society and Group are going concerns with significant reserves, no further disclosures around the going concern assessment are considered to be required by the Board.

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 Society and 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 12). The Society has adopted a strategy of purchasing properties adjacent to its Domain Lodge property, 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.
- 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 the Society is the beneficiary of the Trust (refer to note 15).
- 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.

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 and any resulting exchange variations are included in surplus or deficit.

Foreign currency differences arising on retranslation are recognised in surplus or deficit, except for differences 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), which are recognised in other comprehensive revenue and expense.

2 Revenue from non-exchange transactions

	Group 2021 \$	Group 2020 \$	Society 2021 \$	Society 2020 \$
Bequest and legacies				
- For general purposes	3,517,951	4,858,641	3,517,951	4,858,641
- For research	3,757,553	1,554,039	3,757,553	1,554,039
Donations, appeals, grants & events and memoriam	5,881,782	6,198,894	5,881,782	6,188,894
Grant from COVID wage subsidy	881,645	-	881,645	-
Total revenue from non-exchange transactions	14,038,931	12,611,574	14,038,931	12,601,574

2 Revenue from non-exchange transactions (continued)

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.

3 Revenue from exchange transactions

	Group 2021 \$	Group 2020 \$	Society 2021 \$	Society 2020 \$
Information services income	67,927	31,781	67,927	31,781
Revenue from property rentals	396,354	398,891	396,354	398,891
Revenue from Domain Lodge accommodation	1,274,779	1,551,217	1,274,779	1,551,217
Total revenue from exchange transactions	1,739,060	1,981,889	1,739,060	1,981,889

Rendering of services

The Group's services includes information and health promotion services provided.

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 work performed at reporting date for both service related income streams.

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 properties held for strategic purposes

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 Domain Lodge accommodation

Revenue from Domain Lodge accommodation (rental of rooms) is recognised in surplus or deficit when rooms are occupied.

Cancer Society of New Zealand Auckland Northland Division Incorporated
Notes to and forming part of the Financial Statements
for the year ended 31 March 2021

4 Employee benefit costs

	Group 2021 \$	Group 2020 \$	Society 2021 \$	Society 2020 \$
Salaries and wages	4,683,782	4,489,265	4,683,782	4,489,265
Contributions to medical insurance	54,905	49,897	54,905	49,897
Total employee benefit costs	4,738,687	4,539,162	4,738,687	4,539,162

5 Financial income

Recognised in revenue	Group 2021 \$	Group 2020 \$	Society 2021 \$	Society 2020 \$
<i>Dividend income on available for sale financial assets</i>				
Dividends	9,487	10,334	9,487	10,334
<i>Interest income on loans and receivables</i>				
Interest on term deposits and bank balance	124,774	200,215	124,774	200,215
<i>Interest/distribution income on available for sale financial assets</i>				
Interest/distribution income on available for sale financial assets	324,808	283,515	62,831	63,210
<i>Income from available for sale financial assets on disposal</i>				
Realised gain or loss transferred from other comprehensive revenue and expense	553,047	25,141	553,047	(95,679)
Total financial income	1,012,116	519,205	750,139	178,080

Finance income comprises interest income on financial assets, gains on the disposal of available-for-sale financial assets and dividend income. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method. Income from dividends is recognised when the Group's right to receive payment is established, and the amount can be reliably measured.

Finance costs comprise interest expense on financial liabilities and losses on disposal of available-for-sale financial assets.

6 Administration expenses

	Group 2021 \$	Group 2020 \$	Society 2021 \$	Society 2020 \$
<i>Administration expenses include the following:</i>				
Audit fee (for the audit of the financial statements)	32,012	30,195	24,250	22,950
Depreciation on property, plant & equipment (note 11)	557,771	533,277	557,771	533,277
Depreciation on properties held for strategic purposes (note 12)	69,925	69,925	69,925	69,925
Cancer Society Levy	719,241	687,058	719,241	687,058
Salaries and wages	606,850	557,054	606,850	557,054
Computer costs	359,842	358,982	359,842	358,982
Other administration expenses	630,225	834,304	524,609	743,474
Total administration expenses	2,975,866	3,070,795	2,862,488	2,972,720

7 Cash and cash equivalents

	Group 2021 \$	Group 2020 \$	Society 2021 \$	Society 2020 \$
Cash on hand	1,050	1,050	1,050	1,050
Cash at bank on call	1,800,550	1,274,901	1,800,550	1,274,901
Total cash and cash equivalents	1,801,600	1,275,951	1,801,600	1,275,951

8 Receivables - exchange transactions

	Group 2021 \$	Group 2020 \$	Society 2021 \$	Society 2020 \$
Accounts receivable	113,236	128,426	113,236	128,426
Other receivable	334	334	334	334
Accrued bank interest	3,967	5,093	3,967	5,093
Total receivable - exchange transactions	117,537	133,853	117,537	133,853

As at 31 March 2021 and 2020 there were no impairment allowances.

Cancer Society of New Zealand Auckland Northland Division Incorporated
Notes to and forming part of the Financial Statements
for the year ended 31 March 2021

9 Receivable - non exchange transactions

	Group 2021	Group 2020	Society 2021	Society 2020
	\$	\$	\$	\$
Monetary legacies, bequests and grants	150,000	-	150,000	-
Total receivable - non exchange transactions	150,000	-	150,000	-

10 Investments

	Group 2021	Group 2020	Society 2021	Society 2020
	\$	\$	\$	\$
<i>Current investments</i>				
Loans and receivables -term deposits with maturity under 12 months	950,000	850,000	950,000	850,000
	<u>950,000</u>	<u>850,000</u>	<u>950,000</u>	<u>850,000</u>
<i>Term investments</i>				
Loans and receivables - term deposits with maturity over 12 months	1,400,000	2,350,000	1,400,000	2,350,000
Available for sale financial assets -bonds	208,100	202,980	208,100	202,980
Available for sale financial assets - shares	685,355	502,373	685,355	502,373
Available for sale financial assets - managed funds	39,743,760	29,909,091	16,460,745	12,993,964
	<u>42,037,215</u>	<u>32,964,444</u>	<u>18,754,200</u>	<u>16,049,317</u>

The investments held by the Society and Trust in unit funds are managed respectively by ANZ Investments and Nikko Asset Management New Zealand Limited and the Trust Board in accordance with the Statement of Investment Policy and Objectives.

Available for sale financial assets - bonds

Group and Society

Interest-bearing available for sale financial assets with a carrying amount of \$208,100 as at 31 March 2021 (2020: \$202,980) have a stated interest rate of 4 percent (2020: 4 percent) and mature in 1.68 years.
The bonds are listed on the New Zealand stock exchange.

Available for sale financial assets - shares

Group and Society

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

Available for sale financial assets - investments in managed funds

Group

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

Cash funds - at face value of the amounts held

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.

11 Property, plant and equipment

Group & Society	Land	Building	Plant & Equipment	Computers	Motor Vehicles	Total
Cost	\$	\$	\$		\$	\$
Balance at 1 April 2020	300,944	12,241,748	180,999	452,261	424,983	13,600,935
Additions	-	-	24,432	68,045	34,766	127,243
Disposals	-	-	(54,151)	(228,833)	(80,208)	(363,192)
Balance at 31 March 2021	<u>300,944</u>	<u>12,241,748</u>	<u>151,280</u>	<u>291,473</u>	<u>379,541</u>	<u>13,364,986</u>
Accumulated depreciation						
Balance at 1 April 2020	-	8,317,362	120,843	303,777	242,950	8,984,932
Depreciation for the year	-	408,058	19,538	83,494	46,681	557,771
Release on disposal	-	-	(54,151)	(228,832)	(75,390)	(358,373)
Balance at 31 March 2021	<u>-</u>	<u>8,725,420</u>	<u>86,230</u>	<u>158,439</u>	<u>214,241</u>	<u>9,184,330</u>
Carrying amounts						
At 31 March 2020	<u>300,944</u>	<u>3,924,386</u>	<u>60,156</u>	<u>148,484</u>	<u>182,033</u>	<u>4,616,003</u>
At 31 March 2021	<u>300,944</u>	<u>3,516,328</u>	<u>65,050</u>	<u>133,034</u>	<u>165,300</u>	<u>4,180,656</u>

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.

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.

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 surplus or deficit. 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.

12 Properties held for strategic purposes

	Land	Buildings	Total
Group & Society			
Cost			
Balance at 1 April 2020	4,175,651	2,097,760	6,273,411
Additions	-	-	-
Balance at 31 March 2021	4,175,651	2,097,760	6,273,411
Accumulated depreciation			
Balance at 1 April 2020	-	965,308	965,308
Depreciation for the year	-	69,925	69,925
Balance at 31 March 2021	-	1,035,233	1,035,233
Carrying amounts			
At 31 March 2020	4,175,651	1,132,452	5,308,103
At 31 March 2021	4,175,651	1,062,527	5,238,178

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.

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.

Asset	Economic Life	
Buildings	30 years	Straight Line Method

The residual value, depreciation method and useful life of buildings is reviewed, and adjusted if applicable, at each financial year-end.

13 Trade payables - exchange transactions

	Group 2021	Group 2020	Society 2021	Society 2020
	\$	\$	\$	\$
Trade payables from exchange transactions	419,370	352,077	383,921	321,543
Total trade payables - exchange transactions	419,370	352,077	383,921	321,543

14 Employee benefit liabilities

	Group 2021	Group 2020	Society 2021	Society 2020
	\$	\$	\$	\$
<i>Current</i>				
Current portion of long-service leave (long term employee benefit)	6,596	7,777	6,596	7,777
Holiday pay accrual (short term employee benefit)	249,350	198,425	249,350	198,425
Accrued expense (short term employee benefit)	47,453	51,196	47,453	51,196
Total current employee benefit liabilities	303,399	257,398	303,399	257,398
<i>Non-current</i>				
Non current portion of long-service leave	100,719	87,073	100,719	87,073
Total non-current employee benefit liabilities	100,719	87,073	100,719	87,073
Total employee benefit liabilities	404,118	344,471	404,118	344,471

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.

14 Employee benefit liabilities (continued)

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.

15 Group entity

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. The Board have judged that the Trust is a Group entity controlled by the Society as the Board appoints the trustees and the Society is the beneficiary of the Trust.

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

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.

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.

16 Related party transactions

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

(1) 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 2021 the Society paid administration and research levies of \$865,644 which is equal to 35% of the total divisional levy (2020: \$855,072). There was nil owing to Cancer Society of New Zealand Incorporated at year end (2020: \$28,909)

(2) In 2021, the Society paid grants totalling \$2,815,478 to the Cancer Society Davis Carr Endowment Trust (the "Trust"). (2020: \$2,026,865). The balance as at 31 March 2021 owing to the Trust is \$240,578 (2020: \$326,865)

(3) In the current year, the Waikato/ Bay Of Plenty Division Cancer Society of New Zealand (Incorporated) paid the Society \$26,065 (2020: \$18,726) to assist in the costs of providing the 0800 telephone support service to the Auckland/Waikato region.

(4) A board member of the Society, Associate Professor Jonathan Koea was also a member of the steering committee for Cancer Trials New Zealand. The Society is a sponsor of Cancer Trials NZ and it funded \$243,000 in the 2021 financial year (2020: \$243,000).

There are no fees paid to any board member.

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 and Trustees of the Trust receive no remuneration.

Group and Society	2021	Number of	2020	Number of
	\$	individuals	\$	individuals
Compensation to key management personnel:				
Short term employee benefits	852,294	6	705,387	7
	<u>852,294</u>		<u>705,387</u>	

17 Financial instruments

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.

Classification of financial instruments

	Group 2021	Group 2020	Society 2021	Society 2020
	\$	\$	\$	\$
Current financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents	1,801,600	1,275,951	1,801,600	1,275,951
Loans and receivables - term deposits with maturity under 12 months	950,000	850,000	950,000	850,000
Accounts receivable	113,236	128,426	113,236	128,426
Other receivables	334	334	334	334
Accrued bank interest	3,967	5,093	3,967	5,093
Non-exchange receivables	150,000	-	150,000	-
Non current financial assets				
<i>Loans and receivables</i>				
Loans and receivables - term deposits with maturity over 12 months	1,400,000	2,350,000	1,400,000	2,350,000
<i>Available for sale financial assets</i>				
Available for sale financial assets - bonds	208,100	202,980	208,100	202,980
Available for sale financial assets - shares	685,355	502,373	685,355	502,373
Available for sale financial assets - managed funds	39,743,760	29,909,091	16,460,745	12,993,964
Current financial liabilities				
<i>Financial liabilities measured at amortised cost</i>				
Trade payables	419,370	352,077	383,921	321,543
Non-exchange payables	157,703	357,507	398,278	684,372

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.

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, receivables and term deposits.

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.

17 Financial Instruments (continued)

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, bonds and investments in managed funds.

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 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.

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.

18 Financial commitments and operating leases

Leases as lessee

At balance date the Group and Society had operating lease commitments of \$nil (2020 - \$nil).

Financial commitments:

	Next 12 months \$	Between 1 - 5 years \$	Beyond 5 years \$
Group and Society 2021			
Cancer Trials NZ - clinical trials	243,000	-	-
ACS Research Centre funding and other fundraising costs	2,137,000	-	-
	2,380,000	-	-
	Next 12 months \$	Between 1 - 5 years \$	Beyond 5 years \$
Group and Society 2020			
Cancer Trials NZ - clinical trials	243,000	-	-
ACS Research Centre funding and other fundraising costs	2,147,000	-	-
	2,390,000	-	-

19 Contingencies

Contingent liability

The Group and Society have no contingent liabilities as at 31 March 2021 (2020 - \$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.

20 Events after the reporting date

There are no events subsequent to balance date requiring disclosure in these accounts.