

The Outward Bound Trust of New Zealand Foundation

**Financial Statements
For the year ended
30 June 2021**

The Outward Bound Trust of New Zealand Foundation

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The Outward Bound Trust of New Zealand Foundation

Statement of Comprehensive Revenue and Expense			
For the year ended 30 June 2021			
In New Zealand Dollars			
	Note	2021	2020
Revenue from Non Exchange Transactions			
Donations		396,239	381,899
Revenue from Exchange Transactions			
Revenue from interest and investments		2,047,926	522,140
Dividends		172,500	155,250
Net gains/(losses) on financial assets at fair value through surplus and deficit		300,000	(431,250)
		2,520,426	246,140
Total Revenue		2,916,665	628,039
Expenses			
Investment advisory fees		68,869	62,681
Financial assistance		488,381	734,701
Operating Grant to Trust		-	500,000
Audit fees	4	6,143	5,847
Other specific expenditure		21,169	58,663
Total Expenses		584,562	1,361,892
Surplus/(Deficit) for the year		2,332,103	(733,853)
Other comprehensive revenue and expenses		-	-
Total comprehensive revenue and expenses for the year		2,332,103	(733,853)

These financial statements were approved by the Foundation Trustees on 1 September 2021

For and on behalf of the Trust:



Andrew Smith
President
1 September 2021



Tim Watts
Trustee
1 September 2021

The accompanying notes form part of these financial statements

The Outward Bound Trust of New Zealand Foundation

Statement of Financial Position			
As at 30 June 2021			
In New Zealand Dollars			
	Note	2021	2020
Current Assets			
Cash and cash equivalents	8	198,778	128,418
Outward Bound Trust current account	6	-	283,441
Trade debtors and other receivables	8	103,500	-
		302,278	411,859
Non-current Assets			
Outward Bound Trust Loan	6	200,000	200,000
Investments	5	19,446,087	16,778,711
		19,646,087	16,978,711
Total assets		19,948,365	17,390,570
Current Liabilities			
Outward Bound Trust current account	6	225,396	-
Trade creditors and other payables	8	6,143	5,847
		231,539	5,847
Total Net Assets		19,716,826	17,384,723
Equity			
Accumulated Funds		(65,001)	(58,859)
Endowment Funds		20,310,862	18,020,616
Specific Funds		(529,035)	(577,034)
Total Equity		19,716,826	17,384,723

The accompanying notes form part of these financial statements



The Outward Bound Trust of New Zealand Foundation

Statement of Changes in Equity					
For the year ended 30 June 2021					
In New Zealand Dollars					
	Note	Accumulated Funds	Endowment Funds	Specific Funds	Total Equity
Balance 1 July 2019		(53,012)	18,695,727	(524,139)	18,118,576
Total comprehensive income for the year					
Surplus for the year		(733,853)	-	-	(733,853)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		(733,853)	-	-	(733,853)
Transfers between equity reserves		728,006	(675,111)	(52,895)	-
Balance 30 June 2020		(58,859)	18,020,616	(577,034)	17,384,723
Total comprehensive income for the year					
Surplus for the year		2,332,103	-	-	2,332,103
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		2,332,103	-	-	2,332,103
Transfers between equity reserves		(2,338,246)	2,290,246	48,000	-
Balance 30 June 2021		(65,002)	20,310,862	(529,034)	19,716,826

The accompanying notes form part of these financial statements



The Outward Bound Trust of New Zealand Foundation

Statement of Cash Flows			
For the year ended 30 June 2021			
In New Zealand Dollars			
	Note	2021	2020
Cash flows from Operating activities			
Receipts from Donations and Membership		391,229	381,899
Dividends and interest		69,086	155,335
Payments to suppliers and employees		(1,549)	(1,382,850)
Net cash flows from/ (used in) operating activities		458,765	(845,616)
Cash flows from investing activities			
Purchase of Investments		(388,406)	(200,000)
Withdrawal of investments		-	950,000
Net cash flows from/ (used in) investing activities		(388,406)	750,000
Net increase/ (decrease) in cash and cash equivalents		70,360	(95,616)
Cash and cash equivalents at beginning of year		128,418	224,034
Cash and cash equivalents at end of year		198,778	128,418

The accompanying notes form part of these financial statements



The Outward Bound Trust of New Zealand Foundation
Notes to the financial statements
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I Reporting Entity

These financial statements comprise the separate financial statements of the Outward Bound Trust of New Zealand Foundation (the “Foundation”) for the year ended 30 June 2021.

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

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

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

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

(b) Basis of measurement

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

Presentation currency

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

(c) Use of estimates and judgements

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

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

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

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future years affected. The AMP Capital fund includes cash which has been classified as investments due to the cash being part of the total investment portfolio.

3 Significant accounting policies

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

(a) Cash and cash equivalents

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

(b) Impairment

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

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

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

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

(d) Trade creditors and other payables

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

(e) Financial instruments

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

The Foundation has no off-balance sheet financial instruments.

Recognition and de-recognition of financial assets and liabilities

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

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

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

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

Subsequent measurement of financial assets

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

The Foundation currently holds financial assets in two classifications:

(i) *Loans and receivables*

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

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

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

(iii) *Impairment*

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

Subsequent measurement of financial liabilities

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

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Foundation and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

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

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Revenue from non-exchange transactions

Donations and Grants

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

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

Bequests

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

Revenue from Exchange transactions

Interest

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

Dividend Income

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

(g) Income Tax

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

(h) GST

The Foundation is not registered for Goods & Services Tax.

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4 Other expenses

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

	2021	2020
Audit fees for financial statement audit	6,143	5,847
Accounting fee to Grant Thornton for Cash Flow Review	-	6,975
Accounting fee to Grant Thornton for GST Review	-	3,605
Bank fees	1,550	50

5 Investments

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

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

The Foundation's AMP Capital investment portfolios and other equity investments are classified as "fair value through surplus or deficit", because investments held are part of a portfolio of investments, that are managed together to generate short-term profits. The policy of the Foundation is to hold investments for the long-term, but if conditions change the investments are readily able to be sold.

	2021	2020
Rangatira shares	3,534,375	3,234,375
AMP Capital	15,911,712	13,544,336
Total	19,446,087	16,778,711

All investments are carried at fair value with movements recognised in the Statement of Comprehensive Revenue and Expense. Investments are considered to be long-term by nature and therefore are classified as non-current assets. Cash funds held within the investment portfolio at balance date were \$896,491 (2020: \$1,132,857).

6 Related party transactions

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

(a) Parent and ultimate controlling party

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

(b) Related parties

The Foundation is related to the Outward Bound Trust of New Zealand (the "Trust")

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

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(c) Related party transactions

No provision has been required, nor any expense recognised for impairment for any loans or other receivable balance to related parties (2020: \$nil).

Outward Bound Trust Current Account

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

	2021	2020
Opening balance	283,441	199,647
Financial assistance payable	(488,381)	(734,701)
Foundation expenditure paid directly by the Trust	(20,456)	(64,305)
Repayment of current account by Foundation	-	882,800
Closing balance	(225,396)	283,441

Outward Bound Trust Loan

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

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

	2021	2020
Loan balance owed by Outward Bound Trust of New Zealand	200,000	200,000
Carrying value in balance sheet	200,000	200,000

(d) Key management personnel

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

The Foundation has paid no salaries or benefits to key management personnel.

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

(e) Other related party transactions

There were no other related party transactions in the 2021 and 2020 financial reporting years.

7 Equity reserves

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

The Outward Bound Trust of New Zealand Foundation
Notes to the financial statements
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(a) Special Funds

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

(b) Endowment funds

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

8 Financial instruments

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

Financial Assets	2021	2020
<i>Financial assets at fair value through surplus or deficit</i>		
Investments	19,446,087	16,778,711
<i>Loans and receivables</i>		
Cash and cash equivalents	198,778	128,418
Outward Bound Trust current account	-	283,441
Outward Bound Trust Loan	200,000	200,000
Trade debtors and other receivables	103,500	-
Total	19,948,365	17,390,570
Financial Liabilities	2021	2020
<i>At amortised cost</i>		
Outward Bound Trust current account	225,396	-
Trade creditors and other payables	6,143	5,847
Total	231,539	5,847

9 Capital Commitments

The Foundation has no capital commitments as at balance date (2020: \$ Nil).

10 Contingent Liabilities

The Foundation has no contingent liabilities as at balance date (2020: \$ Nil).

11 Subsequent Events

There were no significant events after balance date requiring reporting or adjustment in these financial statements (2020: Nil).

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12 Covid-19

On 23 March 2020, the New Zealand Government issued an Epidemic Notice to combat the threat of the COVID-19 pandemic. The countrywide lockdown commenced on 26 March 2020, and it is only as of 14 May 2020 when the country began to reopen the majority of its businesses, schools and other public venues. The results of the lockdown meant a substantial reduction of economic activities, especially those that were classed as non-essential businesses.

Covid-19 caused the worldwide financial markets to fluctuate which resulted in a decline in value of the Foundation investments and reduced revenue. The AMP Capital investments at 31 July 2020 had regained some losses to be at similar value as 30 June 2019. Rangatira Investments had to write down the value of their assets as at 31 March 2020 due to the uncertain markets which impacted their share price.

With investor confidence restoring throughout the 2021 year, the AMP Capital and Rangatira Investments had recovered losses turned due to the initial impact of COVID-19 on the financial market.

Independent Auditor's Report

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To the Trustees of The Outward Bound Trust of New Zealand Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Outward Bound Trust of New Zealand Foundation (the "Foundation") on pages 1 to 12 which comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 30 June 2021 and of its financial performance and cash flows for the year then ended in accordance with Public Benefit Entities International Public Sector Accounting Standards Reduced Disclosure Regime (Not-for-Profit) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation 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 opinion.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Foundation for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entities International Public Sector Accounting Standards Reduced Disclosure Regime (Not-for-Profit) issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance on behalf of the Foundation are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

Restriction on use of our report

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

Grant Thornton New Zealand Audit Limited

Grant Thornton

B Smith

Partner

Wellington

1 September 2021