

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

PAGE

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

Statement of Comprehensive Revenue and Expense.....	1
Statement of Changes in Net Assets / Equity	2
Statement of Financial Position.....	3
Statement of Cash Flows	5
Notes to the Financial Statements.....	7
Auditors' Report.....	19

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$000	2015 \$000
Income			
Contract Income		65,155	63,118
Sponsorship/Donations/Grants Income		6,555	5,786
Volunteer Funded Additional Services		6,236	6,508
Donated Goods and Services from Sponsors and Service Providers	7	985	2,056
Investment Income		740	719
Other Income		134	339
Other Financial Income		13	23
Special Funds		<u>0</u>	<u>297</u>
Total Income		79,818	78,846
Expenses			
Salaries and Wages		53,932	51,743
Volunteer Services		6,552	6,840
Other Employee Costs		3,549	2,868
Donated Goods and Services from Sponsors and Service Providers	7	985	2,053
Information, Communication and Technology		4,014	3,165
Property and Equipment		3,057	2,846
Travel		4,384	4,796
Marketing and Promotion Costs		767	1,184
Education		115	178
Administration		1,309	1,262
Professional Fees		1,313	802
Depreciation & Amortisation		748	633
Loss on Disposal of Assets		18	18
Other Financial Expense		23	16
Special Funds Expenses		<u>285</u>	<u>175</u>
Total Expenses		<u>81,051</u>	<u>78,579</u>
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR		(1,233)	267
Integration of Area Societies' Net Assets		17,013	-
Net Change in Fair Value of Available for Sale Financial Assets		<u>134</u>	<u>396</u>
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR		<u>15,914</u>	<u>663</u>

The notes are an integral part of these financial statements.



ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Accumulate d Revenue and Expense	Special Funds	Total
EQUITY BALANCE AT 30 JUNE 2015		<u>2,376</u>	<u>468</u>	<u>2,844</u>
Movements for the Year				
Operating Surplus / (Deficit) for the Year		(1,233)	-	(1,233)
Integration of the Net Assets of Area Societies	5	17,013		17,013
Net Change in Fair Value of Available for Sale Financial Assets		<u>134</u>	-	<u>134</u>
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR		<u>15,914</u>	-	<u>15,914</u>
Transfer Between Equity Reserves				
Transfer General Funds to Special Funds		<u>(16,728)</u>	<u>16,728</u>	=
EQUITY BALANCE AT 30 JUNE 2016		<u>1,562</u>	<u>17,196</u>	<u>18,758</u>
EQUITY BALANCE AT 30 JUNE 2014		<u>1,835</u>	<u>346</u>	<u>2,181</u>
Movements for the Year				
Operating Surplus / (Deficit) for the Year		145	122	267
Net Change in Fair Value of Available for Sale Financial Assets		<u>396</u>	-	<u>396</u>
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR		<u>541</u>	<u>122</u>	<u>663</u>
EQUITY BALANCE AT 30 JUNE 2015		<u>2,376</u>	<u>468</u>	<u>2,844</u>

The notes are an integral part of these financial statements.

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016 \$000	2015 \$000
EQUITY			
SOCIETY'S FUNDS			
General Funds and Reserves		1,562	2,376
Special Funds	16	<u>17,196</u>	<u>468</u>
TOTAL FUNDS HELD		<u>18,758</u>	<u>2,844</u>
 CURRENT LIABILITIES			
Overdraft	9	2,029	0
Payables		2,680	2,128
Accruals		410	235
Volunteer Reimbursement		16	85
Employee Entitlements	10	6,433	5,638
Income Received in Advance		5,493	6,000
Lease Provision		42	42
Loans from Areas	18	<u>5,502</u>	<u>3,307</u>
TOTAL CURRENT LIABILITIES		<u>22,605</u>	<u>17,435</u>
 TERM LIABILITIES			
Lease Provision		102	144
Loans from Areas	18	<u>0</u>	<u>1,515</u>
TOTAL TERM LIABILITIES		<u>102</u>	<u>1,659</u>
 TOTAL EQUITY AND LIABILITIES		 <u>41,465</u>	 <u>21,938</u>

The notes are an integral part of these financial statements.

For and on behalf of the Royal New Zealand Plunket Society Incorporated:

21 September 2016

Christine Lake

Christine Lake
Acting New Zealand President

Amanda Malu

Amanda Malu
Chief Executive Officer



ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016 \$000	2015 \$000
CURRENT ASSETS			
Cash and Cash Equivalents	9	0	172
Receivables		916	722
Government Contract Grants Exchange Receivable		5,268	5,157
Prepayments		508	315
Inventory		267	254
Income Accrued		<u>1,190</u>	<u>1,465</u>
TOTAL CURRENT ASSETS		<u>8,149</u>	<u>8,085</u>
 NON CURRENT ASSETS			
Property, Plant and Equipment	11	<u>14,824</u>	<u>732</u>
Intangible Assets	12	<u>13,237</u>	<u>7,982</u>
Other Receivable	13	<u>652</u>	<u>652</u>
Investments			
Fixed Interest Investments	14	832	851
Perpetual Interest Investments	14	425	444
Shares in Listed Companies	15	3,316	3,162
Loans to Areas		<u>30</u>	<u>30</u>
		<u>4,603</u>	<u>4,487</u>
TOTAL NON CURRENT ASSETS		<u>33,316</u>	<u>13,853</u>
 TOTAL ASSETS		 <u>41,465</u>	 <u>21,938</u>

The notes are an integral part of these financial statements.

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$000	2015 \$000
OPERATING ACTIVITIES		
Cash was Provided from		
Government Contract Income	62,860	59,877
PAFT Income	2,586	2,637
Grants, Donations, Bequests and Sundry Income	5,646	7,172
Receipts from Branches	6,353	6,034
Interest and Dividends Received	<u>690</u>	<u>676</u>
	78,135	76,396
Cash was Applied to		
Payments to Branches	6,554	6,448
Payments to Suppliers and Employees	<u>71,601</u>	<u>69,384</u>
	78,155	75,832
NET CASH INFLOWS / (OUTFLOWS) FROM OPERATING ACTIVITIES	<u>(20)</u>	<u>564</u>
INVESTING ACTIVITIES		
Cash was Provided from		
Loans from Branches	1,242	2,567
Sale of Fixed Assets and Investments	322	607
Cash and Cash Equivalents from Integration of Area Societies	<u>2,980</u>	<u>-</u>
	4,544	3,174
Cash was Applied to		
Loans from Branches Repaid	649	304
Purchase of Fixed Assets and Intangibles	5,805	3,130
Purchase of Investments	<u>271</u>	<u>368</u>
	6,725	3,802
NET CASH INFLOWS / (OUTFLOWS) FROM INVESTING ACTIVITIES	<u>(2,181)</u>	<u>(628)</u>
NET INCREASE / (DECREASE) IN CASH HELD	<u>(2,201)</u>	<u>(64)</u>
Add Cash at Beginning of Year	<u>172</u>	<u>236</u>
CASH AT END OF YEAR	<u>(2,029)</u>	<u>172</u>

The notes are an integral part of these financial statements.

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$000	2015 \$000
RECONCILIATION OF SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Surplus / (Deficit) for Year	<u>15,780</u>	<u>267</u>
Items not Involving Cash Flows		
Depreciation	734	633
Integration of Net Assets of Area Societies	(17,013)	-
Unrealised Profit / (Loss) on Investments	<u>(17)</u>	<u>(16)</u>
	<u>(16,296)</u>	<u>617</u>
Impact of Changes in Working Capital Items	<u>496</u>	<u>(320)</u>
Net Cash Inflow / (Outflow) from Operating Activities	<u>(20)</u>	<u>564</u>

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. REPORTING ENTITY

The Royal New Zealand Plunket Society (Inc.) (the 'Society') is a not-for-profit organisation registered under the Charities Act 2005, and domiciled in New Zealand, and is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013). The Society's registered office and principle place of business is the National Support Office based at 40 Mercer Street, Wellington.

These consolidated financial statements comprise the Society and its controlled entities (together referred to as the 'Group'). Refer to Note 5) for details of the integration of certain Area Societies into the Society in the current financial year. The volunteer network of Area Societies and Plunket Groups that have not yet been integrated into the Society do not form part of these consolidated financial statements, but they continue to provide goods and services to support the Society to achieve the Ministry of Health Well Child contract. These Area Societies are separate incorporated societies and continue to report separately from the Society.

The Group is New Zealand's largest provider of support services for the development, health and wellbeing of children under five, and works together with families and communities, to ensure the best start for every child. Through its volunteer network, the Society and the wider Area Societies and Plunket Groups maintain close and responsive links with communities throughout New Zealand. The complementary activities provided by other Area Societies and Plunket Groups include Early Childhood Education Centres, Car Seat Services, Family Centres, Toy Libraries, Playgroups and Parenting Education.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE Standards) and other applicable Financial Reporting Standards, as appropriate for Tier 1 not-for-profit public benefit entities. As a registered charity, the Group is required to prepare financial statements in accordance with NZ GAAP as specified in standard XRB A1. The Group is a Tier 1 reporting entity as it has total expenditure greater than \$30 million in the two preceding reporting periods.

These consolidated financial statements are the first financial statements presented in accordance with Tier 1 PBE Accounting Standards and PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRSs* has been applied. An explanation of how the transition to Tier 1 PBE Accounting Standards has affected the reported financial position, financial performance and cash flows of the Group is provided in Note 22.

These financial statements were authorised for issue by the Board on 21 September 2016.

b) Measurement Basis

The financial statements have been prepared on 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
- Property, plant and equipment under the revaluation model
- The initial measurement of assets received from non-exchange transactions
- Long-term employee benefits

c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Group's presentation currency, rounded to the nearest thousand.



ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

3. USE OF JUDGEMENTS AND ESTIMATES

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

Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the financial statements include the following:

- Recognition of Revenue – non-exchange revenue (conditions vs. restrictions)
- Timing of integration of Area Societies after resignation of some of the governing Boards. [Note 5) (iv)(i)]
- Determination of the date of integration of the Area Societies. [Note 5) (iv)(ii)]

4. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following significant accounting policies to all periods presented in these consolidated financial statements.

a) Basis of Consolidation

(i) Business Combination

The Group accounts for business combinations using the integration or acquisition method when control is effectively transferred to the Group. The consideration transferred in the integration or acquisition is generally measured at fair value, as are the identifiable net assets integrated. Any gain on a bargain purchase is recognised in surplus or deficit immediately. Transactions costs are expensed as incurred, except if related to the issue of debt securities.

(ii) Controlled Entities

Controlled entities are entities in which the Society has the power to govern the financial and operating policies so as to benefit from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Integration of Entities Under Common Control

Business combinations (including amalgamations) arising from transfers of interests in entities that are under the control of the Society, which controls the whole Group, are accounted for as common control transactions. The assets integrated and liabilities assumed in a common control transaction are recognised at the carrying amounts recognised previously in the Group's consolidated financial statements. The components of equity of the integrated entities are added to the same components within Group equity.

b) Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Society, and measured at the fair value of consideration received or receivable. The following specific recognition criteria in relation to the Society's revenue streams must also be met before revenue is recognised.

i) Revenue from Exchange Transactions

Contract Income

Contract income is recognised in the period in which it relates, with any amounts owing at balance date being included as a current asset. A liability is recognised where contract income is received in advance of the provision of the services to which they relate and where there is an obligation to repay such funds if the services are not performed.

ii) Revenue from Non-Exchange Transactions

Non-exchange transactions are those where the Society receives an inflow of resources (i.e. cash and other tangible or intangible items) without giving approximately equal value in exchange. Funding received from non-exchange transactions are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same funding received. Liabilities are recognised in

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

relation to funding received when there is a resulting present obligation to perform to satisfy a condition (or milestone), and the failure of which will result in the refund of any funding that have been received in relation to the specified condition (or milestone). The following are the recognition criteria in relation to the Society's non-exchange transactions.

Grants, Donations, Legacies and Bequests

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

Donated Goods and Services

The Society has recognised donated goods and services as revenue and expenses when their fair value can be measured with reliability. The recognition of donated goods and services increases both recorded revenue and expenses, and has no impact on the deficit or surplus achieved. Donated services and other forms of assistance provided to the Society are acknowledged elsewhere in the Annual Report.

c) Employee Entitlements

A provision for employee entitlements is recognised for benefits earned by employees but not paid at reporting date. Employee benefits include salaries, wages, annual leave, long service leave and sick leave.

d) Property, Plant and Equipment (PP&E)

Items of PP&E, except for land and buildings, are stated at cost, less accumulated depreciation and impairment losses. The cost of PP&E is generally the purchase cost, together with any incidental costs of integration or acquisition.

Depreciation

Depreciation is calculated so as to write off the cost amounts of PP&E, less any assigned residual value, on a straight-line basis over the expected useful economic lives of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The estimated useful lives or depreciation rates of assets are as follows:

- | | |
|---------------------------|------------------|
| • Buildings | 50 years |
| • Furniture and Equipment | 3 to 5 years |
| • Computer Equipment | 3 to 10 years |
| • Leasehold Improvements | 10 years |
| • Motor Vehicles | 25% per annum DV |

Land and Buildings

Land and buildings are measured at fair value, less accumulated depreciation on buildings and impairment losses. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The fair value of items of property is usually determined from market-based evidence by appraisal. Management have determined the fair value of the land and building with reference to Rateable Value ("RV"). As Rateable Valuations are performed by a registered valuer or by a valuation body with reference to market based evidence, Management considers that the use of RV as an approximation for fair value of land and building integrated or acquired is appropriate or will not be materially different from a fair value appraisal.

e) Intangible Assets

Intangibles assets are measured at cost less accumulated amortisation. These intangible assets comprise of information systems, which are amortised using the straight line method over a period of 3 -10 years as appropriate for each system.

Development expenditure is capitalised only if the expenditure 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. Otherwise, it is recognised in surplus or deficit as incurred.

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

f) Investments

Shares and perpetual interest bearing investments are classified as available-for-sale financial assets. They are initially recorded at cost and subsequently measured at fair value which is determined based on listed bid prices at the balance sheet date. Subsequent to initial recognition, any changes in fair value, other than impairment losses, are recognised directly in other comprehensive revenue and expense. The cumulative gain or loss in other comprehensive revenue and expense is transferred to the operating income statement when the shares are sold.

Fixed interest investments are designated as held to maturity and measured at amortised cost using the effective interest rate method, less any impairment losses.

The investments are assessed for objective evidence of impairment at each balance date. Losses arising from a significant or prolonged decline in fair value are removed from equity and recognised in the Statement of Revenue and Expense.

g) Receivables

Receivables are recognised at the original invoice amount less impairment losses. Receivables are assessed for impairment at each balance date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Revenue and Expense.

h) Cash and Cash Equivalents

Cash and cash equivalents comprise short term deposits with banks and bank and cash balances. Deposits are included when they have a maturity of three months or less from the date of integration or acquisition.

i) Impairment of Assets

Management perform an annual assessment of financial assets for any indicators of impairment. Any impairment losses are recognised in "Other Financial Expenses" in the Statement of Revenue and Expense.

PP&E and Intangible Assets

All PP&E and intangible assets are non-cash generating assets as they are not held with the primary objectives of generating a commercial return. The Group assesses at each reporting date whether there is an indication of impairment. If any indication exists, the Group estimates the asset recoverable service amount, which is the higher of the non-cash generating asset's fair value less cost to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

j) Payables

Trade and other payables are usually settled within 30 days. Given their short term nature, the carrying values are considered a reasonable approximation of their fair values.

k) Income Tax

The Society is wholly exempt from New Zealand income tax and gift duty having fully complied with all statutory conditions for these exemptions.

l) Goods and Services Tax

The financial statements have been prepared so that all components are stated exclusive of GST, with the exception of receivables and payables, which are stated inclusive of GST.

m) Accounting Standards Not Yet Effective

There are no new, revised or amended standards that have been issued but are not yet effective that would have a significant impact on the Group's financial statements.

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

5. INTEGRATION OF AREA SOCIETIES

Following a strategic review, a number of area boards have amended strategies and outcomes and proposed to integrate their Area Societies into the National Society. This integration process involves the Society assuming control by taking over the governance of the Area Societies. Assuming control of the Area Societies will enable greater efficiency in the delivery of the best objectives and outcomes for Society. Subsequent to assuming control, the Area Societies will be dissolved and the assets and operations of the Area Societies will be integrated into the Society by way of amalgamation. The amalgamation process includes transferring the legal titles of the assets to the Society and removing the Area Societies from the Charities Register.

On 30 June 2016, the Society obtained effective control of 8 Area Societies listed below.

• Royal New Zealand Plunket Society Northland Area Incorporated	• Royal New Zealand Plunket Society Lakes Area Incorporated
• The Royal New Zealand Plunket Society Waitemata Area Incorporated	• Royal New Zealand Plunket Society Manawatu / Wanganui Area (Incorporated)
• Royal New Zealand Plunket Society Counties Manukau Area (Incorporated)	• Royal New Zealand Plunket Society Wellington / Wairarapa Area Incorporated
• Royal New Zealand Plunket Society Waikato Area Incorporated	• The Royal New Zealand Plunket Society West Coast Area Incorporated

i. Gain on Integration

On the date of integration of the Area Societies, the Society recognised and measured all identifiable assets and liabilities of the Area Societies at fair value. As no considerations were paid at the time of integration, a total of \$17 million, representing the fair value of the net assets integrated, was recognised as a gain on integration in surplus and deficit.

ii. Identifiable Assets Integrated and Liabilities Assumed

The following table summarises the recognised amounts of assets integrated and liabilities assumed at the date of integration 30 June 2016.

Net Assets of all 8 Area Societies	Notes	\$000's
Cash and Cash Equivalents		2,980
Accounts Receivable		27
Other Receivable		398
Property, Plant & Equipment	5)(iii)	14,168
Investments		14
Sundry Creditors and Payables		(116)
Accruals		(229)
Employee Entitlements		(45)
Income in Advance		(184)
Total Identifiable Net Assets Integrated		17,013

iii. Measurement of Fair Values

The valuation used for measuring the fair value of material assets integrated were as follows.

Asset Integrated	Valuation Technique
Land and Buildings	The fair value of property is normally determined from market-based evidence by appraisal. Management have determined the fair value of the land and building with reference to Rateable Value ("RV"). As Rateable Valuations are performed by a registered valuer or by a valuation body with reference to market based evidence, Management considers that the use of RV as an approximation for fair value of land and building integrated is appropriate or will not be materially different from a fair value appraisal.

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

iv. *Management Judgements*

- i) Although the Boards for the Wellington/Wairarapa and Manawatu/Wanganui Area Societies have both resigned prior to balance date, a vote of the financial members to confirm the integration into the Society has only been scheduled for after 30 June 2016. Management believe that in substance, the Society had control over these two Area Societies as at 30 June 2016. In the unlikely scenario that the outcome of the financial members vote is not to integrate, this control assessment will be reassessed.
- ii) The integration of the 8 Area Societies actually occurred at various times in the 2016 financial year. For accounting and reporting purposes, Management have determined 30 June 2016 to be the date of integration for all Area Societies. The financial results of each Area Society continues to be recorded within the individual Area Society, rather than being accounted for as part of the Group's financial results from the date the Society would be deemed to have obtained control. Management believes that this does not have a material impact on the Group's financial performance reported, because the net results for the period between assuming control and balance date will be included in the gain on integration instead.

6. CORE CHILD HEALTH CONTRACT INCOME

The core "Well Child Health" contract with the Ministry of Health is a three year contract and will expire on 30 June 2018.

7. DONATED GOODS AND SERVICES

Sponsors and Service Providers

Additional donated goods and services from sponsors and service providers are valued at fair value and in accordance with any contractual documentation. The effect of this is to increase revenue by \$984,642 (2015 \$2,056,461), and expenses by \$984,642 (2015 \$2,052,461). There is little impact on the year end result as the goods have been provided and used within the same accounting period. The donated goods and services received by the Group include telephone services, computer software, advertising, printing and promotion material, sample products and the use of equipment at no cost.

Donated goods and services are also provided directly to volunteer Area Societies and Plunket Groups. These donated goods and services are not included in these financial statements as the Area Societies and Plunket Groups are separately incorporated.

8. AUDITOR'S EXPENSES

	2016 \$000	2015 \$000
<i>Operating expenses include the following:</i>		
Auditor's Fees (for the audit of the financial statements)	49	36
Auditor's Fees (for non audit services)	<u>63</u>	<u>-</u>
	<u>112</u>	<u>36</u>

9. CASH AND CASH EQUIVALENTS

	2016 \$000	2015 \$000
ASB	26	25
BNZ	(2,067)	120
Forsyth Barr	12	18
Imprest Accounts	<u>0</u>	<u>9</u>
	<u>(2,029)</u>	<u>172</u>



ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

10. EMPLOYEE ENTITLEMENTS

	2016 \$000	2015 \$000
Annual Leave	3,994	3,849
Salary and Wage Accrual	<u>2,439</u>	<u>1,789</u>
	<u>6,433</u>	<u>5,638</u>

11. PROPERTY PLANT AND EQUIPMENT

	Land and Buildings	Plant and Equipment	Fixture and Fittings	Total
<u>Costs</u>				
Balance as at 1 July 2014	-	1,929	891	2,820
Additions		120	37	157
Disposals		<u>(231)</u>	<u>0</u>	<u>(231)</u>
Balance as at 30 June 2015	=	<u>1,818</u>	<u>928</u>	<u>2,746</u>
Balance as at 1 July 2015	=	<u>1,818</u>	<u>928</u>	<u>2,746</u>
Through business integration	13,638	234	296	14,168
Additions		28	124	152
Disposals		<u>(62)</u>		<u>(62)</u>
Balance as at 30 June 2016	13,638	2,018	1,348	17,004
<u>Accumulated Depreciation and impairment deficits</u>				
Balance as at 1 July 2014		<u>1,425</u>	<u>444</u>	<u>1,869</u>
Depreciation		180	79	259
Disposals		<u>(114)</u>		<u>(114)</u>
Balance as at 30 June 2015	=	<u>1,491</u>	<u>523</u>	<u>2,014</u>
Balance as at 1 July 2015	=	<u>1,491</u>	<u>523</u>	<u>2,014</u>
Depreciation	1	144	83	228
Disposals		<u>(62)</u>		<u>(62)</u>
Balance as at 30 June 2016	<u>1</u>	<u>1,573</u>	<u>606</u>	<u>2,180</u>
<u>Carrying Amounts</u>				
At 1 July 2014		<u>504</u>	<u>447</u>	<u>951</u>
At 30 June 2015		<u>327</u>	<u>405</u>	<u>732</u>
At 30 June 2016	<u>13,637</u>	<u>445</u>	<u>742</u>	<u>14,824</u>

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

12. INTANGIBLES ASSETS

Intangible assets comprise separately identifiable information systems;

	2016 \$000	2015 \$000
	TOTAL	TOTAL
Year Ended 30 June		
At 1 July, Net of Accumulated Amortisation	7,982	5,274
Additions	5,734	3,085
Amortisation Charge for the Year	(479)	(374)
At 30 June, Net of Accumulated Amortisation	<u>13,237</u>	<u>7,982</u>
As at 30 June		
Cost or Fair Value	18,559	12,839
Accumulated Amortisation	(5,322)	(4,857)
Net Carrying Amount	<u>13,237</u>	<u>7,982</u>

The intangible assets predominantly relate to the resources required to establish a digital infrastructure; technical, policies, culture and processes, to enable Plunket to improve its technology capability. This effort has provided Plunket with the following information systems, namely, a Human Resource Information System capability, incorporating an in-house payroll system, an upgraded PlunketLine CRM, improved intranet and internet capability that amongst several features has provided enhanced social media connection with clients.

Importantly, this investment will also provide frontline staff with the much needed electronic Plunket Health Record (ePHR), utilising a digital device such as a tablet. These assets will enhance both the client and staff experience through providing more "time to care". This considerable effort has been funded by, the Society's own cash reserves and by donations and loans from other Plunket entities, as well as external organisations by way of donations, grants and sponsorship.

The Intangible Assets have been progressively developed over the past five years. The Society has recognised the effort of the cost of developing the above capability onto the balance sheet, as part of "intangible assets".

13. OTHER RECEIVABLE

The Society holds a bond of \$652,495 (2015: \$652,495) which is pledged as collateral over the rental at National Support Office, 40 Mercer Street, Wellington. As a result of the arrangement the use of the funds is restricted until expiry of the lease in December 2019, or until the agreement is otherwise terminated.

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

14. INTEREST EARNING INVESTMENTS

	2016 \$000	2015 \$000
Fixed Interest – Held to Maturity	701	780
Perpetual Investments	425	444
Cash Management Accounts	<u>131</u>	<u>71</u>
	<u>1,257</u>	<u>1,295</u>

The market value of fixed interest investments at 30 June 2016 was \$1,287,373 (2015 \$1,329,223).

During the year the Society recognised nil impairment (2015: nil) in regards to fixed interest investments held. Of the held to maturity investments \$100,000 are due to mature in the next 12 months. These maturities are expected to be reinvested.

Interest bearing investments are held to maturity investments and designated as Level 1. There are no impairment losses in the year to 30 June 2016 (2015: \$nil) as a result of the bid price at 30 June 2016 falling significantly below the cost price for any investments.

15. SHARES IN LISTED COMPANIES

	2016 \$000	2015 \$000
New Zealand	2,532	2,273
Overseas	<u>784</u>	<u>889</u>
	<u>3,316</u>	<u>3,162</u>

Shares in listed companies are Level 1 available for sale investments under the fair value hierarchy whereby they are valued at listed market rates. There are no impairment losses in the year to 30 June 2016 (2015: \$nil) as a result of the bid price at 30 June 2016 falling significantly below the cost price for any investments.

16. SPECIAL FUNDS

	2016 \$000	2015 \$000
Special Funds Movements		
Balance at Beginning of Year	468	346
Surplus / (Deficit) for Year	(285)	122
Transfer of Area Society Net Assets from General Funds	<u>17,013</u>	<u>-</u>
Closing Balance at End of Year	<u>17,196</u>	<u>468</u>
Total Special Funds Comprise:		
Capital	108	156
Integrated Area Society Net Assets	17,013	-
Other	<u>75</u>	<u>312</u>
	<u>17,196</u>	<u>468</u>

Nature and Purpose of Special Funds

Capital

The capital fund relates to the provision of a Plunket centre and mobile clinics. These funds have primarily been raised through targeted donation campaigns.



ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

Integrated Area Society Net Assets

This represents the total value of the equity transfer from integrated Area Societies.

Other

The other special funds relate to funds set aside for the Plunket playgroups raised through the Pedal for Plunket campaign and the volunteer services funds being money donated by Area Societies and Plunket Groups specifically to assist other areas who require disaster relief or financial assistance.

17. FINANCIAL INSTRUMENTS

The Group is risk averse and seeks to minimise its exposure to risks associated with financial assets and liabilities.

The main risks arising from the Group's financial instruments are equity price, interest rate risk, liquidity risk, and credit risk.

Market Risk

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit and loss by (\$20,000) (2015: \$2,000). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2015.

Other Price Risk

Equity price risk arises from available-for-sale equity securities held by the Group. It is estimated a 10% increase (decrease) in the market value of equity investments would have increased or decreased equity by \$330,000 (2015: \$316,000). Investments are made in accordance with the Investment Policy, as endorsed by the Board. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2015.

Credit Risk

The Society does not anticipate non-performance by counterparties and has no significant concentrations of credit risk. The Society further minimises its credit exposure by using only registered banks and other nominated institutes approved by the Society's Investment Policy.

Liquidity Risk

The Group pays trade and other payables when they fall due. Staff are encouraged to take leave within the year in which it vests. The Society has cash and other short term deposits that it can use to meet its ongoing payment obligations.

18. RELATED PARTY DISCLOSURE

Area Societies and Plunket Groups

The Society processes the wages for the Area Societies whom have engaged to provide services supporting Plunket. The total of all wages is \$5,791,000 (2015 \$5,694,000) which is recovered immediately by the Society.

Funds Held on Behalf of Volunteers

The Society, through the Centralised Accounting team, processes bank statements for all Area Societies and produce monthly and year end financial accounts.

The Society manages term deposits on behalf of the Area Societies and Plunket Groups amounting to \$4,222,766 (2015 \$5,528,594). The Society invests the funds held on behalf of Area Societies and Plunket Groups in fixed interest securities and on call deposits. These funds do not appear in the financial statements except to the extent they are not controlled by the Society. In doing so the Society is able to earn a higher rate of interest and retains part of the additional income to the extent that the costs of providing the Centralised Accounting and Area Society internal audit services are met.

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

Investment of volunteer funds is consistent with the Investment Policy of the Society.

The Society also facilitates the transfer of funds between Area Society and Plunket Groups current and call accounts and receives a commission for the value of funds on call. As these current and call account funds do not pass through bank accounts of the Society, they are not included in the above balance of funds held on behalf of Area Societies.

Loans from Area Societies and Plunket Groups

The Society has sought financial assistance from some of its Area Societies and Plunket Groups by lending monies for the purpose of helping to fund its digitisation journey. The loans have varying expiry dates and interest bearing terms.

Key Management Personnel – Remuneration

The total remuneration of members of the Board and the number of individuals receiving remuneration in this category are as follows.

	2016	2015
	\$000	\$000
• Total remuneration	97	108
• Number of persons	10 persons	10 persons

Board remuneration includes the honoraria paid to the President and meeting fees paid to Board Members. The total number of meeting days involving Board Members held during the year was 23 (2015:26).

The total remuneration of the senior management group and the number of managers, on a full-time equivalent basis, receiving remuneration in this category are:

	2016	2015
	\$000	\$000
• Total remuneration	1,736	1,831
• Number of persons	10 persons	11 persons

19. CAPITAL COMMITMENTS AND LEASES

	2016	2015
	\$000	\$000
Capital Commitments		
Capital expenditure contracted for at the end of the reporting period but not yet incurred for property, plant and equipment	<u>—</u>	<u>—</u>
Non-Cancellable Operating Leases		
Due within One Year	3,634	3,299
Due One to Two Years	3,105	2,764
Due Two to Five Years	3,624	4,228
Over Five Years	<u>16</u>	<u>42</u>
	<u>10,379</u>	<u>10,333</u>

The Group has entered into commercial leases for rental properties, motor vehicles, and photocopiers where it is not in the best interest of the Society to purchase these assets. These leases have an average life of between 1 and 5 years with renewal terms included in the contracts. The motor vehicle leases contain a variable element based on movements in fuel price and mileage.

20. CONTINGENT LIABILITIES

At the date of this report there are no known contingent liabilities for which the Society may be liable (2015 \$nil).

ROYAL NEW ZEALAND PLUNKET SOCIETY INCORPORATED

21. SUBSEQUENT EVENTS

There are no known subsequent events impacting on the financial statements reported for the year ended 30 June 2016.

22. TRANSITION TO PBE STANDARDS

As stated in Note 2 these are the Group's first financial statements prepared in accordance with PBE Standards. The Group previously prepared financial statements under NZ IFRS (PBE) Standards. The accounting policies set out in Note 4 and in the Notes have been applied in preparing the financial statements for the year ended 30 June 2016, the comparative information presented in these financial statements for the year ended 30 June 2015 and in the preparation of an opening PBE Standards statement of financial position at 1 July 2014 (the Group's date of transition).

Prior to adopting PBE Standards, the Group did not have an explicit accounting policy relating to revenue from non-exchange transactions. Previously, when a grant of money was received, the amount would be credited to 'Income in Advance', and only recognised as revenue when the funds have been spent on specific activities. Under PBE Standards, the Group makes an assessment as to whether there are any stipulations (conditions or restrictions) relating to the funding arrangements that impose a "use or return" obligation and then recognises revenue in accordance with the revenue policy specified in note 4 (b). There was only one transition adjustment that affected the opening statement of financial position at the beginning of the comparative year. Management have determined the transition adjustment was not material, as such have not restated the financial position at 1 July 2014, instead included the adjustment in the current year results. The impact of the adjustment was to increase non-exchange revenue and decrease income in advance by \$625,000.

There were no material transition adjustments required to be made in relation to the comparative year ended 30 June 2015.



Independent auditor's report

To the members of Royal New Zealand Plunket Society Incorporated

We have audited the accompanying consolidated financial statements of Royal New Zealand Plunket Society Incorporated and its subsidiaries ("the group") on pages 2 to 19. The financial statements comprise the consolidated statement of financial position as at 30 June 2016, the consolidated statements of comprehensive revenue and expenses, changes in net assets/ equity and 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. Our audit work has been undertaken so that we might state to the incorporated society's members those matters we are required to state to them in the 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 incorporated society's members as a body, for our audit work, this report or any of the opinions we have formed.

Boards' responsibility for the consolidated financial statements

The Board is responsible on behalf of the incorporated society for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities) and for such internal control as the Board determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated 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 group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the Group in relation to general accounting and advisory services. Subject to certain restrictions, partners and employees of our firm may also



deal with the incorporated society on normal terms within the ordinary course of trading activities of the business of the incorporated society. These matters have not impaired our independence as auditors of the Group. The firm has no other relationship with, or interest in, the Group.

Opinion

In our opinion, the consolidated financial statements on pages 1 to 18 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of Royal New Zealand Plunket Society Incorporated as at 30 June 2016 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities.

KPMG

21 September 2016
Wellington

