



**Coastguard
Northern
Region**

2018
Financial
Report

Directory

Registered Office:

3 Solent Street
Mechanics Bay
Auckland 1010

Charitable Purpose:

Saving lives at sea and doing all we can to have everybody safe on the water.
We will save lives through rescue, education, communication and example.

Trustees:

Graham Brown – President
Callum Gillespie – Chief Executive Officer
Neil Bradley
Maureen Calkin
Evelyn Davis
Ian Gibson
Louis Wallis Hawken
Guy William Hornblow
Ronald Lawrence Lucca
Bennett Medary
Christopher Roy Savage

Incorporated Societies Registration Number:

221482

Charity Registration Number:

CC30031

Independent Auditor:

RSM Hayes Audit

Accountant:

Grant Thornton New Zealand Ltd

Solicitors:

Kensington Swan Lawyers
Maria Clarke Lawyers

Banker:

ASB
BNZ



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Consolidated Statement of Comprehensive Revenue and Expense

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from non-exchange transactions			
Donations		78,981	110,686
Trust Grants		148,374	59,529
Coastguard NZ – SLA & LGB		341,938	362,468
ARAFA		712,000	698,000
Foundation North	12	285,379	306,776
Grants – General		400,954	251,302
		1,967,626	1,788,761
Revenue from exchange transactions			
Subscriptions		2,189,017	2,048,944
SAR Reimbursements		105,831	117,476
Sponsorship		61,304	80,252
Other Income		677,623	482,311
Education Income		495,014	505,968
		3,528,789	3,234,951
Total revenue		5,496,415	5,023,712
Expenses			
	6		
Paid to units		1,303,755	1,154,783
Education Cost of Sales		472,259	470,316
Air Patrol Expenses		48,570	52,294
Staff Expenses		1,988,669	1,758,312
Marketing Expenses		871,150	726,804
AMRC Expenses		82,377	78,079
Operational Expenses		509,883	435,798
Amortisation of intangible assets	10	33,847	30,704
Depreciation	11	251,005	229,615
Loss on Disposal/Sale of Fixed Asset		2,876	527
Total expenses		5,564,391	4,937,232
Finance income			
Interest Income		105,370	91,842
Investment income		39,030	44,574
Unrealised Capital Gain/(Loss) on Investment		83,374	32,931
Realised Capital Gain/(Loss) on Investment		4,216	9,535
Total Finance income		231,990	178,882
Total surplus for the year		164,014	265,362
Other comprehensive revenue		-	-
Total comprehensive revenue and expense for the year		164,014	265,632

Consolidated Statement of Changes in Equity

Coastguard Northern Region Incorporated

For the Year ended 30 June 2018

	Accumulated comprehensive revenue and expense	Total equity
	\$	\$
Equity		
Opening balance 1 July 2017	3,475,484	3,475,484
Surplus for the year	164,014	164,014
Closing equity 30 June 2018	3,639,498	3,639,498
Opening balance 1 July 2016	3,210,122	3,210,122
Surplus for the year	265,362	265,362
Closing equity 30 June 2017	3,475,484	3,475,484

Consolidated Statement of Financial Position

Coastguard Northern Region Incorporated

As at 30 June 2018

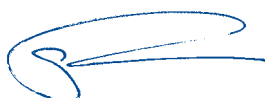
	Notes	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	7	1,088,974	1,201,542
Investments	8	2,802,944	2,506,922
Receivables from exchange transactions		41,301	116,642
Receivables from non-exchange transactions		106,607	89,578
Financial assets at fair value through surplus or deficit	8	450,388	289,961
Prepayments		75,140	47,973
Inventories	9	4,773	6,208
		4,570,127	4,258,826
Non-current assets			
Financial assets at fair value through surplus or deficit	8	863,673	897,515
Intangible assets	10	53,671	55,152
Property plant and equipment	11	1,193,217	937,874
		2,110,561	1,890,541
Total assets		6,680,688	6,149,367
Current liabilities			
Trade and other creditors from exchange transactions		299,814	305,859
Employee entitlements		98,852	98,586
Accrued Expenditure		125,735	117,831
Income in Advance – Operational		52,879	81,302
Income in Advance – Capital Fund	12	713,621	499,001
Subscription Revenue in Advance		827,193	914,459
		2,118,094	2,017,038
Non-current liabilities			
Subscription Revenue in Advance		923,095	656,845
Total liabilities		3,041,189	2,673,883
Net assets		3,639,499	3,475,484
Equity			
Accumulated comprehensive revenue and expense		3,639,499	3,475,484
Total net assets attributable to the owners of the controlling entity		3,639,499	3,475,484

Signed for and on behalf of the Board who authorised these financial statements for issue

On 20th August 2018.



Graham Brown
(President)



Callum Gillespie
(Chief Executive Officer)

Consolidated Statement of Cash Flows

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
<i>Receipts</i>			
Donations and Grants		2,165,251	1,917,470
Bequests		-	-
Subscriptions		2,368,001	2,192,654
Sponsorship		16,621	35,569
Education Income		547,893	536,402
Interest and Dividends Received		260,524	136,416
Other Income		749,634	588,788
Net GST received		22,980	-
		6,130,904	5,407,299
<i>Payments</i>			
Suppliers		2,188,178	1,416,120
Regional units		1,303,755	1,154,783
Payments to employees		1,935,631	1,775,918
Payments to beneficiaries		-	17,088
Net GST paid		-	49,631
		5,428,104	4,413,540
Net cash flows from operating activities		702,800	993,759
Cash flows from investing activities			
<i>Receipts</i>			
Proceeds from sale of investments		349,402	158,561
		349,402	158,561
<i>Payments</i>			
Purchase of property, plant and equipment and intangibles		(64,073)	(314,081)
Payment for capital WIP		(425,612)	(51,445)
Investments in short term deposits		(296,022)	(369,607)
Purchase/(withdrawal) of Investments/Term Deposits		(379,063)	(181,584)
		(1,164,770)	(916,717)
Net cash flows from investing activities		(815,368)	(758,156)
Net increase/ (decrease) in cash and cash equivalents		(112,568)	235,603
Cash and cash equivalents at 1 July		1,201,542	965,939
Cash and cash equivalents at 30 June	7	1,088,974	1,201,542

These financial statements should be read in conjunction with the notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

1 Reporting entity

The reporting entity is Coastguard Northern Region Incorporated ("Coastguard Northern Region"). Coastguard Northern Region is domiciled in New Zealand, and is a charitable organisation registered under the Incorporated Societies Act 1908 and the Charities Act 2005. DIA Charities Services registration number CC30031 and the Incorporated Societies registration number is 221482.

The financial statements comprising of Coastguard Northern Region and its controlled entity, the Auckland Volunteer Coastguard Charitable Trust, together the "Group" are presented for the year ended 30 June 2018. Coastguard Northern Region controls the Auckland Volunteer Coastguard Charitable Trust on the basis that Coastguard Northern Region can derive benefits from the Trust and appoint board members to the Trust board.

These Group financial statements and the accompanying notes summarise the financial results of activities carried out by Coastguard Northern Region. The Group is predominantly a marine safety organisation within the area north of a line between Kawhia and Thames, providing search and rescue, education, communication and marine safety services. All entities within the Group are charitable organisations registered under the Charitable Trusts Act 1957 and the Charities Act 2005.

These consolidated financial statements have been approved and were authorised for issue by the Board on date indicated on page 6.

2 Statement of compliance

The Group 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. 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 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.

3 Changes in accounting policy

There have not been any changes to the accounting policy in the year ended 30 June 2018.

4 Summary of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

4.1 Basis of measurement

These consolidated financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of non-derivative financial instruments.

4.2 Functional and presentational currency

The consolidated financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

4.3 Basis of consolidation

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases.

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

The Auckland Volunteer Coastguard Charitable Trust ("the Trust") meets the definition of a controlled entity and Coastguard Northern Region is required to consolidate the financial statements of the Trust. In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity are consistent with the policies adopted by the Group and have a 30 June reporting date.

After due consideration Coastguard Northern Region assesses on balance that it has control for financial reporting purposes of other Coastguard Units in its region. However, due to Coastguard New Zealand being assessed as the ultimate controlling entity of Coastguard operations in New Zealand, Coastguard Northern Region is able to avail itself of an exemption from consolidating all units in its region as it is considered an intermediary and Coastguard New Zealand will be presenting an overall consolidation for New Zealand. Coastguard Northern Region has taken advantage of this exemption in these financial statements. It is however the intention of Coastguard Northern Region to work towards presenting future financial statements which include consolidation of all units in the northern region so that stakeholders can have a clear view of the total Coastguard operations in the northern region.

4.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions

Donations

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific programmes or services or donations in-kind. Donations in-kind include donations received for services, consumables and volunteer time and is recognised in revenue and expense when the goods or services are received. Donations in-kind are measured at their fair value as at the date of acquisition, ascertained by reference to the expected cost that would be otherwise incurred by the Group.

Services in-kind may be recognised as revenue but do not have to be, including volunteer time which has been recorded where possible but has not been given a financial value in these financial statements.

Grant Revenue

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Non-exchange revenue from grants can only be deferred and recognised as a liability if there is a condition attached to the grant that requires use of the grant as specified or return of the grant if the entity does not perform as specified. Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attached to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Estate Income

Revenue from legacies and estates that satisfies the definition of an asset is recognised as revenue when it is probable that future economic benefits or service potential will flow to the entity, and the fair value can be measured reliably. There was no estate income received during the financial year.

Revenue from exchange transactions

Subscriptions

Fees and subscriptions received in exchange for monthly access to membership benefits are initially recorded as income in advance and recognised in revenue evenly over the membership period.

Interest and dividend income

Interest revenue is recognised as it accrues. Dividend income is recognised when the dividend is declared.

Other income

Other income includes income from Old4New Lifejacket Upgrade campaign, fundraising events, provision for voice weather data amongst other sundry income. Revenue is recognised when the amount of revenue can be measured reliably, and it is probable that economic benefits will flow to the Group.

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

Education Income

Revenue related to boating education are recognised when the course take place. Courses after balance date are deferred and recognised in the next financial year when the courses are undertaken.

4.5 Financial instruments

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

The Group derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Group has transferred substantially all the risks and rewards of the asset; or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial Assets

Financial assets within the scope of PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Group's financial assets are classified as either financial assets at fair value through surplus or deficit, or loans and receivables. The Group's financial assets include: cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and investments.

Fair value is determined by obtaining the quoted market price in an active market. For investments and managed funds, this is the market value of investments per portfolio reports.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired.

Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Financial assets at fair value through surplus or deficit.

Financial assets at fair value through surplus or deficit include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. The Group's investments equities fall into this category of financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets 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 any allowance for impairment. The Group's cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and non-equity investments fall into this category of financial instruments.

Impairment of financial assets

The Group assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Group first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Group determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

Financial liabilities

The Group's financial liabilities include trade and other creditors (excluding GST and PAYE), employee entitlements and deferred income (in respect to grants whose conditions are yet to be complied with).

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

4.6 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.7 Short term investments

Short term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.

4.8 Inventories

Inventories held for sale on a commercial basis are measured at the lower of cost and net realisable value, determined on a first-in-first-out basis.

Inventories held for consumption in the provision of services that are not sold on a commercial basis are measured at the lower of cost and net realisable value, determined on a first-in-first-out basis.

For inventory that was acquired through non-exchange transactions, the cost of the inventory is its fair value at the date of acquisition. For inventory held for distribution or consumption in providing goods and services to be distributed at no charge or for nominal charge, these are measured at cost adjusted for any loss of service potential.

4.9 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

Assets are classed and depreciated as follows:

- Communications 20% Diminishing Value and 3-5 Year Straight Line
- Administration 20% Diminishing Value and 3-5 Year Straight Line
- Education 3-5 Year Straight Line
- Air Patrol 20% Diminishing Value and 3-25 Year Straight Line

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

4.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

The Group does not hold any intangible assets that have an indefinite life.

The amortisation periods for the Groups assets are as follows:

- Software 3-5 Year Straight Line

4.11 Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

4.12 Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

Employees of the Group become eligible for long service leave after a certain number of years of employment, depending on their contract. The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

4.13 Income Tax

Coastguard Northern Region is registered with DIA Charities Services as a charitable entity (registration number CC30031). Auckland Volunteer Coastguard Charitable Trust is also registered with DIA Charities Services as a charitable entity (registration number CC20374). Due to its charitable status, the Group is exempt from income tax.

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

4.14 Goods and services tax (GST)

Revenues, expenses and assets and liabilities are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

4.15 Equity

Equity is the community's interest in the Group, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Accumulated comprehensive revenue and expense

Accumulated comprehensive revenue and expense is the Group's accumulated surplus or deficit since its formation.

5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the Board and management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments

The Group has entered into a number of vehicle leases.

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the vehicles, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Changes in the market in relation to the asset

The estimated useful lives of the asset classes held by the Group are listed in Note 4.9 and 4.10.

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

Donated goods

Comparative lease cost on a similar asset has been used to approximate the value of a VW Tiguan provided free of charge by Euro Rate Leasing for a 3 year term.

Some sponsorship income is received as goods in kind.

Lifejackets valued at \$20,000 were donated by Hutchwilco Limited.

6 Components of net surplus

Surplus includes the following specific expenses:

	2018	2017
	\$	\$
Amortisation	33,847	30,704
Depreciation	251,005	229,614
Employee Costs	1,988,670	1,758,312
Inventory consumption recognised	4,776	3,977
Loss/ (gain) on disposal of assets	2,876	527

7 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2018	2017
	\$	\$
Cash at bank	1,088,974	1,201,542
Total cash and cash equivalents	1,088,974	1,201,542

8 Investments & financial assets at fair value through surplus or deficit

	2018	2017
	\$	\$
Investments		
Term deposits – Maturing within 12 months of balance date	2,802,944	2,506,922
	2,802,944	2,506,922
Financial assets at fair value through surplus or deficit		
Shares held	754,870	741,700
Bonds held	559,191	495,776
	1,314,061	1,237,476
Current	450,388	289,961
Non -current	863,673	897,515

Auckland Volunteer Coastguard Charitable Trust holds shares and bonds via a professional investment manager as a balanced portfolio for investment returns.

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

9 Inventories

	2018	2017
	\$	\$
Inventory held for sale or provision of services at commercial terms	4,773	6,208
	4,773	6,208

10 Intangible Assets

2018	Total
	\$
Cost	217,500
Accumulated Amortisation	(163,829)
Net book value	53,671
Amortisation of intangible assets	33,847

2017	Total
	\$
Cost/Valuation	197,652
Accumulated Amortisation	(142,500)
Net book value	55,152
Amortisation of intangible assets	30,704

Intangible assets are comprised of the CRM Membership database, computer software and licences.

Reconciliation of the carrying amount at the beginning and end of the period:

2018	Software
	\$
Opening balance	55,152
Additions	32,366
Amortisation	(33,847)
Closing balance	53,671

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

11 Property plant and equipment

2018	Capital WIP	Communications	Administration	Air Patrol	Education	Total
	\$	\$	\$	\$	\$	\$
Cost	477,057	1,612,813	227,561	773,807	85,494	3,176,732
Accumulated depreciation	-	1,295,366	180,076	424,650	83,424	1,983,516
Net book value	477,057	317,447	47,485	349,157	2,070	1,193,216

2017	Capital WIP	Communications	Administration	Air Patrol	Education	Total
	\$	\$	\$	\$	\$	\$
Cost/	51,445	1,865,024	219,470	773,807	86,242	2,995,988
Accumulated depreciation	-	160,532	160,603	397,174	83,045	2,057,516
Disposals	-	527	71	-	-	598
Net book value	51,445	447,732	58,867	376,633	3,197	937,874

Reconciliation of the carrying amount at the beginning and end of the period:

2018	Capital WIP	Communications	Administration	Air Patrol	Education	Total
	\$	\$	\$	\$	\$	\$
Opening balance	51,445	447,732	58,867	376,633	3,197	937,874
Additions	425,612	69,533	13,617	-	-	508,762
Disposals	-	2,344	71	-	-	2,415
Depreciation	-	197,474	24,928	27,476	1,127	251,005
	477,057	317,447	47,485	349,157	2,070	1,193,216

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

12 Income in Advance – Capital Fund

Foundation North

Coastguard Northern Region receives grants from various community funders which are then distributed to the units to offset the costs for specific projects, such as the refurbishment of vessels and equipment. Grants received but not yet allocated are held in this fund and classified as Income in Advance - Capital Fund, providing the grant has a stipulation requiring repayment if the conditions of the grant are not met. The release of the deferred income to revenue is recognised as the conditions of the grant are met.

	2018	2017
	\$	\$
Opening Balance	499,000	305,776
Grants Received	500,000	500,000
Less amounts recognised as revenue	(285,379)	(306,776)
	713,621	499,000

13 Related party transactions

		2018	2017	2018	2017
		\$	\$	\$	\$
Related Party	Description of the Transaction	Value of transactions	Value of transactions	Amount Outstanding	Amount Outstanding
	AMRC Trust owns the building Coastguard Northern Region leases	82,377	83,825	6,792	6,333

A number of Board Members are also Board Members for various Coastguard units. They are excluded from Board decisions relating to these units. All related party transactions i.e. Paid to Units, Capital Funds, Operational Grants, Membership Commission, Membership Collected on behalf of, Fuel Reimbursements have been made on an arm's length basis.

The Board does not consider there were any other related party transactions during the year.

Auckland Volunteer Coastguard Charitable Trust is considered to be a related party of Coastguard Northern Region Inc. on the basis that the Trust the definition of a controlled entity for financial reporting purpose.

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board and the Chief Executive Officer, which constitutes the governing body of the Group. No remuneration is paid to members of the Board. The aggregate remuneration of key management personnel and the number of individuals receiving remuneration is as follows:

	2018	2017
Total remuneration – Full Time Equivalent	190,000	189,000
Number of persons – Full Time Equivalent	1	1

Remuneration and compensation provided to close family members of key management personnel

During the reporting period, total remuneration and compensation of \$Nil (2017: \$Nil) was provided by the Group to employees on an arm's length basis who are close family members of key management personnel.

14 Leases

As at the reporting date, the Board has entered into the following non-cancellable operating leases

	2018	2017
	\$	\$
Not later than one year	29,400	48,412
Later than one year and no later than five years	45,696	81,806
Later than five years	-	-
	75,096	130,218

As at the reporting date, the following lease payments have been recognised as an expense:

	2018	2017
	\$	\$
Motor Vehicles	26,685	21,844
Franking Machine	2,385	2,265
Printers	27,397	21,396
Hangar	14,400	14,400
	70,867	59,905

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

15 Categories of financial assets and liabilities

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

	2018 \$	2017 \$
Financial assets		
<i>Financial assets at fair value through surplus or deficit</i>		
Investments	1,314,061	1,187,476
Other Financial Assets		
Cash and cash equivalents	1,088,974	1,201,542
Short term deposits	2,802,944	2,506,922
Receivables from exchange transactions	41,301	116,642
Receivables from non-exchange transactions	106,607	89,578
	5,353,887	5,102,160
Financial liabilities		
At amortised cost		
Trade and other creditors	299,814	305,859
Accrued Expenditure	125,735	117,831
Employee entitlements	98,852	98,586
Deferred Income Foundation North	713,621	499,001
Deferred Income (Operational)	52,879	81,302
Subscription Revenue in Advance – Current	827,193	914,459
Subscription Revenue in Advance – Non-current	923,095	656,845
	3,041,189	2,673,883

During the year \$178,883 subscription income was received that relates to future periods and have been recognised as subscription in advance current or non-current as appropriate.

Notes to the Consolidated Financial Statements

Coastguard Northern Region Incorporated
For the Year ended 30 June 2018

16 Capital commitments

There are no capital commitments at balance date (2017: \$Nil).

17 Contingent assets and liabilities

There are no contingent assets or liabilities at balance date. (2017: \$Nil).

18 Events after the reporting date

The Board and management is not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the Coastguard Northern Region Incorporated (2017: \$Nil).

19 Comparatives

Certain comparative figures have been reclassified to conform with current financial year's presentation..

Independent Auditor's Report

To the Members of Coastguard Northern Region Incorporated

Opinion

We have audited the consolidated financial statements of Coastguard Northern Region Incorporated (the 'Society') and its controlled entity (the 'Group'), which comprise:

- the consolidated statement of financial position as at 30 June 2018;
- the consolidated statement of comprehensive revenue and expense for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

In our opinion, the accompanying consolidated financial statements on pages 4 to 20 present fairly, in all material respects, the financial position of the group as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime 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)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Members of our firm are ordinary members of the society and trade with the organisation on standard membership terms. They have no governing body or management roles or influence. Other than this and in our capacity as auditor we have no relationship with, or interests in the society or on its controlled entity.

Other information

The members of the governing body are responsible for the other information. The other information comprises the Directory and Contents on pages 2 and 3, and a separately published 2018 Performance Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board for the consolidated financial statements

The members of the governing body are responsible, on behalf of the society and group, for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the members of the governing body determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the members of the governing body are responsible, on behalf of the society and group, for assessing the society's 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 those charged with governance either intend to liquidate the society and group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 this consolidated financial statements. A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at the XRB's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx

Who we report to

This report is made solely to the members, as a body. Our audit has been undertaken so that we might state to the members those matters 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 members as a body, for our work, for this report, or for the opinions we have formed.



RSM Hayes Audit
Auckland

20 August 2018



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