

Royal New Zealand Coastguard Incorporated

Consolidated Financial Report

For the year ended 30 June 2023



THE CHARITY SAVING LIVES AT SEA



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Directory

ROYAL NEW ZEALAND COASTGUARD INCORPORATED

For the year ended 30 June 2023

Registered Office

3 Solent Street, Auckland

Charity Number

CC36138

National Board Members

Bennett Medary (President appointed 3 October 2021)

Carolyn Tapley (elected 3 October 2021)

Danny Tuato'o (appointed 3 October 2021)

Commodore Melissa Ross (appointed 3 October 2021)

Elizabeth Urquhart (appointed 1 February 2021)

Susan Doughty (appointed 1 February 2021)

Robert Gray (appointed 2 October 2022)

Jerry Bardon (appointed 2 October 2022)

Andrew Murray (appointed 2 October 2022)

Accountants

Bellingham Wallace Limited

470 Parnell Road, Parnell

Auckland

Independent Auditor

RSM Hayes Audit

Level 1, 1 Broadway

Newmarket, Auckland

Bankers

ASB Bank Limited

Bank of New Zealand Limited

Westpac New Zealand Limited

Solicitors

Simpson Grierson

Level 27, Lumley Centre

88 Shortland Street, Auckland

Welcome

From the President and Chief Executive

Tēnā koutou,

As we reflect on the last year, we are proud to acknowledge the remarkable commitment and impact of our Coastguard Tautiaki Moana whānau and supporters. In a turbulent year that has seen Aotearoa rocked by cyclones and severe weather events, Coastguard volunteers and staff have applied their skills and training on and off the water in service of their communities.

Through the application of their training, our Coastguard people have enabled 6,217 Kiwis to return home safely to their families from our harbours, rivers and lakes. Over the twelve months from July '22 to June '23, the organisation responded to 2,596 incidents. Of these, 398 were classified as urgent or life-threatening, leading to the rescue of 142 individuals and the saving of six lives. These numbers are a reminder to all of us how quickly incidents can occur or conditions can change when on the water and the importance of good preparation for all eventualities.

During the severe weather over Auckland Anniversary weekend and again during Cyclone Gabrielle, Coastguard volunteers responded proactively to prepare their communities and then reactively as events occurred. From Northland south to the East Cape, Coastguard people worked with boat owners to secure assets and get ready for the impending bad weather. On the water, Coastguard Auckland and Coastguard Great Barrier volunteers were called on to assist with the rescue of a yacht and its owner adrift north of Great Barrier Island in terrible conditions, before the New Zealand Navy deployed a frigate to complete the mission.

Sadly, these times will also be remembered at Coastguard for the impact on our own community at Coastguard Titirangi and for Cyclone Gabrielle's impact on Hawke's Bay. In the aftermath of Gabrielle, Coastguard Hawke's Bay volunteers put their teamwork and training to good use as part of their community's response to the devastation; using their Napier base as an incident management centre from which to coordinate marine search activities. In Titirangi, the team suffered the loss of their 40-year-old base when a landslide destroyed it. Thankfully no one was harmed in the event and following repair their rescue vessel has been returned to service from a new base in Onehunga.

As a consequence of a summer dominated by poor weather it's unsurprising that we have seen a decrease in on-water activities compared to the previous year. Adverse weather conditions, combined with the reopening of our borders post COVID-19, are considered to be the principle contributors to a drop in on-water activity after several years of growth. Tragically the increasing preventable drowning toll that we reported last year continues to grow, with 94 drowning fatalities in 2022, the largest annual loss for the past decade. With 31% of fatalities associated with recreational craft, it is evident that our vision 'that with our support everyone can enjoy Aotearoa New Zealand's waters safely and with confidence' requires persistent efforts to be realised. Regrettably we believe that many of these deaths could have been prevented if lifejackets had been worn, and we will continue to be unrelenting in our advocacy for the mandatory wearing of

“ As we look to the future, we're committed to ensuring that Coastguard is relevant for all water enthusiasts whatever their waka. ”



lifejackets on vessels six metres and under when underway.

Key to the achievement of our vision is the role that education and community engagement plays. In the last year 8,548 learners have taken part in 21 programmes, with a diverse representation of students alongside a substantial online and distance learning community of 5,138 individuals. In the last year we have achieved remarkable success in the growth of our school Safe Boating programme, increasing the number of participants from 44,000 to over 72,000. Looking forward we are committed to the modernisation and growth of our education products and programmes in all their forms, including further investment in online learning to compliment our established classroom teaching.

To achieve our education aim, this year we have taken steps to integrate Coastguard Boating Education more closely with Coastguard New Zealand, a move that we believe is already bearing fruit. Working alongside Boating Education, our Community Engagement team have enjoyed repeated success with their programme of activities that has included a successful Old4New lifejacket campaign, a refreshed and highly popular Bar Awareness programme and the bringing to life of our Māori and Pasifika Strategy through a diverse range of activities with iwi and Pasifika community groups.

As an organisation we are pleased with the progress we have made delivering our strategy in the last year. Our three internal goals that support our service delivery remain unchanged from last year: ensuring we have the right people in the right place, supporting our volunteers and ensuring that all our people have the right tools and equipment to achieve the mission. Highlights this year have included the success of our second national recruitment campaign, strong progress in the development of a modernised Radio Operator and Air Patrol training syllabus,

the extension of our range of volunteer training courses and the extension of finance support to Units to name just a few.

Today's inflationary environment means that the delivery of our lifesaving outputs comes with a growing cost, while the after-effects of COVID-19 have presented challenges in sustaining and growing our fundraising, membership, and other income streams. In the face of these headwinds it is pleasing to report a surplus of \$2.161m. While we work with partner organisations in the NZ recreational safety and SAR sector to advocate for improved financial support, we will continue to develop our organisation's ability to raise funds through established and new means. While we work with partner organisations in the NZ recreational safety and SAR sector to advocate for improved financial support, we will continue to develop our organisation's ability to raise funds through established and new means.

As we look to the future, we're committed to ensuring that Coastguard is relevant for all water enthusiasts whatever their waka, and that our purpose, products and services are understood and accessible to all New Zealanders, regardless of their culture, gender or background. As we show in this report, that work is well underway in our "Deeds not Words" and we believe that our gifted ingoa Māori (name) Tautiaka Moana perfectly expresses our ambition and responsibility for the future.

As we started our report, so we will finish it: by acknowledging our Coastguard whānau: our volunteers, staff and supporters and the wider system of partners that we work with to deliver on our mission. Thank you for your time, energy and personal sacrifice during what has been another challenging year. It is a privilege to stand shoulder to shoulder with such a great team and play a part in an organisation that makes such a lifesaving difference across Aotearoa.



Bennett Medary
President
Coastguard New Zealand
Tautiaki Moana Aotearoa



Callum Gillespie
Chief Executive
Coastguard New Zealand
Tautiaki Moana Aotearoa



Board's Report and Statement of Responsibility

For the year ended 30 June 2023

Board Report

The Board of Royal New Zealand Coastguard present this Financial Report, incorporating consolidated financial statements and the consolidated statement of service performance of the Group for the financial year ended 30 June 2023, and the independent auditor's report thereon. The consolidated financial report comprise of Royal New Zealand Coastguard and its controlled entities, together the "Group".

Statement of Responsibility

The Board is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements, service performance and related information.

The independent external auditors, RSM Hayes Audit, have audited the consolidated financial report and their report appears on pages 25 and 27.

The Board is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial report, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements.

Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial records. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The consolidated financial statements are prepared on a going concern basis. Nothing has come to the attention of the Board to indicate that the group will not remain a going concern in the foreseeable future.

In the opinion of the Board:

The consolidated statement of comprehensive revenue and expense is drawn up so as to present fairly, in all material respects, the financial performance of the group for the financial year ended 30 June 2023;

The consolidated statement of financial position is drawn up so as to present fairly, in all material respects, the financial position of the group as at 30 June 2023;

The consolidated statement of cash flows is drawn up so as to present fairly, in all material respects, the cash flows of the group for the financial year ended 30 June 2023;

The consolidated statement of service performance is drawn up so as to present fairly, in all material respects, the service performance of the group measured against suitable service performance criteria for the year ended 30 June 2023;

There are reasonable grounds to believe that the group will be able to pay its debts as and when they fall due.

The consolidated statement of cash flows is drawn up so as to present fairly, in all material respects, the cash flows of the group for the financial year ended 30 June 2023;

For and on behalf of the Board:



Bennett Medary, President

23th July 2024

Date



Carolyn Tapley, Board Member

23th July 2024

Date

Consolidated Statement of Service Performance

For the year ended 30 June 2023

We are the charity saving lives at sea

Our vision is that that with our support everyone can enjoy Aotearoa New Zealand's waters safely and with confidence

How we save lives

Search and Rescue



Communications



Education & Community Engagement



Committed to Wai Ora 2025

Working together to reduce drownings & injuries

Our strategy goals



Having the right people, in the right place

To respond to a call for help



Giving our people the support they need

To enable them to focus on the mission



Having the right tools & equipment

To complete the mission safely & effectively

Built on strong foundations

Sustainably funded

Effective governance

The skills to shape our business

Consolidated Statement of Service Performance

For the year ended 30 June 2023



Where we are



63 Units



100 rescue vessels
(including rescue water craft)











2 search aircraft



13 locations providing 24/7
Coastguard Radio watch
across New Zealand

Consolidated Statement of Service Performance

For the year ended 30 June 2023

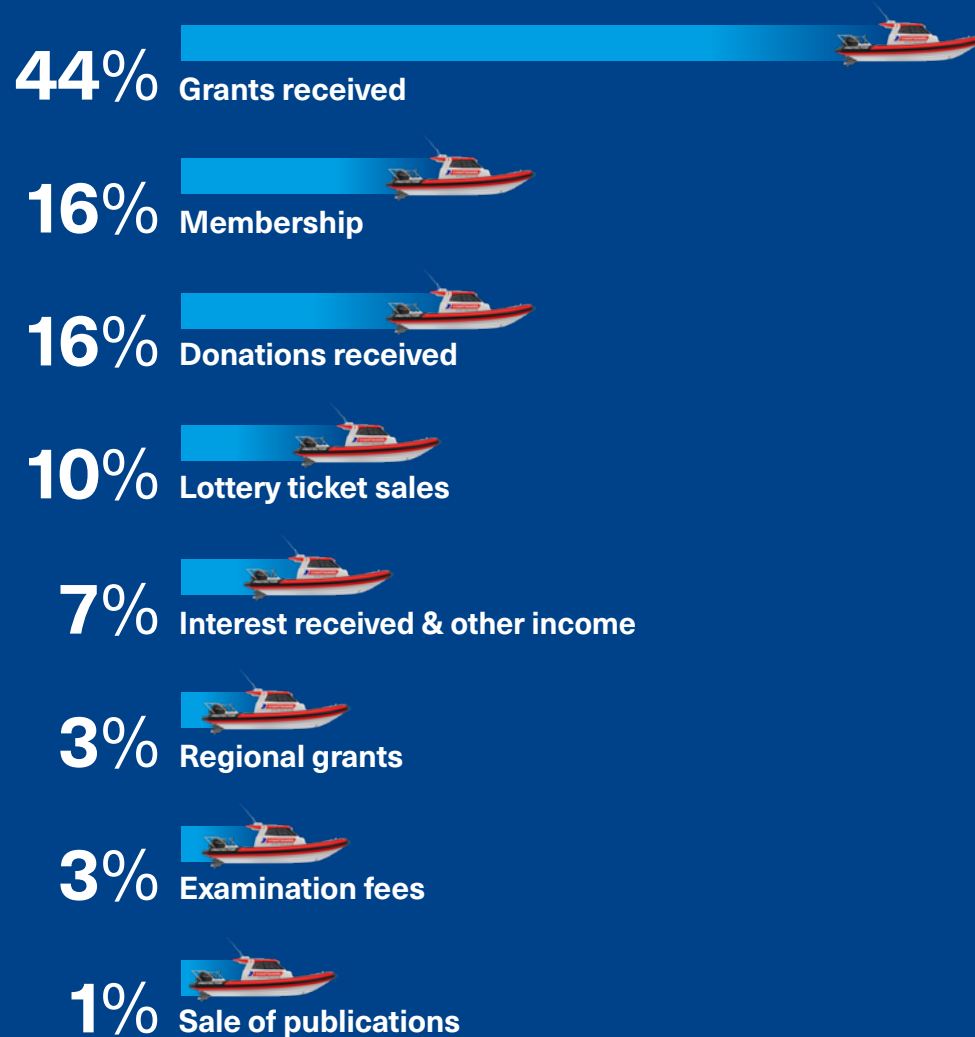
		2022/2023	2021/2022
Search and Rescue (SAR)	 Incidents Category 1: Locally coordinated operations usually involving resources & people familiar with the area. Category 2: Operations usually involving national or international resources. CGOPS : Events reported which are not CAT 1 or 2. E.g. assistance or towing.	Cat 1: 381 Cat 2: 17 CGOPS: 2,198 Total: 2,596	Cat 1: 382 Cat 2: 18 CGOPS: 2,898 Total: 3,298
	 Lives assisted Where SAR agencies aid a person or people at low risk, but who, if left, would be at risk.	6,217	7,939
	 Lives rescued Where SAR agencies locate and rescue a person or people at risk and return them to a safe location.	142	132
	 Lives saved Where, if SAR agencies had not intervened, life would definitely have been lost.	6	25
	 Coastguard App Trip Reports	44,854	49,203
Education & Community Engagement	 Children participating in Safe Boating courses	71,921	44,003
	 Pools and aquatic centres offering Safe Boating courses around the country	91	88
	 Learners enrolled across 21 programmes	8,548	5,342

Consolidated Statement of Service Performance

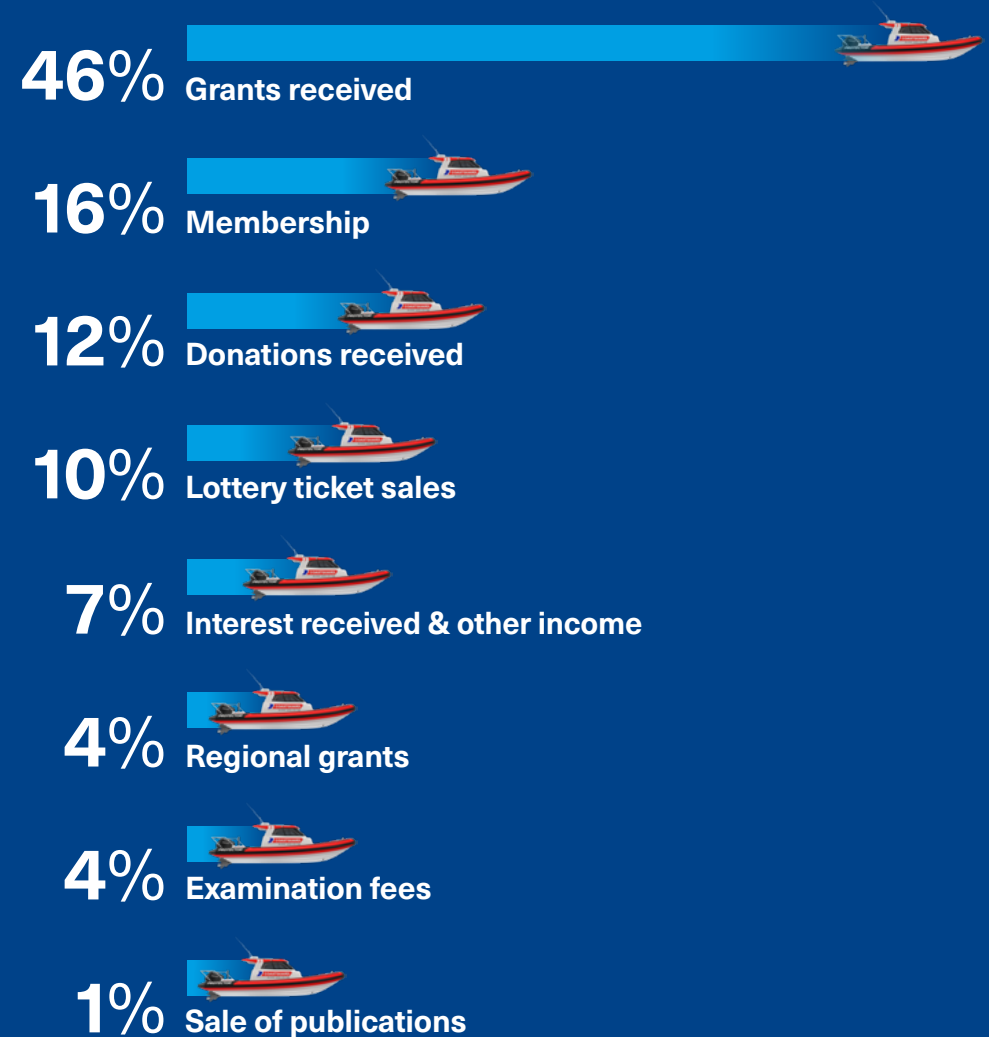
For the year ended 30 June 2023

Where operating funds came from

Income \$33.2m 2023



Income \$31.7m 2022



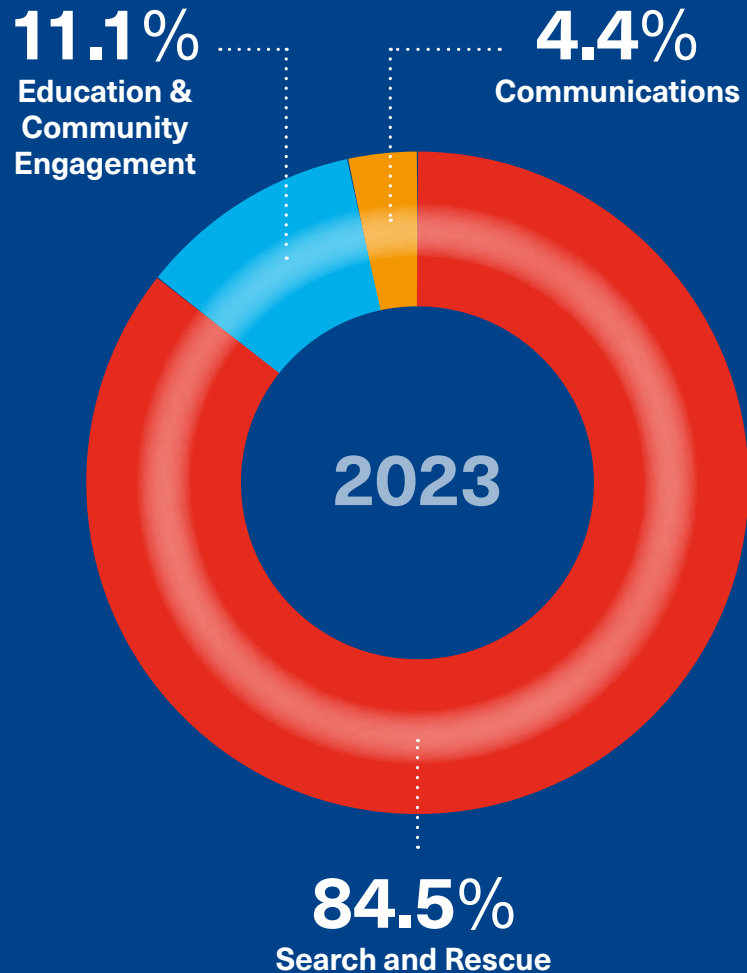
Consolidated Statement of Service Performance

For the year ended 30 June 2023

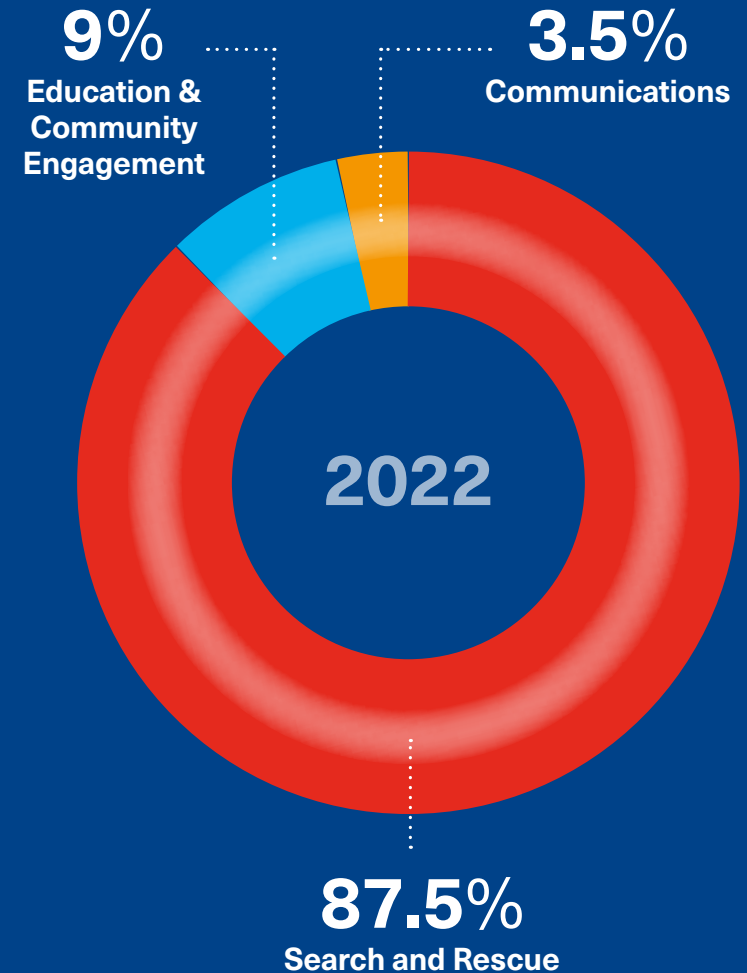
Where operating funds were used

Non-operational costs include Depreciation, Loss on Sale of Fixed Assets and Subs in Advance Adjustment.

Expenditure \$31.9m 2023



Expenditure \$31.3m 2022



NOTE: In preparing the Consolidated Statement of Service Performance information for the period, the Group has made a number of significant judgements about what information to present, based on an assessment of what information would be most appropriate and meaningful to the readers when assessing performance against the Group's objectives. The decisions about what service performance information to present were made in consultation with the Board, key management personnel and other members of the team. Judgement was made that the revised Royal New Zealand Coastguard Incorporated Strategic Plan with three strategic priorities were the appropriate framework for reporting service performance information. With this framework in place, the judgements that had the most significant effect on the non-financial information presented related to the selection of information about what the Group has done in the period under each strategic priority and the selection of performance measures for each key activity identified.

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2023

	Notes	2023	2022
		\$	\$
Revenue from exchange transactions			
Lotteries Revenue		3,462,199	3,137,210
Subscriptions Received		5,461,826	5,034,267
SAR Reimbursements		393,295	425,866
Examination Fees		1,054,683	1,213,827
Sales of Publications		197,744	295,384
Sponsorship		493,350	358,393
Other Operating Revenue		1,217,777	1,163,230
		<u>12,280,875</u>	<u>11,628,177</u>
Revenue from non-exchange transactions			
Service Level Agreement Funding	20	4,538,595	4,095,907
Lottery Grants Board Funding	20	2,428,310	2,347,726
Water Safety New Zealand Funding	20	4,258,827	5,537,573
Donations Received		3,591,634	3,693,120
Other Grants		3,516,412	2,788,019
Auckland Council		771,880	835,966
Trust Waikato	20	-	190,427
Bay Trust	20	130,000	129,950
Vessel Income		1,214,949	136,421
Gifts in Kind		462,898	291,795
		<u>20,913,506</u>	<u>20,046,903</u>
Total Revenue		<u>33,194,380</u>	<u>31,675,080</u>
Grants Expenditure			
Administrative Overheads		4,334,242	3,102,879
Board & Governance Costs		692,626	299,657
Education Costs		744,185	587,298
Lotteries Costs		2,304,356	2,029,619
Marketing & Fundraising Costs		1,710,980	1,658,711
National Office Projects		1,225,257	929,162
Personnel Costs		9,339,369	8,321,568
SAR Expenditure		4,924	2,696
Rent Expense		639,589	642,165
Depreciation & Amortisation	10,11	4,156,547	3,487,010
Impairment Loss	11	-	1,782,441
Repairs & Maintenance		482,310	625,095
Vessel Expenditure		871,104	857,909
Loss/(Gain) on Disposal of Assets		354,583	(238,099)
Total Expenses		<u>31,891,104</u>	<u>31,342,484</u>
Surplus before net financing costs			
		<u>1,303,276</u>	<u>332,596</u>
Finance Income			
Finance Income	5	858,506	103,326
Finance Costs	5	(696)	(899)
Net Finance Income		<u>857,810</u>	<u>102,428</u>
Net Surplus for the year			
		<u>2,161,087</u>	<u>435,024</u>
Other Comprehensive Revenue and Expenses			
		-	-
Total Comprehensive Revenue and Expenses for the year		<u>2,161,087</u>	<u>435,024</u>

Consolidated Statement of Changes in Net Assets / Equity

For the year ended 30 June 2023

	Asset Maintenance Reserve	Course Development Reserve	Accumulated Revenue and Expense	Total Equity
	\$	\$	\$	\$
Group				
Opening Equity 01 July 2021	33,000	268,639	57,769,398	58,071,037
Total Comprehensive Income	-	-	435,024	435,024
Transfers - Reserves	16,946	79,802	(96,748)	-
Closing Equity 30 June 2022	49,946	348,441	58,107,675	58,506,062
Opening Equity 01 July 2022	49,946	348,441	58,107,675	58,506,062
Total Comprehensive Income	-	-	2,161,087	2,161,087
Transfers - Reserves	10,065	63,536	(73,601)	-
Closing equity 30 June 2023	60,011	411,977	60,195,161	60,667,149

Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and Cash Equivalents	6	17,770,431	14,390,038
Investments	7	21,422,333	19,635,677
Assets Held For Sale	21	-	863,565
Inventory		106,704	98,508
Prepayments and Other Assets		636,096	766,082
Receivables from Exchange Transactions	8	1,277,939	679,791
		<u>41,213,503</u>	<u>36,433,661</u>
Non-current assets			
Investments	7	1,233,765	1,284,658
Intangible Assets	10	113,541	340,217
Property Plant and Equipment	11	35,280,523	33,546,338
		<u>36,627,829</u>	<u>35,171,213</u>
TOTAL ASSETS		<u>77,841,332</u>	<u>71,604,873</u>
LIABILITIES			
Current liabilities			
Employee Benefit Liabilities	14	579,589	483,304
Income In Advance	15	12,365,501	8,989,111
Payables from Exchange Transactions	13	2,771,076	2,603,160
		<u>15,716,166</u>	<u>12,075,575</u>
Non-current liabilities			
Income in Advance	15	1,458,017	1,023,237
		<u>1,458,017</u>	<u>1,023,237</u>
TOTAL LIABILITIES		<u>17,174,183</u>	<u>13,098,812</u>
TOTAL NET ASSETS		<u>60,667,149</u>	<u>58,506,062</u>
NET ASSETS/EQUITY			
Accumulated Funds		60,195,161	58,107,675
Asset Maintenance Reserve		60,011	49,946
Course Development Reserve		411,977	348,441
TOTAL NET ASSETS/EQUITY		<u>60,667,149</u>	<u>58,506,062</u>

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
CASH FLOWS FROM/(TO) OPERATING ACTIVITIES			
Receipts from exchange transactions		11,760,745	11,899,920
Receipts from non-exchange transactions		24,724,675	22,834,805
Payments to Suppliers		(17,828,916)	(18,721,191)
Payments to Employees		(9,243,085)	(8,313,745)
Net cash inflow/(outflow) from operating activities		9,413,419	7,699,789
CASH FLOWS FROM/(TO) INVESTING ACTIVITIES			
Interest received		841,965	102,428
Purchase/(Proceeds) of investments (net)		214,231	1,368,909
Proceeds from disposals of property, plant and equipment		2,336,122	1,833,306
(Increase)/Decrease in term deposits		(1,934,150)	(5,204,407)
Purchase of property, plant and equipment		(7,491,194)	(3,838,674)
Net cash inflow/(outflow) from investing activities		(6,033,026)	(5,738,438)
CASH FLOWS FROM/(TO) FINANCING ACTIVITIES			
Loan repayments made		-	-
		-	-
Net increase/(decrease) in cash and cash equivalents		3,380,393	1,961,351
Cash and cash equivalents at start of the year		14,390,038	12,428,686
Cash and cash equivalents at end of the year	6	17,770,431	14,390,038

Statement of Accounting Policies

For the year ended 30 June 2023

1. REPORTING ENTITY

The reporting entity is Royal New Zealand Coastguard Incorporated. Royal New Zealand Coastguard Incorporated (the "Society") 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 CC36138.

These consolidated financial statements for the year ended 30 June 2023 comprise of Royal New Zealand Coastguard Incorporated and its controlled entities, together the 'Group'. Entities are classified as being under actual or deemed control when the Society can derive benefits from and can either direct the activities of, or appoint majority board members to the other entity. Comparative figures are for the same Group.

The consolidated group comprises the following significant controlled entities:

Royal New Zealand Coastguard Incorporated
 Royal New Zealand Coastguard Charitable Trust
 Royal New Zealand Coastguard Boating Education Limited

The Group also includes 63 Units situated around the country.

The group is predominantly a marine safety organisation, providing search and rescue, education, communication and marine safety services. All entities within the Group are charitable organisations registered under the Charities Act 2005.

The consolidated financial report has been approved and were authorised for issue by the Board on the date noted on page 5.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated 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 PBE IPSAS on the basis that it does not have public accountability and 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.

b) Measurement basis

The consolidated financial statements have been prepared on the historical cost basis, and modified by the fair value measurements of non-derivative financial instruments.

c) Functional and presentation currency

The consolidated financial statements are presented in New Zealand Dollars (\$), which is the functional and presentation currency, rounded to the nearest dollar.

There has been no change in the functional currency of the Group during the year.

d) Changes in accounting policy

Changes due to the initial application of a new PBE standards are noted below:

Adoption of PBE IPSAS 41 Financial Instruments

Group has adopted PBE IPSAS 41 Financial Instruments in the current financial year.

This standard replaces the provisions of PBE IPSAS 29 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting.

In accordance with the transitional provisions in PBE IPSAS 41 comparative information for the 30 June 2022 period have not been restated. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policies.

There were no material changes in recognition or measurement required upon adoption of PBE IPSAS 41.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 Service Performance Reporting is effective for the period from 1 June 2022 and was adopted by Group on that date.

Refer to the separate statement of service performance.

Statement of Accounting Policies

For the year ended 30 June 2023

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires 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.

a) 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, photocopier and office premises 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 assets, that it does not retain all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

Non-exchange Revenue with conditions is recognised when the conditions are satisfied. Non-exchange Revenue with restrictions is recognised upon receipt.

Whether there is control over units

The Society is considered to control the units as it benefits from their activities and is able to direct their activities by virtue of funding and determination of policies and procedures that must be adopted.

Non-coterminous reporting dates

The Society is required to consolidate the results, financial position and cash flows for the period covered by these financial statements. The accounting standard allows for the controlled entities reporting dates to differ from the Society by no more than 3 months. In any event, the standard requires adjustments to be made for any significant transactions in the intervening period. A number of the controlled entities as indicated in Note 1 have different reporting dates to the Society. Management have assessed that there is no need for any adjustments to the numbers consolidated, as there are no significant transactions in the intervening period.

Consistency of accounting policies

The consolidation standard requires the application of consistent accounting policies for all members of the group. The current and prior year financial statements of the controlled entities have been reviewed and adjustments made where necessary, to ensure that all material transactions have been accounted for in accordance with group policies.

The two main areas considered are depreciation and income in advance. In respect of depreciation, each of the units and regions apply their own depreciation rates and methods. All significant asset categories have been reviewed and adjustments made to comply with the group rates disclosed in Note 4.

b) 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 to determine potential future use and value

- The condition of the asset based on the assessment of management employed by the Group
- 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
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

The estimated useful lives of the asset classes held by the Group are listed in Policy 4(h)(iii).

Statement of Accounting Policies

For the year ended 30 June 2023

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

4. SIGNIFICANT ACCOUNTING POLICIES

a) 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.

In preparing the consolidated financial statements, all inter entity balance and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity in all material respects are consistent with the policies adopted by the Group.

b) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

The specific recognition criteria described below must also be met before revenue is recognised.

i) 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 as revenue evenly over the membership period.

Interest revenue

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the statement of comprehensive revenue and expense.

Other Revenue

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

ii) 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 and consumables and is recognised in Statement of Comprehensive 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, including volunteer time has not been given a financial value in these financial statements.

Examination Fees

Examination and course material fees are recognised upon completion of the course or when the Group has met its obligations to supply materials if no examination is involved.

Lotteries Revenue

Lotteries revenue is recognised once a lottery is drawn.

Grants

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

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

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

Statement of Accounting Policies

For the year ended 30 June 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Employee benefits

Short term employee benefits

Short-term employee benefit liabilities including employer contributions to kiwisaver at rates required by legislation are recognised when the Group has a legal or constructive obligation to remunerate employees for services provided within 12 months of reporting date, and is measured on an undiscounted basis and expensed in the period in which employment services are provided.

d) Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

Financial assets at amortised cost

This category of financial assets is the most relevant to the Group. Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gain or losses are recognised in the statement of comprehensive revenue and expenses when the financial statements are derognised or impaired.

The carrying value of financial assets at amortised cost approximates their fair value. Financial assets at amortised cost comprise trade receivable, other receivables, short term investments and cash and cash equivalents. These are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

Investments at Fair Value through Surplus/(Deficit)

The carrying value of other financial assets, such as Investments in managed investment portfolio, approximate their fair value.

The investments are subsequently measured at fair value with gains and losses (other than foreign exchange gains or losses) recognised in Surplus/(Deficit).

Financial liabilities at amortised cost

This is the category of financial liabilities that is most relevant to the Group. After initial recognition, trade and other payables are subsequently measured at amortised cost.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the effective interest rate amortisation process. The effective interest rate amortisation is included as finance costs in the statement of comprehensive revenue and expense.

Trade and other payables are unsecured and are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

This category generally applies to payables.

g) 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.

Statement of Accounting Policies

For the year ended 30 June 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

(ii) Subsequent expenditure

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

(iii) Depreciation

For property, plant and equipment, depreciation is based on the cost of an asset less its residual value and for buildings is based on

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each component of an item

The estimated useful lives and depreciation rates are:	Straight Line	Diminishing Value
Buildings and Property Improvements	30 - 40 years	0% - 20%
Rescue Vessels & Equipment	4 - 20 years	5% - 60%
Plant & Equipment	2 - 20 years	3% - 50%
Office Equipment	2 - 25 years	4% - 50%
Motor Vehicles	3 - 11 years	10% - 30%

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

i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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.

Grants Expenditure

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

The amortisation period and amortisation rate for the Groups' intangibles is as follows:

	Straight Line	Diminishing Value
Software	2.5 - 10 years	10% - 40%

Statement of Accounting Policies

For the year ended 30 June 2023

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) 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 the formation of the Group.

Asset maintenance reserve

This is a specific reserve created to fund the ongoing depreciation costs of the rescue vessels, the ongoing depreciation and maintenance costs of the promotional caravan and the ongoing depreciation and maintenance costs of the automatic weather stations.

Course development reserve

This is a specific reserve created to fund the ongoing development of courses.

k) Income Tax

All entities within the Group have charitable status from the Charities Services and are therefore exempt from income tax.

l) Goods and services tax

All amounts are shown exclusive of goods and services tax (GST), except for receivables and payables that are stated inclusive of GST.

m) Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Operating leases

Leases that are not finance leases are classified as operating leases.

Operating leases are not recognised in the Group's statement of financial position. Payments made under operating leases are

5. NET FINANCE INCOME

Finance Income Comprises:	2023 \$	2022 \$
Interest Received	836,780	97,090
Realised/Unrealised Gain on Investments	15,845	-
Dividends Received	5,881	6,236
	<u>858,506</u>	<u>103,326</u>
 Finance Costs Comprises:		
Interest Expense	<u>696</u>	<u>899</u>
	<u>696</u>	<u>899</u>

6. CASH AND CASH EQUIVALENTS

Cash on Hand	3,302	17,055
Cash at Bank	<u>17,767,129</u>	<u>14,372,983</u>
	<u>17,770,431</u>	<u>14,390,038</u>

Included in the above cash and cash equivalent is \$944,786 of funds received including interest earned during the year that was received from Auckland Volunteer Coastguard Trust (AVCT) upon wound up of the Trust in 2022 financial year. This amount was distributed to Coastguard New Zealand to support the redevelopment of the Auckland Marine Rescue Centre (AMRC). The balance has been ring fenced in separate bank account, with a condition if not used within five years for the redevelopment of the AMRC, the funds can be used for operational costs for Coastguard.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

7. INVESTMENTS

	2023	2022
	\$	\$
Current Investments		
Term Deposits	20,935,040	19,000,890
Shares and Bonds	487,294	634,787
	<u>21,422,333</u>	<u>19,635,677</u>
Non-current Investments		
Clarity Funds Management - Dividend Yield Fund	786,119	735,238
Clarity Funds Management - Fixed Income Fund	447,647	438,971
Shares and Bonds	-	110,448
	<u>1,233,765</u>	<u>1,284,658</u>
	<u>22,656,099</u>	<u>20,920,335</u>

The interest rates on term deposits are at current market rates and varies with maturity dates ending prior to 30 June 2024.

The above units investments are managed by professional fund managers in accordance with Royal New Zealand Coastguard Charitable Trust's investment strategy and held with the intention to hold for long term hence classed as a non-current asset in the statement of financial position.

8. RECEIVABLES

	2023	2022
	\$	\$
Receivables from exchange transactions		
Trade Debtors	894,744	444,320
Sundry Debtors	383,195	235,470
	<u>1,277,939</u>	<u>679,791</u>

There are no amounts impaired as at year end relating to trade receivables from exchange and non-exchange transactions.

9. RELATED PARTY TRANSACTIONS AND BALANCES

The entities within the Group are controlled and managed by their boards and management teams. The majority of these provide their services on a voluntary basis. In many instances entities controlled by these parties also transact with the Group providing goods and services on normal commercial terms (as applicable to a charitable organisation). A number of these parties who represent the units have also been elected to positions on the boards of the Society. Often funding is received by the Society and passed on to the units. These transactions are not influenced by unit members on the Society boards.

The following significant transactions have occurred between the board and regional team members and the entities within the Group:

During the year the Group paid Bellingham Wallace Limited fees for services rendered totalling \$123,212 (2022: \$109,945). The Group vacated Bellingham Wallace Limited's leased space in March 2022. The total amount paid to Bellingham Wallace Limited during the year under the license to occupy was \$nil (2022: \$47,977).

Aaron Wallace, a Director of Bellingham Wallace Limited was a Member of the Board of Royal New Zealand Coastguard Incorporated until 3 October 2021. He is now a trustee of Royal NZ Coastguard Charitable Trust.

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 of Royal New Zealand Coastguard Incorporated, the Board of Directors of Royal New Zealand Coastguard Boating Education Limited, and the Trustees of the Royal New Zealand Coastguard Charitable Trust as well as the senior management groups of Royal New Zealand Coastguard Incorporated, and Royal New Zealand Coastguard Boating Education Limited respectively. No remuneration is paid to members of the Board.

The aggregate remuneration of the senior management groups and the number of individuals, determined on a full-time equivalent basis, receiving remuneration are as follows:

Number of key management personnel:	13	14
Key management personnel remuneration:	2,089,083	1,969,132

10. INTANGIBLE ASSETS - SOFTWARE

Cost	1,762,627	1,762,627
Accumulated Amortisation	(1,649,086)	(1,422,410)
Carrying Value	<u>113,541</u>	<u>340,217</u>

Reconciliation of intangibles

Opening Carrying Value	340,217	619,565
Additions including Work in Progress	-	-
Amortisation	(226,676)	(279,347)
Closing Carrying Value	<u>113,541</u>	<u>340,217</u>

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

11. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings and Property Improvements	9,289,597	2,125,913	7,163,684	8,454,341	1,881,858	6,572,483
Rescue Vessels & Equipment	44,499,222	26,706,777	17,792,446	43,379,739	23,951,503	19,428,237
Plant & Equipment	10,059,913	6,689,325	3,370,588	9,725,207	6,093,354	3,631,853
Office Equipment	3,004,858	2,322,250	682,607	2,903,228	2,248,285	654,943
Motor Vehicles	3,347,602	2,285,039	1,062,563	3,019,399	2,024,434	994,966
Capital Work in Progress	5,208,635	-	5,208,635	2,263,856	-	2,263,856
	75,409,828	40,129,305	35,280,523	69,745,771	36,199,434	33,546,338

Reconciliation of property, plant and equipment

	2023						
	Opening balance	Additions	Transfer (1)	Disposals at BV	Revaluation Reserve	Depreciation	Closing balance
Buildings and Property Improvements	6,572,483	1,336,504	-	118,195	383,053	244,055	7,163,683
Rescue Vessels & Equipment	19,428,237	231,365	1,769,700	881,591	-	2,755,265	17,792,446
Plant & Equipment	3,631,853	551,246	-	216,540	-	595,972	3,370,588
Office Equipment	654,943	203,876	-	102,238	-	73,974	682,607
Motor Vehicles	994,966	494,407	-	166,204	-	260,606	1,062,563
Capital Work in Progress	2,263,856	4,673,796	(1,683,178)	45,839	-	-	5,208,635
	33,546,338	7,491,194	86,522	1,530,607	383,053	3,929,871	35,280,523

(1) Transfers include transfers from capital work in progress and assets held for sale (see note 21).

	2022						
	Opening balance	Additions	Transfer	Disposals at BV	Depreciation	Impairment	Closing balance
Buildings and Property Improvements	6,084,069	658,496	-	24,741	145,341	-	6,572,483
Rescue Vessels & Equipment	14,702,470	153,087	7,376,334	485,186	2,318,468	-	19,428,237
Plant & Equipment	3,058,787	926,792	-	77,060	276,667	-	3,631,853
Office Equipment	353,806	623,387	-	29,190	293,061	-	654,943
Motor Vehicles	830,694	472,526	-	134,128	174,126	-	994,966
Capital Work in Progress	10,418,245	1,115,484	(7,487,432)	-	-	1,782,441	2,263,856
	35,448,072	3,949,772	(111,098)	750,304	3,207,663	1,782,441	33,546,338

12. FINANCIAL INSTRUMENTS

The tables below show the carrying amounts of the Group's financial assets and financial liabilities.

Classification and fair values of financial instruments

	2023		
	Financial Asset at amortised cost	Financial liabilities at amortised cost	Fair Value through surplus or deficit
Cash and Cash Equivalents	17,770,431	-	-
Investments - Term Deposits	20,935,040	-	-
Investments - Bonds, Shares and Other Investments	-	-	1,721,059
Receivables from exchange transactions	894,744	-	-
Payables from exchange transactions	-	1,915,312	-
	39,600,216	1,915,312	1,721,059

	2022		
	Financial Asset at amortised cost	Financial liabilities at amortised cost	Fair Value through surplus or deficit
Cash and Cash Equivalents	14,390,038	-	-
Investments - Term Deposits	19,000,890	-	-
Investments - Bonds, Shares and Other Investments	-	-	1,919,445
Receivables from exchange transactions	444,320	-	-
Payables from exchange transactions	-	1,506,746	-
	33,835,249	1,506,746	1,919,445

13. PAYABLES - EXCHANGE TRANSACTIONS

	2023	2022
	\$	\$
Accounts Payable	1,915,312	1,506,746
Other Accruals	855,764	1,096,414
	2,771,076	2,603,160

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

14. EMPLOYEE BENEFIT LIABILITY

Holiday Pay	557,908	476,094
PAYE	10,320	7,211
Wage Payable	11,361	-
	<u>579,589</u>	<u>483,304</u>

15. INCOME IN ADVANCE

Current Portion

Unspent Grant Funds - Lottery Grants Board (LGB)	218,706	150,400
Unspent Grant Funds - Other	8,561,114	4,788,447
Deferred Income	1,184,958	1,376,335
Lottery Income in Advance	-	190,344
Subscription Revenue in Advance	2,400,723	2,483,585
	<u>12,365,501</u>	<u>8,989,111</u>

Non-Current Portion

Subscription Revenue in Advance	1,458,017	1,023,237
	<u>1,458,017</u>	<u>1,023,237</u>

Grants Expenditure	<u>13,823,518</u>	<u>10,012,348</u>
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16. OPERATING LEASE COMMITMENTS

The Group leases motor vehicles, photocopiers and office premises under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Payable within one year	640,235	352,541
Payable between one and five years	810,551	588,981
Payable more than five years	-	95,590
	<u>1,450,786</u>	<u>1,037,112</u>

The amount of expenditure recognised in the current year in respect of leases amounts to \$584,470 (2022: \$478,544)

17. CAPITAL COMMITMENTS

The Group had the following commitments at balance date:

Q-West Boat Builders	538,000	2,750,000
Kennedy Building Ltd	357,000	365,000
Other Suppliers	1,072,000	2,652,394
	<u>1,967,000</u>	<u>5,767,394</u>

18. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date (2022: \$Nil).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

19. EVENTS AFTER THE REPORTING DATE

CBE and CNZ have operated under the same board since the 2nd of October 2022 and are currently in the process of integrating from the 1st of July 2023 to become a more streamlined operation under the same umbrella. (2022:\$Nil).

20. SERVICE LEVEL AGREEMENT & LOTTERY GRANTS BOARD FUNDING

Service Level Agreement funding income recognised during the year totalled \$4,538,595 (2022: \$4,095,907). This funding is set for three years, with the current funding period ending 30 June 2023.

Lottery Grants Board funding income recognised during the year totalled \$2,428,310 (2022: \$2,347,726). This is a contestable annual funding source.

Foundation North funding income recognised during the year totalled \$35,111 (2022: \$396,277). This is a contestable annual funding source.

Water Safety New Zealand Service Level Agreement funding income recognised during the year totalled \$4,258,827 (2022: \$5,537,573). This funding is set for three years, with the current funding period ending 30 June 2023.

Bay Trust funding income recognised during the year totalled \$130,000 (2022: \$129,950). This is a contestable annual funding source.

Trust Waikato funding income recognised during the year totalled \$nil (2022: \$190,427).

21. ASSETS HELD FOR SALE

	2023	2022
Grants Expenditure		
Vessels		
Opening Balance	863,565	1,702,467
Less: Sale of Two Vessels	(863,565)	(950,000)
Transfer from Capital Work in Progress	-	111,098
Impairment Loss	-	-
Carrying Value	<u>-</u>	<u>863,565</u>

During the reporting date two Americas Cup vessels, Rayglass 16 and Rayglass 17 were sold for \$185,000 each including GST. Total loss on sale amounted to \$541,825.

22. COMPARATIVE INFORMATION

Where appropriate comparative items for prior year have been reclassified to conform to current year's presentation.

Independent Auditor's Report

To the members of Royal New Zealand Coastguard Incorporated

Opinion

We have audited the consolidated general purpose financial report (hereinafter referred to as 'consolidated financial report') of Royal New Zealand Coastguard Incorporated and its subsidiaries (together, the group), which comprises the consolidated financial statements on pages 11 to 24 and the consolidated service performance information on pages 6 to 10. The complete set of consolidated financial statements comprises the statement of consolidated financial position as at 30 June 2023, the statement of consolidated comprehensive revenue and expense, statement of consolidated changes in net assets/equity, statement of consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial report presents fairly, in all material respects:

- the financial position of the group as at 30 June 2023, and its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 30 June 2023 in accordance with the entity's service performance criteria

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 of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information*. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial report* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have provided agreed upon procedures engagement in respect of various lotteries certification of Royal New Zealand Coastguard Incorporated to Department of Internal Affairs.

Certain staff of our firm are ordinary members of Royal New Zealand Coastguard Incorporated and its controlled entities and trade with the Group on standard membership terms. They have no governing body or management roles or influence. Except in this regard, and other than in our capacity as auditor we have no relationship with, or interests in, the group or any of its controlled entities.

Other matter

The corresponding consolidated service performance information for the year ended 30 June 2022 is unaudited.

Other information

The board members are responsible for the other information. The other information comprises the Contents, directory, President and Chief Executive Report, Board Report and Statement of Responsibility and Sponsor Acknowledgement from pages 2 to 5, and pages 28 to 30 (but does not include the consolidated financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial report 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 report, 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 report, 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 the board members for the consolidated financial report

The board members are responsible, on behalf of the group, for:

- (a) the preparation and fair presentation of the consolidated financial statements and consolidated service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- (c) such internal control as the board members determine is necessary to enable the preparation of consolidated financial statements and consolidated service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial report, the board members are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated service performance information, 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) and NZ AS 1 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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this consolidated financial report.

A further description of the auditor's responsibilities for the audit of the consolidated financial report is located at the XRB's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-13/>

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 group and the members as a body, for our work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads 'RSM'.

RSM Hayes Audit
Auckland

24 July 2024

Corporate Partners



Search and Rescue Partners



Ambassadors



Funders, Trusts, Grants and Foundations



Thank you!

It takes a great team to save lives at sea.

If you already support Coastguard, thank you. You make everything we do possible.

Your support enables people to enjoy life on the water across Aotearoa on lakes, rivers and oceans, safe in the knowledge that Coastguard has their back out there.

If you've been inspired by what you've read in this report, you too can be part of the team saving lives at sea.

You'll be making a huge difference. You'll keep our rescue vessels on the water, our aircraft in the sky and our crews trained and ready.

To find out more about how you can help, head to www.coastguard.nz





Coastguard New Zealand

Tautiaki Moana Aotearoa

Physical address: 3 Solent Street, Mechanics Bay, Auckland 1010

Postal Address: PO Box 2195, Shortland Street, Auckland 1140

09 303 4303 | 0800 BOATIE (262 843)

info@coastguard.nz | www.coastguard.nz

 Coastguard New Zealand  @coastguardnewz  @coastguardnz