

Royal New Zealand Coastguard Incorporated

FINANCIAL REPORT 2024

Special Purpose Consolidated Financial Statements

For the year ended 30 June 2024



Special Purpose Consolidated Financial Statements

For the year ended 30 June 2024

CONTENTS	PAGES
Directory	1
Boards Report and Statement of Responsibility	2
Independent Auditor's Report	3 - 4
Special Purpose Consolidated Statement of Comprehensive Revenue and Expense	5
Special Purpose Consolidated Statement of Changes in Net Assets/Equity	6
Special Purpose Consolidated Statement of Financial Position	7
Special Purpose Consolidated Statement of Cash Flows	8
Statement of Accounting Policies	9 - 13
Notes to the Special Purpose Consolidated Financial Statements	14-17

Directory

For the year ended 30 June 2024

Registered Office

3 Solent Street
Auckland

Nature of Organisation

Marine Search & Rescue, Emergency Relief & Training

Charity Number

CC36138

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
88 Shortland Street, Auckland

Board's Report and Statement of Responsibility

For the year ended 30 June 2024

Boards Report

The Board of Royal New Zealand Coastguard present this Annual Report, being the special purpose financial statements of the Group for the financial year ended 30 June 2024, and the independent auditor's report thereon. The Board has elected to present special purpose consolidated financial statements, consolidating its controlled entities, except for the separate Coastguard units. The special purpose consolidated financial statements have been prepared for presentation to the members at the Annual General Meeting (AGM) as the full group financial statements cannot be completed in time for the AGM. Full consolidated financial statements, consolidating all controlled entities will be completed and filed at Charities Services by 31 December 2024.

Statement of Responsibility

The Board is responsible for the maintenance of adequate accounting records and the preparation and integrity of the special purpose consolidated financial statements and related information.

The independent external auditors, RSM Hayes Audit, have audited the special purpose financial statements and their report appears on pages 3 to 4.

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 statements, 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 special purpose 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 special purpose consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2024 and their financial performance and cash flows for the year then ended, in accordance with special purpose accounting policies adopted.

For and on behalf of the Board:



Bennett Medary, President

15/10/2024

Date



Carolyn Tapley, Board Member

15/10/2024

Date

Independent Auditor's Report

To the Members of Royal New Zealand Coastguard Incorporated

Opinion

We have audited the special purpose consolidated financial statements of Royal New Zealand Coastguard Incorporated and its controlled entities except for the separate Coastguard Units (the Group), which comprise:

- the special purpose consolidated statement of financial position as at 30 June 2024;
- the special purpose consolidated statement of comprehensive revenue and expense for the year then ended;
- the special purpose consolidated statement of changes in net assets/equity for the year then ended;
- the special purpose consolidated statement of cash flows for the year then ended; and
- the notes to the special purpose consolidated financial statements, which include significant accounting policies.

In our opinion, the accompanying special purpose consolidated financial statements of Royal New Zealand Coastguard Incorporated and its controlled entities except for the separate Coastguard Units on pages 5 to 17, for the year 30 June 2024, are prepared, in all material respects, in accordance with the accounting policies adopted by the 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 financial statements* 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, Royal New Zealand Coastguard Incorporated and its controlled entities.

Emphasis of matter – Basis of accounting and restriction on distribution

We draw attention to Note 2 of the special purpose consolidated financial statements, which describes the basis of accounting. The special purpose consolidated financial statements are prepared in accordance with stated accounting policies adopted by the Board and are intended for presentation to the members at the Annual General Meeting as the full Group consolidated financial statements will not be completed until after the meeting.

As a result, the special purpose consolidated financial statements may not be suitable for another purpose. Our report is also intended solely for the members of the Group and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.

Responsibilities of Board for the special purpose consolidated financial statements

The Board is responsible, on behalf of the Group for the preparation of the special purpose consolidated financial statements in accordance with its stated accounting policies, and for such internal control as the Board determines is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for determining that its stated accounting policies are acceptable in the Group's circumstances.

In preparing the special purpose consolidated financial statements, the Board is 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 either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the special purpose 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 International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose consolidated financial statements. A further description of the auditor's responsibilities for the audit of the special purpose consolidated financial statements is located at the XRB's website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-7/>

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



RSM Hayes Audit
Auckland

15 October 2024

Special Purpose Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2024

	Notes	2024	2023
Revenue from exchange transactions			
Examination Fees		1,306,652	1,054,683
Lotteries Revenue		2,871,226	3,462,199
Other Operating Revenue		433,411	589,866
Sales of Publications		-	197,744
SAR Reimbursements		131,996	116,147
Sponsorship		215,159	188,500
Subscriptions		5,393,138	4,948,223
		<u>10,351,581</u>	<u>10,557,361</u>
Revenue from non-exchange transactions			
Auckland Council		771,759	771,880
Bay Trust	20	139,950	130,000
Donations Received		2,709,831	2,289,552
Foundation North	20	343,430	35,111
Lottery Grants Board Funding	20	2,332,756	2,428,310
Other Grants		1,112,624	994,921
Service Level Agreement Funding	20	5,145,580	4,538,595
Water Safety New Zealand Funding	20	6,186,940	4,258,827
		<u>18,742,870</u>	<u>15,447,197</u>
Total Revenue		<u>29,094,450</u>	<u>26,004,557</u>
Expenses			
Administrative Overheads		4,413,343	4,274,412
Board & Governance Costs		311,892	666,222
Depreciation & Amortisation	9,10	688,690	812,393
Education Course Costs		763,875	744,117
Grants Expenditure		7,720,994	5,789,010
Lotteries Costs		2,353,973	2,648,111
Marketing & Fundraising Costs		3,354,768	2,559,100
National Office Projects		556,853	1,225,257
Personnel Costs		10,544,858	9,102,975
Total Expenses		<u>30,709,247</u>	<u>27,821,597</u>
(Deficit)/surplus before net finance income		<u>(1,614,797)</u>	<u>(1,817,039)</u>
Finance Income	16	931,806	530,836
Net Finance Income		<u>931,806</u>	<u>530,836</u>
Net (deficit)/surplus for the year		<u>(682,990)</u>	<u>(1,286,202)</u>
Other Comprehensive Revenue and Expenses		-	-
Total Comprehensive revenue and expenses for the year		<u>(682,990)</u>	<u>(1,286,202)</u>

Special Purpose Consolidated Statement of Changes in Net Assets/Equity

For the year ended 30 June 2024

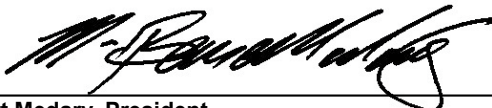
Group	Note	Course Development Reserve	Accumulated Revenue and Expense	Total Equity
Opening equity 1 July 2022		348,441	11,423,723	11,772,164
Total Comprehensive Income		-	(1,286,202)	(1,286,202)
Transfers - Reserves		63,536	(63,536)	-
Closing equity 30 June 2023		411,977	10,073,984	10,485,962
Opening equity 1 July 2023		411,977	10,073,984	10,485,962
Transfers - MacKenzie Lakes Inc 21			686,256	686,256
Total Comprehensive Income		-	(682,990)	(682,990)
Transfers - Reserves		30,354	(30,354)	-
Closing equity 30 June 2024		442,331	10,046,896	10,489,228

Special Purpose Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	2024	2023
ASSETS			
Current assets			
Cash and Cash Equivalents	5	3,107,907	8,081,909
Investments - Term Deposits	6	13,694,991	10,621,789
Inventories		35,621	44,671
Prepayments and Other Assets		419,726	251,042
Receivables from Exchange Transactions	7	510,595	525,546
		<u>17,768,839</u>	<u>19,524,955</u>
Non-current assets			
Investments	11	1,245,274	1,233,765
Intangible Assets	9	29,979	113,541
Property Plant and Equipment	10	4,002,750	3,956,254
		<u>5,278,004</u>	<u>5,303,561</u>
TOTAL ASSETS		<u>23,046,844</u>	<u>24,828,516</u>
LIABILITIES			
Current liabilities			
Employee Benefit Liabilities	13	623,281	537,156
Income Received in Advance		2,198,083	3,186,946
Non-exchange Liabilities	14	5,952,403	7,579,725
Payables from Exchange Transactions	12	1,892,774	1,580,710
		<u>10,666,541</u>	<u>12,884,537</u>
Non-current liabilities			
Income Received in Advance		1,891,074	1,458,017
		<u>1,891,074</u>	<u>1,458,017</u>
TOTAL LIABILITIES		<u>12,557,615</u>	<u>14,342,553</u>
TOTAL NET ASSETS		<u>10,489,228</u>	<u>10,485,962</u>
EQUITY			
Accumulated Revenue and Expenses	4(i)	10,046,896	10,073,984
Course Development Reserve	4(i)	442,331	411,977
TOTAL EQUITY		<u>10,489,228</u>	<u>10,485,962</u>

For and on behalf of the Board:



Bennett Medary, President

15/10/2024

Date



Carolyn Tapley, Board Member

15/10/2024

Date

Special Purpose Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Notes	2024	2023
CASH FLOWS FROM/(TO) OPERATING ACTIVITIES			
Receipts from exchange transactions		9,847,027	11,052,319
Receipts from non-exchange transactions		17,115,548	18,653,194
Payments to Suppliers		(18,672,872)	(17,748,898)
Payments to Employees		(10,458,734)	(9,030,216)
Net cash inflow/(outflow) from operating activities		(2,169,031)	2,926,399
CASH FLOWS FROM/(TO) INVESTING ACTIVITIES			
Interest received		931,806	310,768
Distributions from Investments received		40,164	(15,845)
Decrease/ (Increase) in term deposits		(3,073,202)	(1,777,413)
Purchase of property, plant and equipment and WIP		(691,328)	(140,632)
Sale of property, plant and equipment		(11,399)	551,358
Funds received from amalgamation of Mackenzie Lakes		50,661	-
Sale/(Purchase) of investments		(51,673)	(43,710)
Net cash inflow/(outflow) from investing activities		(2,804,971)	(1,115,475)
Net increase/(decrease) in cash and cash equivalents		(4,974,002)	1,810,925
Cash and cash equivalents at 1 July		8,081,909	6,270,983
Cash and cash equivalents at 30 June	5	3,107,907	8,081,909

Statement of Accounting Policies

For the year ended 30 June 2024

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 special purpose consolidated financial statements for the year ended 30 June 2024 comprise of Royal New Zealand Coastguard Incorporated and its controlled entities, Royal New Zealand Coastguard Boating Education Limited (CBE) and Royal New Zealand Coastguard Charitable Trust (CCT). These special purpose consolidated financial statements do not include the separate Coastguard units.

2. BASIS OF PREPARATION

a) Statement of compliance

The special purpose consolidated financial statements have been prepared for presentation to the Members at the Annual General Meeting as the full group consolidated financial statements will not be completed until after the meeting. Full group consolidated financial statements will be prepared later and filed with Charity Services as required by the Charities Act 2005.

These special purpose consolidated financial statements were authorised for issue by the Board on the date stated in the special purpose consolidated Statement of Financial Position.

The entities comprising the Group are public benefit entities for the purpose of financial reporting. As their primary objective is to provide goods or services for social benefit rather than for making a financial return. These special purpose consolidated financial statements have been prepared utilising the Not-For-Profit Public Benefit Entity Standards, with the exception that not all members of the Group have been consolidated and no service performance information have been reported, therefore they do not fully comply with NZ GAAP. The disclosure concessions available to Tier 2 Not-For-Profit PBE IPSAS RDR have been applied.

The Group has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

b) Measurement basis

The special purpose consolidated financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

The special purpose 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

There were no changes in accounting policies during the year.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the Group's special purpose 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:

Trade receivables

The Group assesses expected credit losses arising from its trade receivables at the end of each reporting period. The level of provision recognised is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group has entered into a number of vehicle, photocopier and office 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.

Statement of Accounting Policies

For the year ended 30 June 2024

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES (CONTINUED)

Classification of exchange and non-exchange revenue

The Group has evaluated the nature of the transactions and classified revenue into the following:

Revenue from exchange transactions

Subscriptions
Lotteries Revenue
Other Operating Revenue
Sales of Publications
SAR Reimbursements
Other Operating Revenue

Revenue from non-exchange transactions

Service Level Agreement Funding
Lottery Grants Board Funding
Auckland Council
Foundation North
Water Safety New Zealand Funding
Bay Trust
Service Level Agreement Funding

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 special purpose 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 from disposal:

- 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 Note 4(g).

4. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The selected controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases.

CBE and CCT meet the definition of controlled entities and NZ Coastguard is required to consolidate the financial statements of CBE and CCT. In preparing the special purpose 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 entities are consistent with the policies adopted by the Group and all entities within the Group have a 30 June reporting date. The controlled entities not consolidated in these special purpose consolidated financial statements are 60 separate Coastguard units.

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 and excluding taxes or duty.

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

i) Revenue from exchange transactions

Lotteries Revenue

Lotteries revenue is recognised once a lottery is drawn.

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.

Statement of Accounting Policies

For the year ended 30 June 2024

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Course Fee Income

Course fee income is recognised for classroom courses when a course is complete. Course fee income for home study courses is recognised when a course is sold.

Other Revenue

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

Interest Income

Interest income from financial assets at amortised cost is included in finance income using the effective interest rate method.

ii) Revenue from non-exchange transactions

Grants & Donations

The recognition of non-exchange revenue from Grants and Donations 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.

c) Employee benefits

Short term employee benefits

Short-term employee benefit liabilities including employer contributions to kiwisaver at rates required by legislation are recognised

d) Finance income

Finance income comprises interest income, realised gains and unrealised gains on financial assets. Interest income is recognised as it accrues in

e) Financial instruments

Financial assets policy

Financial assets

The Group classifies its financial assets in the following categories:

- financial assets at fair value through surplus or deficit
- measured at amortised cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at fair value through surplus or deficit

Financial assets that do not meet the criteria for amortised cost are measured at fair value through surplus or deficit. The Group's investment in Clarity Funds management falls into this category.

The Group's derivatives are recognised in this category. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non current.

Amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

Initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through surplus or deficit are expensed in surplus or deficit.

Statement of Accounting Policies

For the year ended 30 June 2024

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The Group applies the simplified approach to providing for expected credit losses prescribed by PBE IPSAS 41, which permits the use of the lifetime expected losses for all trade receivables. Given the low risk of default on other financial assets (primarily short-term deposits with financial institutions with a strong credit rating), other expected credit losses have been assessed to be immaterial.

f) Impairment of financial assets

i) Financial assets classified as loans and receivables (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

g) 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. Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives and depreciation rates are:

Rescue Vessels & Equipment	3 - 16 years	17.5% - 20% straight line
Motor Vehicles	2 - 6 years	13.5% straight line
Office Equipment, Leasehold Improvements	1 - 16 years	6.0% - 67% straight line

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

h) 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.

Statement of Accounting Policies

For the year ended 30 June 2024

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Intangible assets (continued)

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

Software	2.5 - 10 years	10% - 40% straight line
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i) 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

Accumulated comprehensive revenue and expense

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

Course development reserve

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

j) Income Tax

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

k) 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.

l) Inventories

Inventories are initially measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Inventories are subsequently measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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 recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

n) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment based on expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Notes to the Special Purpose Consolidated Financial Statements

For the year ended 30 June 2024

	2024	2023
5. CASH AND CASH EQUIVALENTS		
Cash on Hand	300	300
Cash at Bank	3,107,607	8,081,609
	3,107,907	8,081,909

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.

			2024	2023
6. INVESTMENTS - TERM DEPOSITS	Interest rate	Maturity date		
ASB Bank Limited - 72	6.10%	30/11/2024	501,747	510,489
ASB Bank Limited - 72	6.00%	2/10/2024	119,447	114,743
ASB Bank Limited - 73	6.00%	11/10/2024	531,301	509,885
ASB Bank Limited - 73	5.90%	13/11/2024	128,524	120,205
ASB Bank Limited - 74	6.00%	28/03/2025	271,456	260,505
ASB Bank Limited - 74	6.00%	30/07/2024	250,000	-
ASB Bank Limited - 75	6.10%	28/12/2024	268,888	255,475
ASB Bank Limited - 75	6.10%	30/09/2024	250,000	-
ASB Bank Limited - 76	6.05%	20/11/2024	1,034,390	974,750
ASB Bank Limited - 77	6.00%	19/05/2025	549,204	513,166
ASB Bank Limited - 78	6.10%	19/08/2024	527,773	506,500
ASB Bank Limited - 79	6.10%	1/02/2025	534,382	507,485
ASB Bank Limited - 80	6.10%	23/12/2024	514,038	500,000
ASB Bank Limited - 81	6.00%	24/04/2025	276,684	256,832
ASB Bank Limited - 82	5.90%	23/06/2025	528,829	500,000
ASB Bank Limited - 83	6.10%	31/01/2025	506,501	-
ASB Bank Limited - 84	5.75%	1/07/2024	263,297	254,025
ASB Bank Limited - 85	5.90%	1/09/2024	265,718	257,906
ASB Bank Limited - 86	5.90%	1/05/2025	276,095	263,141
ASB Bank Limited - 87	5.90%	1/05/2025	276,030	260,205
ASB Bank Limited - 88	6.10%	24/12/2024	270,363	256,877
ASB Bank Limited - 89	6.10%	30/05/2025	516,423	-
ASB Bank Limited - 90	6.10%	11/01/2025	540,063	513,520
Bank of New Zealand - 22	6.05%	6/10/2024	219,429	204,730
Bank of New Zealand - 24	6.00%	16/04/2025	273,449	258,910
Bank of New Zealand - 25	5.90%	14/08/2024	263,709	253,566
Bank of New Zealand - 26	5.95%	12/09/2024	264,466	254,294
Bank of New Zealand - 27	6.05%	7/11/2024	275,662	260,625
Bank of New Zealand - 28	6.00%	31/03/2025	219,604	208,126
Bank of New Zealand - 29	6.00%	5/04/2025	381,348	361,415
Bank of New Zealand - 30	5.80%	5/07/2024	366,954	358,944
Bank of New Zealand - 31	6.10%	19/02/2025	540,135	512,949
Bank of New Zealand - 32	6.05%	19/08/2024	534,703	507,562
Bank of New Zealand - 33	6.00%	23/05/2025	-	-
Bank of New Zealand - 34	6.00%	18/06/2025	-	-
Bank of New Zealand - 33	6.00%	23/05/2025	110,000	-
Bank of New Zealand - 34	6.00%	18/06/2025	200,000	-
Westpac 08	6.00%	21/07/2025	253,003	-
Westpac 14	5.40%	17/11/2023	-	104,956
Westpac 11	6.05%	21/10/2025	379,886	-
Westpac 13	6.10%	21/01/2025	211,489	-
			13,694,991	10,621,788

	2024	2023
7. RECEIVABLES		
Receivables from exchange transactions		
Trade debtors	132,098	132,507
Trade debtors - Related Party Balances	10,342	82,502
Sundry debtors	305,151	224,622
Victoria Cruising Club	63,004	85,915
	510,595	525,546

There are no amounts overdue nor impaired as at year end relating to trade receivables from exchange and non-exchange transactions (2023: \$Nil).

Transactions between the Group and Units are considered to be related party transactions. Receipts from related parties during the year totalled \$272,818 (2023: \$652,404). These principally relate to the recovery of costs incurred, or part thereof, of search and rescue equipment purchased by Royal New Zealand Coastguard Incorporated on behalf of Coastguard Units. The outstanding balances owed are receivable on normal trade terms and accordingly do not attract interest.

Notes to the Special Purpose Consolidated Financial Statements

For the year ended 30 June 2024

8. RELATED PARTY TRANSACTIONS AND BALANCES

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, 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.

There are 9 Board members, 1 of which are also Trustees of CCT. No remuneration or fees are paid to them.

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:

	2024	2023
Number of key management personnel:	8	9
Key management personnel remuneration:	\$1,515,567	\$1,608,045

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 a trustee of Royal NZ Coastguard Charitable Trust.

During the year the Group paid Bellingham Wallace Limited fees for services rendered totalling \$135,947 (2023: \$123,212).

Danny Tuato'o, a member of the Board of Royal New Zealand Coastguard Incorporated, also serves on the boards of other entities with which the Coastguard had transactions during the 2024 financial year. Water Safety New Zealand Incorporated provided \$6.1 million (2023: \$4.2 million) in grant funding, while Maritime New Zealand contributed \$224,000 (2023:\$125,000) in grant funding.

Details of transactions between the Group and Coastguard Units and closing balances are recorded in notes 7 and 14.

9. INTANGIBLES

	2024			2023		
	Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Carrying value
Intangibles	422,449	392,470	29,979	1,762,627	1,649,086	113,541
	422,449	392,470	29,979	1,762,627	1,649,086	113,541

Reconciliation - June 2024

	Opening balance	Transfer from WIP	Additions	Disposals at BV	Amortisation	Closing balance
Intangibles	113,541	-	-	-	83,562	29,979
	113,541	-	-	-	83,562	29,979

Intangibles include CRM databases, trip reporting platform and other software.

10. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS & ASSETS HELD FOR SALE

	2024			2023		
	Cost	Accumulated depreciation/impairment	Carrying value	Cost	Accumulated depreciation/impairment	Carrying value
Rescue Vessels & Equipment	3,257,414	1,169,659	2,087,754	3,004,423	1,329,274	1,675,149
Motor Vehicles	183,739	34,519	149,219	145,629	111,176	34,453
Office Equipment, Leasehold Improvements	2,436,523	978,749	1,457,774	3,310,852	1,691,082	1,619,771
Broadcast & Communications Assets	189,550	46,653	142,897	189,550	26,659	162,891
Capital Work In Progress	165,106	-	165,106	463,992	-	463,992
	6,232,330	2,229,581	4,002,750	7,114,446	3,158,191	3,956,254

Reconciliation - June 2024

	Opening balance	Transfer from WIP	Transfer to Units	Additions	Disposals at BV	Depreciation	Closing balance
Rescue Vessels & Equipment	1,675,149	286,351	-	448,552	-	322,297	2,087,754
Motor Vehicles	34,453	-	-	159,260	9,974	34,519	149,219
Office Equipment, Leasehold Improvements	1,619,771	59,814	-	7,932	1,425	228,318	1,457,774
Broadcast & Communications Assets	162,891	-	-	-	-	19,994	142,897
Subtotal	3,492,263	346,165	-	615,744	11,399	605,129	3,837,644
	Opening balance	Transfer to PPE	Transfer to Units	Additions	Disposals	Impairment	Closing balance
Capital Work In Progress	463,992	346,165	588,172	666,850	31,398	-	165,106
Subtotal	463,992	346,165	588,172	666,850	31,398	-	165,106
Total	3,956,254	692,331	588,172	1,282,593	42,798	605,129	4,002,750

\$615,744 of additions were received through the transfer of Mackenzie Lakes, see note 21.

ASSETS HELD FOR SALE

	2024	2023
Opening Balance	-	863,565
Less: Sale of remaining two vessels	-	(863,565)
	-	-

Notes to the Special Purpose Consolidated Financial Statements

For the year ended 30 June 2024

11. INVESTMENTS - MANAGED FUNDS

	2024	2023
Non-current Investments		
Clarity Funds Management - Dividend Yield Fund	769,161	786,119
Clarity Funds Management - Fixed Income Fund	476,114	447,646
	1,245,274	1,233,765

The above units investments are managed by professional fund managers in accordance with Royal New Zealand Coastguard Charitable Trust's investment strategy and is recorded at market value.

12. PAYABLES - EXCHANGE TRANSACTIONS

	2024	2023
Accounts payable	1,307,009	839,504
Other Accruals	585,765	741,205
	1,892,774	1,580,710

13. EMPLOYEE BENEFIT LIABILITY

	2024	2023
Holiday pay	623,281	537,156
	623,281	537,156

14. NON-EXCHANGE LIABILITIES

	2024	2023
Unspent Grant Funds - Lottery Grants Board (LGB)	385,950	218,706
Unspent Grant Funds - Other	4,985,024	6,753,218
Related Party Balances	581,429	607,801
	5,952,403	7,579,725

Transactions between the Group and Units are considered to be related party transactions. Payments to related parties during the year totalled \$6,949,030 (2023: \$5,210,189). These principally relate to the distribution of grant income to cover operating costs, rescue vessels, engine replacement and repairs. The outstanding balances owing to the Units are payable on normal trade terms and accordingly do not attract interest.

15. FINANCIAL INSTRUMENTS

The table below shows the carrying amounts of the Group's financial assets and financial liabilities.

Classification and fair values of financial instruments

	2024			2023		
	Financial assets at FV through surplus/(deficit)	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at FV through surplus/(deficit)	Financial assets at amortised cost	Financial liabilities at amortised cost
Cash and cash equivalents	-	3,107,907	-	-	8,081,909	-
Term Deposits	-	13,694,991	-	-	10,621,788	-
Receivables from exchange transactions	-	510,595	-	-	525,546	-
Clarity Funds Management - Dividend Yield Fund	769,161	-	-	786,119	-	-
Clarity Funds Management - Fixed Income Fund	476,114	-	-	447,646	-	-
Non-Exchange Related Party Balances (Note 14)	-	-	581,429	-	-	607,801
Payables from exchange transactions	-	-	1,892,774	-	-	1,580,710
	1,245,274	17,313,493	2,474,203	1,233,765	19,229,243	2,188,511

16. NET FINANCE INCOME

	2024	2023
Finance Income comprises:		
Interest Received	855,677	469,638
Realised/Unrealised Gain/(Loss) on Investments	(40,164)	15,845
Dividends Received	250	169
Gain on disposal of asset	63,939	-
Investment Income	52,104	45,183
	931,806	530,836

Notes to the Special Purpose Consolidated Financial Statements

For the year ended 30 June 2024

17. OPERATING LEASE COMMITMENTS

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

The Group has a right to occupy premises at:

492 Moorhouse Ave, Waltham,
25A Raiha Street, Porirua,
33 Nikau Crescent, Mt Maunganui,
5 - 11 Solent St, Auckland and
165 Westhaven Drive, Auckland.

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

	2024	2023
Payable within one year	453,238	640,235
Payable between one and five years	722,443	810,551
Payable more than five years	-	-
	1,175,681	1,450,786

The amount of expenditure recognised in the current year in respect of leases amounts to \$581,470 (2023: \$478,544).

18. CAPITAL COMMITMENTS

There are no capital commitments at the reporting date (2023: \$Nil).

19. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date (2023: \$Nil).

20. SERVICE LEVEL AGREEMENT, LOTTERY GRANTS BOARD FUNDING & FOUNDATION NORTH

Service Level Agreement funding income recognised during the year totalled \$5,145,580 (2023: \$4,538,595). This funding is set for three years, with the current funding period ending 30 June 2024.

Lottery Grants Board funding income recognised during the year totalled \$2,332,756 (2023: \$2,428,310). This is a contestable annual funding source.

Foundation North funding income recognised during the year totalled \$343,430 (2023: \$35,111). This is a contestable annual funding source.

Water Safety Services Service Level Agreement funding income recognised during the year totalled \$6,186,940 (2023: \$4,258,827). This funding is set for three years, with the current funding period ending 30 June 2024.

Bay Trust funding income recognised during the year totalled \$139,950 (2023: \$130,000). This is a contestable annual funding source.

21. MACKENZIE LAKES

In February 2023, members of Coastguard MacKenzie Lakes Incorporated voted to dissolve the Incorporated Society status and applied to Royal New Zealand Coastguard Incorporated to become an unincorporated member. The Board approved the application to Royal New Zealand Coastguard Incorporated in May 2023 and from 1 July 2023, the unit operationally became part of Royal New Zealand Coastguard Incorporated. There was no consideration paid as part of this transfer.

Assets Transferred and Liabilities Assumed Through Amalgamation:

Assets	
Cash	50,661
Other Assets	19,850
Total Current Assets	70,511
Rescue Vessels & Equipment	448,552
Motor Vehicles	159,260
Office Equipment, Leasehold Improvements	7,932
Total Fixed Assets	615,744
Total Assets	686,256
Net Assets / Equity	686,256

22. EVENTS AFTER THE REPORTING DATE

In August 2024 the Trustees resolved to disestablish Royal New Zealand Coastguard Boating Education Limited and take over its education operations so that they can more easily align to Royal New Zealand Coastguard Incorporated's strategy. This will result in an improvement of Royal New Zealand Coastguard Incorporated's financial viability, reduce administration overheads and offers the potential of accessing increased funding opportunities through new programmes that are being developed.