



# Consolidated Financial Statements

Cerebral Palsy Society of New Zealand Incorporated  
For the year ended 30 June 2020

Prepared by VGA Chartered Accountants Ltd

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**RSM Hayes Audit**

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## Independent Auditor's Report

### To the members of Cerebral Palsy Society of New Zealand Incorporated

#### Opinion

We have audited the consolidated financial statements of Cerebral Palsy Society of New Zealand Incorporated and its subsidiaries (the group), which comprise:

- the consolidated statement of financial position as at 30 June 2020;
- the consolidated statement of comprehensive revenue and expense for the year then ended;
- consolidated statement of changes in net assets for the year then ended;
- consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

In our opinion, the accompanying consolidated financial statements on pages 7 to 24 present fairly, in all material respects, the financial position of the group as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with the New Zealand equivalents to Not-for-profit Public Benefit Entities International Public Sector Accounting Standards - Reduced Disclosure Regime (NFP PBE IPSAS RDR) issued by the New Zealand Accounting Standards Board.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

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

Other than in our capacity as auditor we have no relationship with, or interests in, Cerebral Palsy Society of New Zealand Incorporated or any of its subsidiaries.

#### Other information

The Board is responsible for the other information. The other information comprises the entity information, statement of responsibility and consolidated statement of service performance on pages 5 to 7 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

## **Responsibilities of the Board for the consolidated financial statements**

The board is responsible, on behalf of the group, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to Not-for-profit Public Benefit Entities International Public Sector Accounting Standards - Reduced Disclosure Regime (NFP PBE IPSAS RDR) issued by the New Zealand Accounting Standards Board, and for such internal control as the Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board is responsible, on behalf of the group, 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 those charged with governance 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 statements**

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

[https://xrb.govt.nz/Site/Auditing\\_Assurance\\_Standards/Current\\_Standards/Page7.aspx](https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx)

## **Who we report to**

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

A stylized, handwritten-style signature of 'RSM' in blue ink.

**RSM Hayes Audit**  
Auckland

25 September 2020

## Entity Information

### Cerebral Palsy Society of New Zealand Incorporated For the year ended 30 June 2020

#### Legal Name of Entity

Cerebral Palsy Society of New Zealand Incorporated

#### Entity Type and Legal Basis

Incorporated Society

#### Registration Number

223590

#### The Society's Purpose

To enhance the lives of people with Cerebral Palsy in New Zealand, by empowering them to make their own choices

#### Board of Trustees

- **President** - Anthony Smith
- **Vice President** - Frieda Crawford
- **Treasurer** - Dave Thomas
- Harvey Brunt
- Red Nicholson
- Niki Simpkin-Hill
- Michelle Hamilton
- Sally Thomas

#### Main Sources of Cash and Resources

- 1) Investment of the Society's capital into profitable commercial ventures
- 2) Fundraising activities (for the purpose of receiving grants, donations and gifts) held on behalf of the Society.

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#### Physical Address

8 Railway Street, Newmarket, Auckland, New Zealand 1023

#### Postal Address

PO Box 24759  
Royal Oak  
Auckland 1345



## Statement of Responsibility

### Cerebral Palsy Society of New Zealand Incorporated For the year ended 30 June 2020

The executive board is responsible for the maintenance of adequate accounting records and the preparation and integrity of the consolidated financial statements and related information.

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

The executive 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 consolidated financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements.

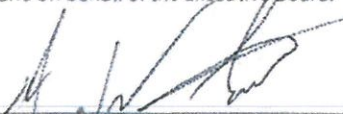
Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial records. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation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

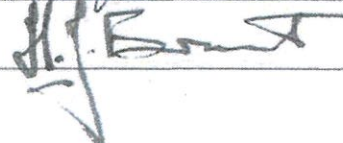
The consolidated financial statements are prepared on a going concern basis. Nothing has come to the attention of the executive board to indicate that the Group will not remain a going concern in the foreseeable future.

In the opinion of the executive board:

- The Consolidated Statement of Comprehensive Revenue and Expense is drawn up so as to present fairly, in all material respects, the financial result of the Group for the financial year ended 30 June 2020;
- The Consolidated Statement of Financial Position is drawn up so as to present fairly, in all material respects, the state of affairs of the Group as at 30 June 2020;
- The Consolidated Statement of Cashflows is drawn up so as to present fairly, in all material respects, the cashflow of the Group for the financial year ended 30 June 2020;
- There are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

For and on behalf of the Executive Board:

  
\_\_\_\_\_  
Chairperson

  
\_\_\_\_\_  
Board Member

24-09-2020  
Date

24/09/2020  
Date



# Consolidated Statement of Service Performance

## Cerebral Palsy Society of New Zealand Incorporated For the year ended 30 June 2020

### Summary of Outcomes

Throughout the year, CPS has further enhanced the lives and well being of people with Cerebral Palsy in New Zealand. This has been achieved by a variety of means including:

- promoting the interests of people with Cerebral Palsy in New Zealand through individual and collective advocacy
- providing physical, social, emotional, educational and recreational activities and endeavours which enhance the lives and well-being of people with Cerebral Palsy in New Zealand
- encouraging and supporting study and research programmes undertaken to improve the lives of people with Cerebral Palsy
- providing support and promoting the well-being of families of people with Cerebral Palsy, in their support of the person with Cerebral Palsy

### Description of Specific Projects and Results

Area of Activity	Activity detail and outcome
Grants and Donations provided to Cerebral Palsy related causes	37 grants totaling \$56,710 (2019: 309 Grants, \$117,006) were approved and provided directly to third parties for the purpose of benefiting persons with cerebral palsy and/or their families.
Project: Get Up Again	A Total of \$15,593 (2019: \$5,686) was provided directly to 37 (2019: 36) Members in the form of Vouchers, for the purpose of benefiting persons with cerebral palsy and/or their families.
Project: Get Structured	A Total of \$8,346 (2019: \$12,448) was provided directly to 12 (2019: 14) Members in the form of Vouchers, for the purpose of benefiting persons with cerebral palsy and/or their families.
Project: Get Physical	A Total of \$120,419 (2019: \$134,041) was provided directly to 328 (2019: 479) Members in the form of Vouchers, for the purpose of benefiting persons with cerebral palsy.
Project: Get This & That	A Total of \$77,890 (2019: \$53,344) was provided directly to 345 (2019: 464) Members in the form of Vouchers, for the purpose of benefiting persons with cerebral palsy.
Project Get Out There	A Total of \$153,262 (2019: \$200,863) was provided directly to 318 (2019: 693) Members in the form of Vouchers, for the purpose of benefiting persons with cerebral palsy.
Project: Get on your Trike	A Total of \$232 (2019: \$56) was provided directly to 44 (2019: 68) Members in the form of Vouchers, for the purpose of benefiting persons with cerebral palsy.
Project: Clinical Network	The network is under the Pediatric Society for the next two years. The outcome measures are a series of projects rather than end goals. This project is ongoing.
Project: PwC Research	The research project was looking at the feasibility of intensive rehabilitation within the New Zealand context from a perspective of families and providers. The final report was July 2020.
Events Held	At least 15 (2019: 25) events were held by CPS throughout the year.

# Consolidated Statement of Comprehensive Revenue and Expense

Cerebral Palsy Society of New Zealand Incorporated  
For the year ended 30 June 2020

	NOTES	2020	2019
<b>Revenue</b>			
<b>Revenue from Non Exchange Transactions</b>			
Donations		129,465	245,673
Other Revenue		94,265	-
<b>Total Revenue from Non Exchange Transactions</b>		<b>223,730</b>	<b>245,673</b>
<b>Revenue from Exchange Transactions</b>			
Investment Income		1,115,987	1,234,478
Gain/(Loss) on Sale of Investments		(213,725)	(237,189)
Rental Income		40,304	20,796
Fundraising Revenue		747,801	880,359
Landscaping, Concrete & Aircon Revenue		1,959,905	1,408,656
Other Operating Revenue		121,048	96,877
<b>Total Revenue from Exchange Transactions</b>		<b>3,771,320</b>	<b>3,403,977</b>
<b>Other revenue</b>			
Unrealised Gain on Investments		261,483	2,873,062
<b>Total Other revenue</b>		<b>261,483</b>	<b>2,873,062</b>
<b>Total Revenue</b>		<b>4,256,533</b>	<b>6,522,712</b>
<b>Expenses</b>			
Directors Fees		97,700	96,800
Fundraising Expenses		588,882	543,521
Grants & Donations		141,726	117,006
Operating Lease & Rental Expenses		152,685	138,868
Other Operating Expenses		1,266,270	828,811
Other Professional Fees and Contractor Fees		446,782	391,140
Salaries, Wages and Other Staff Expenses		1,447,644	1,046,888
Special Projects		571,483	552,573
Other Expenses		112,770	53,345
<b>Total Expenses</b>		<b>4,825,942</b>	<b>3,768,952</b>
<b>Net Surplus for the Year</b>		<b>(569,409)</b>	<b>2,753,760</b>
<b>Other Comprehensive Revenue and Expense</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>(569,409)</b>	<b>2,753,760</b>

This statement should be read in conjunction with the attached notes and Audit Report.





# Consolidated Statement of Changes in Net Assets/Equity

Cerebral Palsy Society of New Zealand Incorporated  
For the year ended 30 June 2020

	2020	2019
<b>Equity</b>		
Opening Balance	33,191,379	30,437,619
<b>Total Comprehensive Revenue and Expense for the Year</b>		
Surplus (Deficit) for the Year	(569,409)	2,753,760
<b>Total Total Comprehensive Revenue and Expense for the Year</b>	<b>(569,409)</b>	<b>2,753,760</b>
<b>Total Equity</b>	<b>32,621,970</b>	<b>33,191,379</b>

This statement should be read in conjunction with the attached notes and Audit Report.

# Consolidated Statement of Financial Position

Cerebral Palsy Society of New Zealand Incorporated  
As at 30 June 2020

	NOTES	30 JUN 2020	30 JUN 2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents		2,022,976	1,113,905
Short Term Investments		110,000	443,830
Receivables from Exchange Transactions		58,327	17,896
Prepayments		9,324	134,732
Financial Assets - Held to Maturity	2	3,662,093	4,571,124
Financial Assets - Fair Value through Surplus (Deficit)	2	22,620,426	22,749,200
Inventory	5	919,631	836,612
<b>Total Current Assets</b>		<b>29,402,777</b>	<b>29,867,299</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	1	214,561	149,109
Financial Assets - Held to Maturity	2	3,137,478	3,303,514
Goodwill		114,000	-
Other non-current assets		37,174	52,423
<b>Total Non-Current Assets</b>		<b>3,503,213</b>	<b>3,505,046</b>
<b>Total Assets</b>		<b>32,905,990</b>	<b>33,372,345</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Employee Entitlements	6	101,426	51,756
Hire Purchase - Current portion	6	975	-
Trade & Other Creditors	6	180,970	129,210
<b>Total Current Liabilities</b>		<b>283,371</b>	<b>180,966</b>
<b>Non-Current Liabilities</b>			
Hire Purchase		649	-
<b>Total Non-Current Liabilities</b>		<b>649</b>	<b>-</b>
<b>Total Liabilities</b>		<b>284,020</b>	<b>180,966</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>32,621,970</b>	<b>33,191,379</b>
<b>Equity</b>			
Accumulated Comprehensive Revenue and Expense		32,621,970	33,191,379
<b>Total Equity</b>		<b>32,621,970</b>	<b>33,191,379</b>

This statement should be read in conjunction with the attached notes and Audit Report.

# Consolidated Statement of Cashflows

Cerebral Palsy Society of New Zealand Incorporated  
For the year ended 30 June 2020

## Cash Flows from Operating Activities

	2020	2019
Receipts from providing goods or services	2,326,569	1,526,317
Fees, subscriptions and other receipts from members	23,798	34,777
Donations, fundraising and other similar receipts	822,693	1,126,032
GST	85,785	(28,642)
Payments to suppliers and employees	(3,637,962)	(2,737,886)
Donations, Grants & Other payments towards Charitable Causes	(1,165,535)	(1,279,294)
Cash Receipts from Operating Activities	152,558	-
<b>Total Cash Flows from Operating Activities</b>	<b>(1,392,124)</b>	<b>(1,358,696)</b>

## Cash Flows from Investing and Financing Activities

	2020	2019
Interest, dividends and other investment receipts	1,661,457	1,234,480
Receipts from sale of Property, Plant & Equipment	5,573	(495)
Repayment received on loans made to other parties	494,899	-
Receipts from sale of investments	3,548,402	4,842,514
Other Investing and Finance Activities	(33,466)	-
Payments to purchase investments	(3,248,294)	(4,765,693)
Payments to acquire property, plant and equipment	(127,376)	(97,227)
<b>Total Cash Flows from Investing and Financing Activities</b>	<b>2,301,195</b>	<b>1,213,579</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>909,071</b>	<b>(145,117)</b>

## Cash Balances

	2020	2019
Cash and cash equivalents brought forward	1,113,905	1,259,021
Cash and cash equivalents at end of period	2,022,976	1,113,905
<b>Net change in cash for period</b>	<b>909,071</b>	<b>(145,117)</b>

This statement should be read in conjunction with the attached notes and Audit Report.



# Statement of Accounting Policies

## Cerebral Palsy Society of New Zealand Incorporated For the year ended 30 June 2020

### Reporting Entity

The reporting entity is Cerebral Palsy Society of New Zealand Inc. (the "CPS"). The CPS is domiciled in New Zealand and is a charitable organisation registered under the Incorporated Societies Act 1908 and the Charities Act 2005.

These consolidated financial statements comprising the CPS and its 100% controlled entities, Essential Assets Limited, Cerebral Investments Limited, CIL Landscapes Limited and CIL Concretes Limited - together referred to the "Group" - are presented for the year ended 30 June 2020.

These consolidated financial statements and the accompanying notes summarises the financial results of activities carried out by the Group. The Group provides services to people living in the wider CPS region who are affected by Cerebral Palsy. All entities within the Group are charitable organisations registered under the Charitable Trusts Act 1957 and the Charities Act 2005.

These consolidated financial statements have been approved and were authorised for issue by the Board of Trustees.

### Basis of Preparation

The entity has elected to apply Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"), the entity is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

### Historical Cost

These consolidated financial statements have been prepared on a historical cost basis except where otherwise specifically stated in the accounting policies that follow.

### Functional and Presentational Currency

The consolidated financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except when otherwise indicated.

### Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

### 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 balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity are consistent with the policies adopted by the Group and have a 30 June reporting date.

### Goods and Services Tax (GST)

The entity is registered for GST. All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.



## Financial Instruments

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

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, 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 de-recognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Group also de-recognises financial assets and financial liabilities when there have been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the Consolidated 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.

The Group classifies financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity, and available for sale.

The Group classifies financial liabilities at amortised cost.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

### i) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and receivables.

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### ii) Held-to-maturity

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Held-to-maturity financial assets comprise bonds.

### iii) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

### iv) Amortised cost financial liabilities





Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified at fair value through surplus or deficit financial liabilities. Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method. Financial liabilities classified as amortised cost comprise payables.

### **Impairment of non-derivative financial assets**

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

#### **i) Financial assets classified as loans and receivables and held-to-maturity**

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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 asset's 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.

### **Income Tax**

Cerebral Palsy Society of New Zealand Incorporated is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions due to its charitable status.

### **Revenue Recognition**

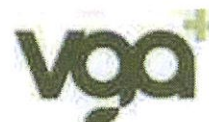
Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

Sales of services (landscaping revenue and concrete revenue) are recognised in the period by reference to the stage of completion of the transaction at the end of the reporting period.

Rental income is recognised on a straight line basis over the life of the lease.

Investment income relates to:

- Interest received is recognised as interest accrues, gross of refundable tax credits received.
- Dividends received are recognised on receipt, net of non-refundable tax credits.



Sale of goods revenue is recognised when the risk and rewards have been transferred and the entity does not retain either continuing managerial involvement to the degree usually associated with ownership, or effective control over the units sold. Due to the nature of the agreements entered into by the group, this occurs on settlement. The revenue is measured at the amount receivable under the contract.

#### Other gains or losses

Other gains or losses (realised or unrealised) include exchange rate gains or losses (realised or unrealised) on foreign investments.

### **Inventory**

Property inventories and properties held for developments are carried at the lower of cost and net realisable value. Cost includes the cost of acquisition and for property inventories also includes development costs. Profits are only brought to the account upon the completion of the development project, when the unconditional contract of sale is settled, with the substantial risk and rewards being passed to the purchaser.

### **Property, Plant and Equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Depreciation is charged on a diminishing value basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Plant and equipment: 10% - 60%

Motor Vehicles: 15-30%

Computer Equipment: 10% - 80%

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

#### **i) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the future remaining service potential (for non-cash-generating assets) is discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in surplus or deficit. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **Leases**

#### **i) Classification and treatment**

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

#### Finance Leases

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

#### Operating Leases





Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group. Operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term.

## Equity

Equity is 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.

## Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

## Employee Benefits

### ***Wages, salaries, annual leave and sick leave***

Liabilities for wages and salaries (including non-monetary benefits), annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee rendered the related services, and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

## Significant Judgements and Estimates

The preparation of the Group's 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 financial statements:

- Revenue recognition – non-exchange revenue (conditions vs.restrictions)
- Classification of non-financial assets as cash generating or non-cash generating assets for the purposes of assessing impairment indicators and impairment testing.
- Impairment of inventory
- Impairment of Goodwill

The majority of property, plant and equipment held by the Group is classified as cash generating assets

### *b) Assumptions and estimation uncertainties*

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. Management based its assumptions and estimates on parameters available when the 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.



*c) Useful lives and residual values*

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts 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

# Notes to the Financial Statements

## Cerebral Palsy Society of New Zealand Incorporated For the year ended 30 June 2020

### 1. Property, Plant and Equipment

2020

	Cost	Accum. Depn.	Additions	Disposals	Depreciation	Book Value
<b>Plant &amp; Equipment</b>	275,215	(231,904)	3,246	-	(13,141)	33,516
<b>Motor Vehicles</b>	116,716	(37,034)	61,655	(3,468)	(25,428)	112,440
<b>Computer Equipment</b>	8,886	(2,442)	4,319	-	(4,574)	6,169
<b>Leasehold Improvements</b>	-	-	29,709	-	(1,168)	28,541
<b>Office Equipment</b>	75,986	(56,394)	24,692	-	(10,391)	33,893
<b>Totals</b>	<b>476,883</b>	<b>(327,774)</b>	<b>123,620</b>	<b>(3,468)</b>	<b>(54,702)</b>	<b>214,561</b>

2019

	Opening Cost	Opening Accum. Depn.	Additions	Disposals	Depreciation	Book Value
<b>Plant &amp; Equipment</b>	256,584	(222,264))	18,732	-	(9,640)	43,412
<b>Motor Vehicles</b>	51,787	(25,860)	64,929	-	(11,174)	79,682
<b>Computer Equipment</b>	71,285	(54,134)	13,567	-	(4,703)	26,015
<b>Totals</b>	<b>379,656</b>	<b>(302,258)</b>	<b>97,228</b>	<b>-</b>	<b>(25,517)</b>	<b>149,109</b>

### 2. Investments

The Group holds investments which includes a Jarden Investment Account at reporting date. The funds are administered by investment fund managers.

	2020	2019
Shares	22,620,426	22,749,200
<b>Subtotal of fair value through surplus or deficit</b>	<b>22,620,426</b>	<b>22,749,200</b>
Bonds	6,799,572	7,874,638
<b>Subtotal of held to Maturity</b>	<b>6,799,572</b>	<b>7,874,638</b>
Cash and Cash Equivalents	1,229,075	317,727





<b>Total</b>	<b>30,649,073</b>	<b>30,941,505</b>
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### 3. Related Party Transactions and Balances

#### Controlled Entities

The CPS controls Essential Assets Limited (EAL) and Cerebral Investments Limited (CIL) on the basis that all directors of EAL and CIL are appointed by CPS and thereby CPS has the power to govern the operations and financing activities of the subsidiary.

#### Related Party Transactions

During the year CPS made payments of \$70,943 to Boccia NZ in the form of monthly grants (2019: \$36,000). Harvey Brunt is a board member of both entities.

<b>Subsidiary</b>	<b>Nature/Activity</b>
Essential Assets Limited (EAL)	Investments
Cerebral Investments Limited (CIL)	Property Development & Investments
CIL Landscapes Limited	Landscaping
CIL Concretes Limited	Concrete
CIL Aircon Limited	Air-conditioning

Transactions conducted with Group entities which are eliminated upon consolidation are as follows:

	<b>2020</b>	<b>2019</b>
Interest expenses paid by Essential Assets Ltd	435,596	450,331
Interest received by Cerebral Palsy Society Inc.	(435,596)	(450,331)
Loan payment made/(received) by Essential Assets Ltd	1,150,000	1,200,000
Loan payment received/(issued) by Cerebral Palsy Society Inc.	(1,150,000)	(1,200,000)
Dividend received by Cerebral Investments Limited	-	50,000
Dividend paid by CIL Landscapes Limited	-	(50,000)

Balances receivable/(payable) by Group entities which are eliminated upon consolidation are as follows:

	<b>2020</b>	<b>2019</b>
Loan receivable from CIL Landscapes Ltd	-	-
Loan payable to Cerebral Investments Ltd	-	-
Loan receivable from Cerebral Investments Ltd	2,000,000	2,000,000
Loan payable to Cerebral Palsy Society Inc.	(2,000,000)	(2,000,000)
Loan receivable from Essential Assets Ltd	21,446,654	22,161,058
Loan payable to Cerebral Palsy Society Inc.	(21,446,654)	(22,161,058)
Loan receivable from CIL Concretes Ltd	120,000	120,000
Loan payable to Cerebral Investments Limited	(120,000)	(120,000)



Loan receivable from CIL Aircon Ltd	300,000	-
Loan payable to Cerebral Investments Limited	(300,000)	-

The terms of the inter-group loans are as follows:

<b>Cerebral Palsy Society of New Zealand Inc. / Essential Assets Ltd</b>	
Amount:	\$21,446,654 loan balance
Interest charge:	2% on the loan balance, subject to change with 3 months' notice
Repayment terms:	Repayable on demand but if not called will become fully payable on 31 March 2034
Nature of security held:	Unsecured
Currency of account:	New Zealand Dollar

<b>CIL Concretes Limited / Cerebral Investments Ltd</b>	
Amount:	\$120,000 loan balance
Interest charge:	0%
Repayment terms:	On request
Nature of security held:	Nil.
Currency of account:	New Zealand Dollar

<b>Cerebral Palsy Society of New Zealand Inc. / Cerebral Investments Ltd</b>	
Amount:	\$2,000,000 loan balance
Interest charge:	0%
Repayment terms:	On request
Nature of security held:	General Security Agreement and registration of security on PPSR
Currency of account:	New Zealand Dollar

<b>CIL Aircon Limited / Cerebral Investments Ltd</b>	
Amount:	\$300,000
Interest charge:	0%
Repayment terms:	On request
Nature of security held:	Nil
Currency of account:	New Zealand Dollar



### Key Management Personnel

The key management personnel, as defined by PBE IPSAS 20 *Related Party Disclosures*, are the members of the governing body which for Cerebral Palsy Society of New Zealand Incorporated is comprised of the Board of Trustees and General Manager, and management of CIL Landscapes Limited. No remuneration is paid to members of the Board of Trustees. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

		2020	2019
Total remuneration		\$228,395	\$223,759
Number of Persons		3	3

Directors Fees paid were as follows:

- Cerebral Investments Limited - \$49,200 (2019: \$58,800)
- CIL Landscapes Limited - \$12,000 (2019: \$12,000)
- CIL Concretes Limited - \$12,000 (2019: \$6,000)
- CIL Aircon Limited - \$6,000 (first year)
- Essential Assets Ltd - \$18,500 (2019: \$20,000)

### 4. Operating Lease Commitments

As at the reporting date, the Board of Trustees has entered into the following operating lease commitments:

	2020	2019
No later than one year	98,700	98,705
Later than one year and no later than five years	104,672	203,372
Later than five years	-	-
	<b>203,372</b>	<b>302,077</b>

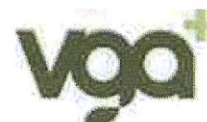
### 5. Inventory

Cerebral Investments Ltd (CIL) is fully owned by CPS, and purchased property in Auckland, for the purposes of renovating and selling the properties.

### 6. Payables

	2020	2019
<b>Exchange transactions</b>		
Sundry Accruals	63,582	65,962
Accounts Payable	120,044	93,547
Employee Related	62,410	18,994
Accrued Holiday Pay	39,016	35,875
Hire Purchase - current portion	975	-
<b>Non-exchange transactions</b>		
GST Payable	(15,778)	(33,411)





Income received in advance		13,122	-
<b>Total</b>		<b>283,371</b>	<b>180,966</b>

## 7. Revenue

	2020	2019
<b>Revenue from non-exchange transactions</b>		
Donations	129,465	245,673
<b>Revenue from exchange transactions</b>		
Investment Income	1,115,987	1,234,478
Gain/(Loss) on Sale of Investments	(213,725)	(237,189)
Rental Income	40,304	20,796
Fundraising Revenue	747,801	880,359
Landscaping & Concrete Revenue	1,959,905	1,408,856
Sale of Goods- Property Development and Resale	-	-
Other Operating Revenue	121,048	96,877
<b>Total revenue</b>	<b>3,771,320</b>	<b>3,403,977</b>

## 8. 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:

As at 30 June 2020	Financial Assets			Financial Liabilities
	Fair value through surplus or deficit	Held-to-maturity	Loans and receivables	Amortised Cost
<i>Subsequently measured at fair value</i>				
<b>Shares</b>	22,620,426	-	-	-
<b>Bonds</b>	-	6,799,572	-	-
<i>Subsequently not measured at fair value</i>				
<b>Term Deposits</b>	-	-	106,838	-
<b>Cash and equivalents</b>	-	-	2,022,976	-
<b>Receivables</b>	-	-	55,127	-
<b>Payables</b>	-	-	-	-
<b>Harmony principal balance of active loans 9(a)</b>	-	-	37,174	-



<b>Southern Cross Partners Limited mortgages 9(b)</b>	-	-	110,000	-
	<b>22,620,426</b>	<b>6,799,572</b>	<b>2,332,115</b>	-

<b>As at 30 June 2019</b>	<b>Financial Assets</b>		<b>Financial Liabilities</b>	
	<b>Fair Value through surplus or deficit</b>	<b>Held-to-maturity</b>	<b>Loans and receivables</b>	<b>Amortised cost</b>
<i>Subsequently measured at fair value</i>				
<b>Shares</b>	22,749,200	-	-	-
<b>Bonds</b>	-	7,874,638	-	-
<i>Subsequently not measured at fair value</i>				
<b>Term Deposits</b>	-	-	206,061	-
<b>Cash and equivalents</b>	-	-	1,113,905	-
<b>Receivables</b>	-	-	17,896	-
<b>Payables</b>	-	-	-	-
<b>Harmoney principal balance of active loans 9(a)</b>	-	-	52,423	-
<b>Southern Cross Partners Limited mortgages 9(b)</b>	-	-	339,899	-
	<b>22,749,200</b>	<b>7,874,638</b>	<b>1,730,187</b>	-

#### 9 (a) Harmoney loans

Cerebral Investments Limited as at 30 June 2020

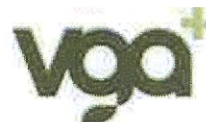
Principal amount invested:	\$50,000
Interest received:	\$6,856
Maturity date:	Less than 12 months
Nature of security held:	None
Currency of account:	New Zealand Dollar

#### 9 (b) Southern Cross Partners Limited Mortgages

Cerebral investments Limited as at 30 June 2020

Principal amount invested:	\$465,300
Interest received:	6.25% - 7.00%
Maturity date:	Less than 12 months
Nature of security held:	Security held by Southern Cross Partners Limited





Currency of account:	New Zealand Dollar
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### 9. Capital Commitments

There are no capital commitments as at 30 June 2020 (2019: \$25,565)

### 10. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 30 June 2020 (2019: \$nil).

### 11. Ability to Continue Operating

The entity will continue to operate for the foreseeable future. The Consolidated Financial Statements have been prepared on a going concern basis.

### 12. Events After the Balance Date

The Board is not aware of any events that have occurred after the balance date that would have a material impact on the Consolidated Financial Statements (2019: \$nil).

### 13. COVID-19 Notation

During the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organisation. There have been considerable economic impacts in New Zealand and globally arising mainly from Government actions, including a minimum four week lockdown periods in March-April 2020. This has resulted in a drop in expected revenue for the Cerebral Palsy Society Group which impacted and will continue to impact cash flow across the group. With ongoing restrictions and the impact of both New Zealand and global recessions as a consideration, at this stage the Board expects a decrease in investment and fundraising income in the 2021 financial year. The Society has already taken significant steps to reduce costs to match forecasted decreases in revenue.