The Girl Guides Association New Zealand Incorporated

Financial Statements

For Year Ended 31 December 2017

GirlGuiding New Zealand
Ngā Kōhine Whakamahiri O Aotearoa

Charity Number CC22069

Girl Guides Association New Zealand Incorporated
Table of Contents
31 December 2017

TABLE OF CONTENTS

Girl Guides Association New Zealand Incorporated
Directory
31 December 2017

Registered Office:

5 Sir William Pickering Drive
Burnside
Christchurch 8053

Nature of Business:

We are a not-for-profit organisation that offers a diverse range of programmes and activities for girls and young women aged 5-18. Our amazing volunteers inspire girls to find their voice and be their best, giving them a space where they can be themselves, have fun, build friendships, gain valuable life skills and make a positive difference to their lives and their communities.

Charities Commission Registration Number:

CC22069 The Girl Guides Association New Zealand Incorporated
CC46160 Girl Guiding New Zealand Foundation

Independent Auditor:

BDO Christchurch
287 - 293 Durham Street North,
Christchurch Central,
Christchurch 8013

Thank you to all donors and grant organisations for supporting for GirlGuiding NZ during the 2017 financial year. Some of the organisations who have supported us in 2017 include the following:

perpetual guardian AD Hally Trust www.perpetualguardian.co.nz	Auckland Airport Community Trust www.aucklandairportcommunitytrust.org.nz	Albert-Eden Local Board Auckland Council www.aucklandcouncil.govt.nz
Howick Local Board Auckland Council www.aucklandcouncil.govt.nz	Ōrākei Local Board Auckland Council www.aucklandcouncil.govt.nz	Waitākere Ranges Local Board Auckland Council www.aucklandcouncil.govt.nz
Whau Local Board Auckland Council www.aucklandcouncil.govt.nz	COGS Community Organisation Grants Scheme COGS	Community Trust of Southland Te Pou Arataki Pounamu o Murihiku www.ctos.org.nz
Dunedin City Council www.dunedin.govt.nz	GirlGuiding New Zealand Foundation	Graham & Olive West Charitable Trust
ILT Invercargill Licensing Trust www.ilt.co.nz	Kaikoura District Council www.kaikoura.govt.nz	Lottery Grants Board Te Puna Tahua Lotto Funds for Your Community www.communitymatters.govt.nz/lottery-grants-board
netsafe www.netsafe.org.nz	North & South Trust www.nstl.co.nz	Rātā Foundation www.ratafoundation.org.nz
Redwood Trust www.redwoodtrust.org	Rural Communities Trust www.ruralcommunitiestrust.org.nz	Sir John Logan Campbell Residuary Estate www.jlcampbell.co.nz
South Taranaki District Council www.southtaranaki.com	Sport New Zealand www.sportnz.org.nz	Trust Aoraki trustaoraki.co.nz
Trust House Community Enterprise www.trusthouse.co.nz	Trust Waikato www.trustwaikato.co.nz	TSB Community Trust www.tsbtrust.org.nz
Asia Pacific Region World Association of Girl Guides and Girl Scouts www.wagggs.org/en/our-world/asia-pacific-region	Waipa District Council www.waipadc.govt.nz	Whanganui Community Foundation www.whanganuicommunityfoundation.org.nz

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GIRL GUIDES ASSOCIATION NEW ZEALAND INCORPORATED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Girl Guides Association New Zealand Incorporated ("the Association") and its subsidiary (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards 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 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, the Association or its subsidiary.

The National Board's Responsibilities 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 PBE Standards RDR, 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 are 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 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 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 these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

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

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Christchurch
New Zealand
16 April 2018

Girl Guides Association New Zealand Incorporated
Consolidated Statement of Comprehensive Revenue and Expenses
For the Year Ended 31 December 2017

	Note	2017 $	2016 $
REVENUE			
Revenue from Exchange Transactions			
Membership Fees		1,907,291	1,994,390
Biscuit Revenue		3,085,085	1,351,347
Jamboree/Ranger Event Revenue		50,609	830,218
Events Revenue		432,342	395,225
Rental Revenue		363,149	273,336
E-Shop Revenue		138,325	197,412
Total Revenue from Exchange Transactions		5,976,801	5,041,928
Revenue from Non-Exchange Transactions			
Donations and Grants		131,865	240,702
Total Revenue from Non-Exchange Transactions		131,865	240,702
Total Revenue		6,108,666	5,282,631
Cost of Goods Sold			
Biscuits - Cost of Goods Sold		1,710,897	975,579
Biscuits - Storage and Freight		236,490	112,263
E-Shop - Cost of Goods Sold		79,869	170,747
E-Shop - Storage and Freight		24,605	32,881
Total Cost of Goods Sold		2,051,861	1,291,470
GROSS PROFIT		4,056,805	3,991,161
Selling Expenses	2	41,642	202,815
Operational Expenses	2	7,069,121	6,847,836
Total Expenses		7,110,763	7,050,652
Net Operating Surplus (Deficit)		(3,053,958)	(3,059,491)
Finance Income		123,927	214,125
Other Income	3	1,447,156	62,816
NET SURPLUS / (DEFICIT)		(1,482,875)	(2,782,550)
Other Comprehensive Revenue and Expenses		185,161	(14,472)
TOTAL COMPREHENSIVE REVENUE AND EXPENSES		(1,297,714)	(2,797,022)

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Girl Guides Association New Zealand Incorporated
Consolidated Statement of Changes in Net Assets
For the Year Ended 31 December 2017

	Note	Restricted Funds $	Available for Sale Investments Revaluation Reserve $	Accumulated Funds $	Total Equity $
Balance at 1 January 2017		**346,592**	**(14,472)**	**24,397,959**	**24,730,079**
Movement in Restricted Funds		(86,663)		86,663	
Prior Period Adjustment	16			377,543	377,543
Total Comprehensive Revenue and Expenses for the Year		-	185,161	(1,482,875)	(1,297,714)
Balance at 31 December 2017		**259,929**	**170,689**	**23,379,290**	**23,809,908**

	Note	Restricted Funds $	Available for Sale Investments Revaluation Reserve $	Accumulated Funds $	Total Equity $
Adjusted Balance at 1 January 2016		**346,592**	-	**27,180,509**	**27,527,101**
Total Comprehensive Revenue and Expenses for the Year		-	(14,472)	(2,782,550)	(2,797,022)
Balance at 31 December 2016		**346,592**	**(14,472)**	**24,397,959**	**24,730,079**

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Girl Guides Association New Zealand Incorporated
Consolidated Statement of Financial Position
As at 31 December 2017

	Note	2017 $	2016 $
Current Assets			
Cash On Hand and at Bank	4	1,388,844	558,014
Short Term Investments		2,843,661	3,301,930
Receivables from Exchange Transactions	5	177,572	283,102
GST Receivable		109,221	-
Prepayments		46,865	106,673
Property available for sale	8	1,280,500	323,310
Financial Instruments-Available for Sale	13	2,192,402	1,871,484
Inventories		509,767	752,879
Total Current Assets		**8,548,832**	**7,197,391**
Non Current Assets			
Long Term Investments	13	1,430,685	1,438,108
Property, Plant and Equipment	7	14,786,707	16,663,552
Intangible Assets	9	88,656	114,497
Total Non Current Assets		**16,306,048**	**18,216,157**
TOTAL ASSETS		**24,854,880**	**25,413,548**
Current Liabilities			
Accounts Payable and Accruals	6	404,575	300,908
GST Liability		-	32,045
Income Received in Advance		438,157	140,144
Employee Entitlements		194,909	199,002
Finance Lease		5,202	4,424
Total Current Liabilities		1,042,843	**676,523**
Non Current Liabilities			
Finance Lease		2,129	6,945
Total Non Current Liabilities		**2,129**	**6,945**
TOTAL LIABILITIES		**1,044,972**	**683,468**
NET ASSETS		**23,809,908**	**24,730,079**
MEMBERS FUNDS			
Accumulated Funds		23,379,290	24,397,959
Restricted Funds	10	259,929	346,592
Available for Sale Investments Revaluation Reserve		170,689	(14,472)
Total Equity		**23,809,908**	**24,730,079**
TOTAL MEMBERS FUNDS		**23,809,908**	**24,730,079**

For and on behalf of The Girl Guides Association New Zealand Incorporated National Board

16 April 2018

National President | **Chief Executive** | **Date**

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Girl Guides Association New Zealand Incorporated
Consolidated Statement of Cash Flows
As at 31 December 2017

	2017 $	2016 $
Cash Flows from Operating Activities		
Proceeds from Exchange Transactions	6,622,593	4,326,369
Proceeds from Earthquake Insurance Claims	1,259,277	-
Proceeds from Non- Exchange Transactions	131,865	240,702
Proceeds from Financing Activities	207,953	303,023
Proceeds from Goods and Services Tax (GST)	(141,266)	(69,738)
Payments to Suppliers	(5,114,378)	(5,743,792)
Payments to Employees	(2,556,642)	(2,535,207)
Net Cash inflow/(outflow) from Operating Activities	409,402	(3,548,381)
Cash Flows from Investing Activities		
Proceeds from the sale of Property, Plant & Equipment	390,673	116,385
Proceeds from the sale of Held to Maturity financial assets	(313,495)	223,662
Payments for the purchase of Property, Plant & Equipment	(60,633)	(25,952)
Payments for the purchase of Intangible Assets	(49,348)	(26,049)
Payments for the purchase of Short Term Investments	458,269	(145,396)
Net Cash inflow/(outflow) from Investing Activities	425,466	142,650
Cash Flows from Financing Activities		
Payments for Finance Lease	(4,038)	(3,896)
Net Cash inflow/(outflow) from Financing Activities	(4,038)	(3,896)
Net increase/(decrease) in cash and cash equivalents	830,830	(3,339,888)
Cash and Cash Equivalents at beginning of year	558,014	3,897,902
Cash and Cash Equivalents at the end of year	1,388,844	558,014

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 December 2017

1. STATEMENT OF ACCOUNTING POLICIES

The accounting policies below have been applied by the Group consistently to all periods presented in these financial statements.

1.1 *Reporting Entity*

Girl Guides Association New Zealand Incorporated (the Association) was incorporated under the Incorporated Societies Act 1908 on 26 August 1971. It is also a registered charity under the Charities Act 2005.

The Association is the controlling entity of GirlGuiding New Zealand Foundation (the Foundation) which is a charitable trust, established by a Deed of Charitable Trust dated 12 June 2010 (amended in May 2014), and registered under the Charitable Trusts Act 1957 on 19 January 2011.

These consolidated financial statements include the Association and its controlled entity, the Foundation (together referred to as the Group).

1.2 *Statement of Compliance*

For financial reporting purposes The Association is a specified not-for-profit entity and is required to report in accordance with New Zealand generally accepted accounting practice (NZ GAAP). These financial statements comply with NZ GAAP.

Under NZ GAAP the Group is a public benefit entity. These financial statements comply with the Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) as appropriate for Tier 2 not-for-profit public benefit entities. The Group is eligible to use Tier 2 not-for-profit PBE Standards RDR because it does not have public accountability and is not defined as large (operating expenditure has been between $2 million and $30 million in the current and prior period). The Group has utilised the RDR disclosure exemptions.

The consolidated financial statements were approved and authorised for issue by the National Board on 16 April 2018.

1.3 *Measurement Basis*

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Properties available for sale are measured at fair value less estimated cost to sell
- Available for sale financial assets are measured at fair value
- Held to maturity financial assets are measured at fair value.

1.4 *Functional and Presentation Currency*

The financial statements are presented in New Zealand dollars which is the Association's functional currency and the Group's presentation currency, rounded to the nearest dollar.

1.5 *Estimates and Judgements*

The preparation of financial statements requires the use of judgements, assumptions and estimates when applying accounting policies that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements
Judgements that have had the most significant effect on the amounts recognised in the financial statements are:

- Revenue recognition – distinguishing between conditions and restrictions which affect the timing of recognition of non-exchange revenue
- Determining fair value less cost to sell for properties available for sale
- Determining fair value of available for sale financial assets

Assumptions and estimation uncertainties
Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to amounts disclosed in the financial statements are:

- Key assumptions made in determining recoverable amounts when testing assets for impairment

1.6 ***Basis of Consolidation***

The consolidated financial statements comprise the financial statements of the Association and its controlled entity, the Foundation.

Controlled entities are those entities over which the Association has the power to govern financial and operating policies so as to obtain benefits. The Foundation is a controlled entity because the Association has the power to appoint a majority of the Trustees of the Foundation, and the Foundation's purpose is to promote and assist in the objects of the Association by providing financial assistance to the Association and its members.

The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of controlled entities are prepared for the same reporting period as the Association, using consistent accounting policies.

Transactions and balances between Group entities, and any unrealised gains arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses arising from intra-Group transactions are eliminated only to the extent that there is no evidence of impairment.

1.7 ***Revenue***

Revenue is recognised when it is probable that economic benefit will flow to the Group, and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific policies are applied:

Revenue from exchange transactions

- Membership fees are recognised when they are invoiced to members on a quarterly basis. Amounts received in advance are recognised as a liability until the period covered by the membership fee occurs.
- Biscuit revenue is recognised at the earlier of the invoice date or receipt of funds.
- Events/Tour fees received in advance, except for non-refundable deposits, are recognised as a liability until the event/tour occurs. Non-refundable deposits for events/tours are recognised as revenue when received.
- Property rental revenue is recognised when invoiced.
- E-Shop revenue is recognised at the earlier of the invoice date or receipt of funds.

Revenue from non-exchange transactions
Non-exchange transactions are those where the Group receives an inflow of resources (cash or other assets), but provides no, or nominal, direct consideration in return.

- Donations are recognised when funds are received.
- Fundraising revenue is recognised when funds are received.
- Grants – the timing of grant revenue recognition depends on any stipulation attached to the funds received, and whether this creates a liability (i.e. a present obligation). Stipulations that

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specifically require the Group to return the funds received if they are not utilised in the way stipulated are 'conditions'. Grants with conditions are initially recognised as a liability until the conditions are satisfied, at which time revenue is recognised. Grants with no stipulations, and grants with restrictions, but not a condition to return the funds received, are recognised as revenue when received.

Finance and other income

- Interest income is recognised as it accrues, using the effective interest rate method.
- Dividend income is recognised when the Group's right to receive payment is established.
- Income from insurance proceeds is recognised when the Group's right to receive payment is established, and the amount can be reliably measured.

1.8 *Financial Instruments*

Financial instruments are cash on hand and at bank, investments, accounts receivable, and accounts payable.

Description and classification of financial instruments
Financial reporting standards require financial instruments to be classified by their characteristics:

- Loans and receivables
  These are any cash on hand, bank accounts, term deposits and receivables. They are financial assets of fixed or determinable amounts that are not quoted in an active market. Bank accounts, term deposits and cash are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.
- Financial assets "held to maturity"
  These are fixed interest securities that the Group intends to hold until their maturity date.
- Financial assets "available for sale"
  These are equity investments (shares), and any fixed interest securities that the Group intends to sell before their maturity date.
- Financial liabilities
  These are payables and finance lease payable. They are fixed in amount.

Recognition of financial instruments
The Group recognises financial instruments when it enters the contract that establishes the financial asset or liability.

The Group derecognises financial assets when the contractual rights to cash flows from the asset expire (the asset matures) or are transferred to someone else (the asset is sold). It derecognises financial liabilities when they are paid.

No financial liabilities have been offset against financial assets.

Measurement of financial instruments
When they are first recognised, financial instruments are measured at fair value, including any directly attributable transaction costs. That is, the market value paid for an investment plus costs such as brokerage.

Subsequently the value of a financial instrument is adjusted. The subsequent measurement differs for each class of financial instrument.

- Financial assets "available for sale" are measured at fair value. The fair value is determined at 31 December by reference to quoted market prices, without any deduction for transaction costs. Changes in fair value are recognised in other comprehensive revenue and expenses and presented in the Investment revaluation
  reserve. Any accumulated balance in the reserve is transferred to surplus or deficit when the financial asset is derecognised.
- "Held to maturity" financial assets are measured at amortised cost using the effective interest rate method, less any impairment losses.
- Loans and receivables are also measured at amortised cost using the effective interest rate method, less any impairment losses.

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- Financial liabilities are measured at amortised cost using the effective interest rate method.

Financial assets that are not measured at fair value are assessed for impairment in accordance with financial reporting standards, by considering whether the expected future cash flows will be received. Evidence of impairment includes failure by the debtor to comply with the terms of the financial arrangement. Impairment is assessed by individual debtors and at a collective level by grouping together financial assets with similar risk characteristics. Individual receivables known to be uncollectible are written off.

An impairment loss is calculated as the difference between carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in surplus or deficit. When an event occurring after the impairment was recognised causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

1.9 *Foreign currency*

Transactions in foreign currencies are translated to NZ dollars at the exchange rate on the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated to NZ dollars at the exchange rate as at the reporting date. Gains or losses on remeasurement of foreign bank accounts and cash at reporting date are recognised in surplus or deficit. Gains and losses on remeasurement of available for sale financial assets which are denominated in a foreign currency are recognised as part of the change in fair value, that is, in other comprehensive revenue and expenses and presented in the investment revaluation reserve.

1.10 *Inventory*

Inventory is initially measured at cost. Inventory is subsequently measured at the lower of cost and net realisable value. The cost of inventory is based on weighted average cost of acquiring the inventory and other costs incurred in bringing inventory to its current location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

1.11 *Property, plant and equipment*

Recognition and Measurement

Property, plant and equipment are assets that will provide benefits to the Group over more than one year. Items with a cost of less than $500 are expensed.

Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions (donated assets) which are instead measured at fair value as their deemed cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of an item of equipment is capitalised as part of that equipment.

Property, plant and equipment is subsequently measured in accordance with the cost model, being cost less accumulated depreciation. Land is not depreciated.

Subsequent expenditure on an item of property, plant and equipment is capitalised only when it is probable that future economic benefits from the asset will increase. Ongoing repairs and maintenance is expensed as incurred.

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 for the item) is recognised in surplus or deficit.

Depreciation
With the exception of Land, all items of property, plant and equipment are depreciated. Depreciation is based on the cost of an asset less its estimated residual value.

Depreciation is recognised on either a straight line basis, or a diminishing value basis over the estimated useful life of each item of property, plant and equipment. Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate. Depreciation rates are:

	Straight line	**Diminishing value**
Buildings	1 – 4%	4 – 4.8%
Plant & equipment	7.2 – 33%	11.4 – 60%
Furniture & fittings	7.2 – 33%	11.4 – 60%
Computer hardware	20%	N/A
Motor vehicles	7.2 – 33%	11.4 – 60%

Intangible assets

Recognition and Measurement
Intangible assets are non-physical assets that will provide benefits to the Group over more than one year. Items with a cost of less than $500 are expensed.

Intangible assets are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Intangible assets are subsequently measured in accordance with the cost model, being cost less accumulated amortisation and impairment.

Subsequent expenditure on an intangible asset is capitalised only when it increases the future economic benefits from the asset. All other expenditure is expensed as incurred.

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

Amortisation
The Group has no intangible assets with indefinite useful lives. All intangible assets are amortised. Amortisation is based on the cost of an asset less its estimated residual value.

Amortisation is recognised on a straight line basis over the estimated useful life of each intangible asset. Amortisation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate. The straight line amortisation rate is:
Software 33%

1.12 ***Non-current assets held for sale***

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale, rather than through continuing use, are classified as 'held for sale'. The criteria for 'held for sale' classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The Group must be committed to the sale and expect it to be completed within one year.

On classification as 'held for sale' the assets, or components of a disposal group, are remeasured to the lower of their carrying amount and fair value less cost to sell. This measurement basis continues until the sale occurs. Once classified as 'held for sale' property, plant and equipment is no longer depreciated.

Impairment losses on initial classification as 'held for sale', and subsequent gains or losses on remeasurement are recognised in surplus or deficit. Gains are not recognised in excess of any prior cumulative impairment loss.

1.13 *Impairment of non-financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories and investment property, are reviewed at each reporting date. If there is any indication of impairment, the asset's recoverable amount is estimated. If recoverable amount is less than the asset's carrying amount, the asset is written down to recoverable amount. The impairment loss is recognised in surplus or deficit.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flow (for cash-generating assets) or future remaining service potential (for non-cash-generating assets) is discounted to 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.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

1.14 *Taxation*

As registered charities, and having complied with the statutory conditions, the Association and the Foundation are exempt from New Zealand income tax.

The Association is registered for Goods and Services Tax. The Group financial statements are prepared exclusive of GST, except for Accounts Receivable and Accounts Payable which are stated inclusive of GST.

1.15 *Employee Entitlements*

Employee benefit entitlements for annual leave, sick leave and similar items are recognised as liabilities when the Association has a legal or constructive obligation to remunerate employees for services provided. The short-term liability is measured on an undiscounted basis and expensed in the period in which services were provided.

The Association is required to make Kiwisaver contributions on behalf of employees. Kiwisaver is a defined contribution plan, and the Association has no legal or constructive obligation to pay any additional amounts beyond its defined contribution. The obligation for Kiwisaver contributions is recognised as an employee benefit expense in the period in which services are rendered by employees.

1.16 *Leases*

Each lease is classified as a 'finance lease' or an 'operating lease'. The classification of leases is based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or lessee. A finance lease transfers substantially all the risks and rewards to the lessee. All other leases are operating leases.

Finance lease

On initial recognition the leased asset is measured and recognised at the lower of its fair value and the present value of the minimum lease payments, and a lease liability is recognised. The leased asset is then accounted for in accordance with the accounting policy applicable to the type of asset – property, plant and equipment, or intangible asset. The lease payments are apportioned between a finance charge and the reduction of the lease liability. The finance charge is allocated to each period during the lease term by applying a constant periodic rate of interest to the remaining lease liability.

Operating leases

Operating leases are not recognised in the statement of financial position. Payments made for operating leases are recognised as rental expense in surplus or deficit on a straight-line basis over the lease term.

1.17 *Changes in Accounting Policies*

There have been no changes in accounting policies during the financial year.

Girl Guides Association New Zealand Incorporated

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 December 2017

2. EXPENSES

	2017 $	2016 $
Selling Expenses:		
Biscuits – Selling Expenses	31,407	185,319
E-shop – Selling Expenses	10,235	17,496
Total Selling Expenses	41,642	202,815
Operational Expenses		
Girl Programme and Activity	1,241,318	1,171,689
Jamboree/Ranger Event	69,239	601,676
Adult Volunteer Leadership and Training	220,790	265,652
International Events and Membership Fees	58,184	81,026
Property Expenses	724,774	680,578
Information Technology and Communications	223,580	209,765
Human Resources Support	133,310	152,148
Audit Fees	38,046	46,254
Depreciation	210,632	213,186
Amortisation	75,190	71,389
Employee Remuneration	2,552,549	2,582,973
Impairment on Asset	817,700	153,044
Other Operational Expenses	703,809	618,456
Total Operational Expenses	7,069,121	6,847,836
Total Selling and Operational Expenses	**7,110,763**	**7,050,652**

3. OTHER INCOME

	2017 $	2016 $
Dividends Received	84,026	71,319
Sundry Income	13,375	17,579
Proceeds from Earthquake Insurance Claims	1,259,277	-
Gain/(Loss) on Investments- Held to Maturity	12,763	(3,004)
Gain/(Loss) on Sale of Fixed Assets	77,715	(23,078)
Total Other Income	**1,447,156**	**62,816**

Girl Guides Association New Zealand Incorporated

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 December 2017

4. CASH ON HAND AND AT BANK

	2017 $	2016 $
Cash on Hand at Bank	1,388,844	558,014
Term Deposits	2,843,661	3,301,930
Total Cash and Cash Equivalents	**4,232,505**	**3,859,944**

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2017 $	2016 $
Receivables from Exchange Transactions	225,552	305,256
Less: Allowance for Impairment	(70,127)	(59,432)
Sub Total	155,425	**245,824**
Sundry Debtors	22,146	37,278
Total Receivables from Exchange Transactions	**177,571**	**283,102**

6. ACCOUNTS PAYABLE AND ACCRUALS

	2017 $	2016 $
Accounts Payable	255,146	124,862
Accruals	149,429	176,046
Total Accounts Payable and Accruals	**404,575**	**300,908**

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Plant and Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	WIP	Total
Balance as at 1 January 2017	9,303,776	7,473,965	491,119	182,063	78,215	27,434	3,940	17,560,512
Additions (exchange)		29,173		9,050	22,410			60,633
Revaluation Gain/(Loss)								-
Impairment as at 31 December	(139,674)	(690,000)						(690,000)
Disposals								-
Prior Period Adjustment (Note 15)	234,174	161,913						396,087
Re-classified to assets held for sale	(1,312,500)							(1,452,174)
Balance as at 31 December 2017	8,085,776	6,975,051	491,119	191,113	100,625	27,434	3,940	15,875,058
Accumulated Depreciation and Impairment								
Balance as at 1 January 2017	0	332,097	364,419	126,619	58,837	14,987	0	896,960
Depreciation		163,390	24,365	5,011	15,040	2,826		210,632
Impairment as at 31 December 2017		(11,974)						(11,974)
								-
Disposals		(7,266)						(7,266)
Re-classified to assets held for sale								-
Balance as at 31 December 2017	0	476,247	388,784	131,630	73,877	17,813	0	1,088,353
Net Book Value								
As at 1 January 2017	9,303,776	7,141,869	126,700	55,443	19,377	12,447	3,940	16,663,552
As at 31 December 2017	8,085,776	6,498,804	102,335	59,483	26,748	9,621	3,940	14,786,707

Properties previously managed by local teams are not included in these financial statements, within property held by the Association, as they hold a low nominal value. In the event that these properties are sold, proceeds from the sale will be recognised as revenue when funds are received.

Cost	Land	Buildings	Plant and Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	WIP	Total
Adjusted Balance as at 1 January 2016	9,453,776	7,981,472	488,259	176,929	77,470	14,160		18,192,066
Additions (exchange)			2,860	5,134	745	13,274	3,940	25,952
Revaluation Gain/(Loss)								-
Impairment as at 31 December		(153,044)						(153,044)
Disposals		(139,464)						(139,464)
Re-classified to assets held for sale	(150,000)	(214,999)						(364,999)
Balance as at 31 December 2016	9,303,776	7,473,965	491,119	182,063	78,215	27,434	3,940	17,560,512
Accumulated Depreciation and Impairment								
Balance as at 1 January 2016	0	193,950	344,227	120,227	39,535	13,811		711,750
Depreciation		172,244	20,193	6,393	19,302	1,176		219,307
Impairment as at 31 December		(6,122)						(6,122)
Disposals		(10,622)						(10,622)
Re-classified to assets held for sale		(17,354)						(17,354)
Balance as at 31 December 2016	0	332,097	364,419	126,619	58,837	14,987	0	896,960
Net Book Value								
As at 1 January 2016	9,453,776	7,787,521	144,033	56,703	37,934	349		17,480,315
As at 31 December 2016	9,303,776	7,141,869	126,700	55,443	19,377	12,447	3,940	16,663,552

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8. PROPERTY AVAILABLE FOR SALE

As at 31 December 2017, Armagh Street Property is available for sale.
The buildings on the property have been impaired at the value of $690,000 as they are deemed too costly to repair, and the value that the property holds is in the land.
We have estimated the cost of sale to be approximately $32,000 based on information collected so far for the sale to proceed, and the estimated commission for the real estate agent.
The property has been reclassified as a current asset in the Consolidated Statement of Financial Position.

On 13th April 2018 an offer was accepted for the sale of the Armagh Street property for $1,312,500. The value of the property has been impaired by $139,674 in our financial statements as at 31 December 2017 to reflect the fair value of the asset.

	2017 **$**
Cost of Land	1,452,174
Less: Impairment of Land	(139,674)
Less: Opening Accumulated Depreciation of Properties	-
Less: Depreciation (Current Year)	-
Closing Book Value of Properties	1,312,500
Less:	
Costs to Sell	(32,000)
Total Assets Held for Sale	**1,280,500**

8. PROPERTY AVAILABLE FOR SALE continued

As at 31 December 2016, Trefoil Park and the Waihi Building were available for sale.

As at balance date, there were indicators that Trefoil Park's fair value was less than our current book value. We have therefore impaired the value of the property to align with an average of the offers we have received for the property. The fair value of this property will continue to be revised and adjusted where there are further indicators.

The Waihi Building is measured at cost.

We have estimated the cost of sale to be approximately 7% of the closing book value of Properties Available for Sale.

The properties have been reclassified as current assets in the Consolidated Statement of Financial Position.

	2016
	$
Cost of Land	150,000
Cost of Buildings	214,999
Total Cost of Properties	364,999
Less: Opening Accumulated Depreciation of Properties	(9,949)
Less: Depreciation (Current Year)	(7,405)
Closing Book Value of Properties	347,645
Less:	
Costs to Sell	(24,335)
Total Assets Held for Sale	**323,310**

9. INTANGIBLE ASSETS

Cost	**WIP**	**Software**	**Total**
Balance as at 1 January 2017	0	196,190	196,190
Additions (exchange)		49,348	49,348
Transfer to Software Intangible Assets			
Balance as at 31 December 2017	0	245,538	245,538
Accumulated Amortisation and Impairment			
Balance as at 1 January 2017	0	81,692	81,692
Amortisation		75,190	75,190
Balance as at 31 December 2017	0	156,882	156,882
Net Book Value			
As at 1 January 2017	-	114,497	114,497
As at 31 December 2017	-	88,656	88,656
Cost	**WIP**	**Software**	**Total**
Adjusted Balance as at 1 January 2016	157,288	12,853	170,141
Additions (exchange)	18,453	7,596	26,049
Transfer to Software Intangible Assets	(175,741)	175,741	0
Balance as at 31 December 2016	0	196,190	196,190
Accumulated Amortisation and Impairment			
Balance as at 1 January 2016		10,304	10,304
Amortisation		71,389	71,389
Balance as at 31 December 2016	0	81,692	81,692
Net Book Value			
As at 1 January 2016	157,288	2,550	159,837
As at 31 December 2016	-	114,497	114,497

10. RESTRICTED FUNDS

	2017 $	2016 $
Mutual Aid, Emergency Relief and other special projects	18,514	18,560
Estate Bequests	241,415	328,032
Total Restricted Funds	**259,929**	**346,592**

As part of the Girl Programme, fundraising for third party charities is encouraged. When this occurs, funds are held in Restricted Reserves until they can be passed on to the relevant third party charity.
Restricted funds include bequests received for specific purposes for GirlGuiding NZ.

11. RELATED PARTY TRANSACTIONS

i. Controlled Entities
The Association controls the Foundation on the basis that the Association has control over the appointment of the majority of the Trustees of the Foundation.
There were three transactions with the Foundation during the reporting period.

	2017 $	2016 $
Administration Fee charged by the Association	5,000	5,000
Grant received by the Association in 2017- Canterbury Project Revitalisation Role	28,000	
Grant due to Association in 2018- Canterbury Project Revitalisation Role	37,000	
Donations received by the Association- Queens Guide Retreat	8,775	13,500
Total Related Party Transactions	**78,775**	**18,500**

ii. Key Management Personnel
The key management personnel, as defined by PBE IPSAS 20 *Related Party Disclosures*, are the members of the governing body, the CEO, and the managers of each operation.
The aggregate remuneration of key management personnel, and the number of individuals determined on a full-time equivalent basis, receiving remuneration is as follows:

	2017	2016
Number of Governing Body Members	1	1.75
Number of Management Personnel	7.96	7.90
Total Remuneration	**$880,890**	**$944,340**

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12. OPERATING LEASES

The Association has operating lease commitments in relation to office equipment, motor vehicles and office rent.

Future operating lease payments commitments are as follows:

	2017 $	2016 $
Payments due within one year	207,841	23,115
Payments due between one and two years	224,910	46,230
Payments due between three and five years	446,175	9,631
Total Future Operating Lease Payments Due	**878,926**	**78,976**

13. FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities fall into the following categories:

	2017 $	2016 $
Financial Assets		
Loans and Receivables		
Cash on Hand and at Bank	1,388,844	558,014
Short Term Investments – term deposits	2,843,661	3,301,930
Receivables from Exchange Transactions	177,572	283,102
Total Loans and Receivables	**4,410,077**	**4,143,045**

The Association operates a purchasing card facility through Westpac New Zealand Limited. As at 31 December 2017, the Association held 548 (2016:576) purchasing cards with a combined credit limit of $33,500 (2016:$31,000).

The Association permanently holds $250,000 in term deposits with Westpac that provide security for the Association's purchasing card facility by way of a specific security agreement.

	2017 $	2016 $
Held to Maturity		
Fixed Interest Securities	**1,430,685**	**1,438,108**
Available for Sale		
Shares in publicly listed companies	**2,192,402**	**1,871,484**
Total Financial Assets	**8,033,164**	**7,452,637**
Financial Liabilities		
At amortised cost		
Trade and other payables	404,575	300,908
Employee entitlements	194,909	199,002
Finance lease liability	7,331	11,369
Total Financial Liabilities	**606,815**	**511,279**

BDO Christchurch

Girl Guides Association New Zealand Incorporated

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 December 2017

14. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2017, there were no known material contingent liabilities or assets (2016: Nil) with the exception of those mentioned in Note 15 (Pending Earthquake Insurance Claims).

15. PENDING EARTHQUAKE INSURANCE CLAIMS

As a result of the earthquakes between 4 September 2010 and 23 December 2011, Christchurch property owned by the Group has been damaged, and business operations were interrupted. Insurance claims for these matters have been lodged, and insurance settlement payments relating to the Cracroft Guiding Centre are outstanding as at 31 December 2017.

16. PRIOR PERIOD ADJUSTMENT

During 2017 financial year, we discovered that we owned buildings and land that were not recorded on our Fixed Asset Register. We obtained valuations from an independent party for these properties and brought them on to our Register at the following values:

Hawera Guide Hall	
Land (GST Ex)	$82,000
Buildings (GST Ex)	$48,000
Total	**$130,000**

Pickwick Carver Cottage	
Land (GST Ex)	$152,174
Buildings and Chattels (GST Ex)	$113,913
Total	**$266,087**

Total Land and Buildings Adjustment	**$396,087**

There is also an additional $18,544 adjustment made in relation to 2016 Accumulated Funds.

Total Prior Period Adjustment:	
Total Land and Buildings Adjustment	$396,087
2016 Accumulated Funds	($ 18,544)
Total Prior Period Adjustment	**$377,543**

17. EVENTS AFTER THE REPORTING DATE

Subsequent to the balance date, the National Board has decided that GirlGuiding NZ will stop using its membership to sell Guide Biscuits once the 2018 stock is cleared and instead the organisation will be exploring options to licence our Guide Biscuit brand.