

The Outward Bound Trust of New Zealand Foundation

Financial Statements for the year ended 30 June 2022

The Outward Bound Trust of New Zealand Foundation

Table of Contents

Directory of Information	Page 1
Statement of Comprehensive Revenue and Expense	Page 2
Statement of Financial Position	Page 3
Statement of Changes in Net Assets	Page 4
Statement of Cash Flows	Page 5
Notes to the financial statements	Pages 6-13
Independent Auditor Summary	Pages 14- 15

The Outward Bound Trust of New Zealand Foundation

Directory of Information

Trustees

Andrew Smith
Tim Watts
Brien Mahoney
Fiona McKenzie (*resigned 1/3/22*)

Registered Office

3 Queens Wharf
Wellington
6011

Charity Registration Number

CC22777

Bankers Westpac Banking Corporation

Auditors Grant Thornton New Zealand
Audit Limited, Wellington

Nature of Business

The principal activity of the Foundation is to invest Endowment donations received, providing an income to Outward Bound Trust of New Zealand, to be used in the running of its experiential education courses.

The Outward Bound Trust of New Zealand Foundation

Statement of Comprehensive Revenue and Expense For the year ended 30 June 2022 In New Zealand Dollars

	Note	2022	2021
Revenue from Non Exchange Transactions			
Donations		302,500	396,239
Revenue from Exchange Transactions			
Revenue from interest and investments		(962,637)	2,047,926
Dividends		186,875	172,500
Net gains/(losses) on financial assets at fair value through surplus and deficit		253,125	300,000
		(522,637)	2,520,426
Total Revenue		(220,137)	2,916,665
Expenses			
Investment advisory fees		65,915	68,869
Financial assistance		302,481	488,381
Operating Grant to Trust		185,000	-
Audit fees	4	6,000	6,143
Other specific expenditure		138,102	21,169
Total Expenses		697,499	584,562
Surplus/(Deficit) for the year		(917,636)	2,332,103
Other comprehensive revenue and expenses		-	-
Total comprehensive revenue and expenses for the year		(917,636)	2,332,103

These financial statements were approved by the Foundation Trustees on 12 October 2022

For and on behalf of the Trust:



Andrew Smith
President
12 October 2022



Tim Watts
Trustee
12 October 2022



The Outward Bound Trust of New Zealand Foundation

Statement of Financial Position

As at 30 June 2022

In New Zealand Dollars

	Note	2022	2021
Current Assets			
Cash and cash equivalents	8	148,446	198,778
Outward Bound Trust current account	6	-	-
Trade debtors and other receivables	8	117,875	103,500
		266,321	302,278
Non-current Assets			
Outward Bound Trust Loan	6	200,000	200,000
Investments	5	18,338,870	19,446,087
		18,538,870	19,646,087
Total assets		18,805,191	19,948,365
Current Liabilities			
Outward Bound Trust current account	6	-	225,396
Trade creditors and other payables	8	6,000	6,143
		6,000	231,539
Total Net Assets		18,799,191	19,716,826
Equity			
Accumulated Funds		(71,001)	(65,001)
Endowment Funds		19,400,548	20,310,862
Specific Funds		(530,356)	(529,035)
Total Equity		18,799,191	19,716,826



The Outward Bound Trust of New Zealand Foundation

Statement of Changes in Net Assets

For the year ended 30 June 2022

In New Zealand Dollars

Note	Accumulated Funds	Endowment Funds	Specific Funds	Total Equity
Balance 30 June 2020	(58,859)	18,020,616	(577,034)	17,384,723
Total comprehensive income for the year				
Surplus for the year	2,332,103	-	-	2,332,103
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	2,332,103	-	-	2,332,103
Transfers between equity reserves	(2,338,246)	2,290,246	48,000	-
Balance 30 June 2021	(65,001)	20,310,862	(529,035)	19,716,826
Total comprehensive income for the year				
Deficit for the year	(917,636)	-	-	(917,636)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	(917,636)	-	-	(917,636)
Transfers between equity reserves	911,636	(910,314)	(1,321)	-
Balance 30 June 2022	(71,001)	19,400,548	(530,356)	18,799,191

The Outward Bound Trust of New Zealand Foundation

Statement of Cash Flows

For the year ended 30 June 2022

In New Zealand Dollars

	Note	2022	2021
Cash flows from Operating activities			
Receipts from Donations and Membership		302,500	391,229
Dividends and interest		172,599	69,086
Payments to suppliers and employees		(857,121)	(1,549)
Net cash flows from/ (used in) operating activities		(382,023)	458,765
Cash flows from investing activities			
Purchase of Investments		-	(388,406)
Withdrawal of investments		331,692	-
Net cash flows from/ (used in) investing activities		331,692	(388,406)
Net increase/ (decrease) in cash and cash equivalents		(50,331)	70,360
Cash and cash equivalents at beginning of year		198,778	128,418
Cash and cash equivalents at end of year		148,446	198,778



The Outward Bound Trust of New Zealand Foundation
Notes to the financial statements
In New Zealand dollars

1 Reporting Entity

These financial statements comprise the separate financial statements of the Outward Bound Trust of New Zealand Foundation (the “Foundation”) for the year ended 30 June 2022.

The Foundation was incorporated under the Charitable Trust Act 1957, is registered under the Charities Act 2019, and is domiciled in New Zealand.

The principal activity of the Foundation is to invest Endowment donations received, providing an income to Outward Bound Trust of New Zealand, to be used in the running of its experiential education courses.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime (“RDR”) disclosure concessions.

(b) Basis of measurement

The financial statements have been prepared on a historical costs basis, except for financial assets and liabilities that have been measured at fair value. The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

Presentation currency

The financial statements are presented in New Zealand dollars (\$), which is the Foundation’s functional currency. They are rounded to the nearest dollar.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with PBE IPSAS RDR requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant assumptions is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any



The Outward Bound Trust of New Zealand Foundation
Notes to the financial statements
In New Zealand dollars

future years affected. The Macquarie Asset Management (MAM) fund includes cash which has been classified as investments due to the cash being part of the total investment portfolio. *

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(b) Impairment

The carrying amounts of Foundation assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Revenue and Expenses.

The estimated recoverable amount of an asset is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indicators exist, the Foundation estimates the asset's recoverable amount, to measure the reversal of any previous period impairment charges. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversals of impairment are recognised in the Statement of Comprehensive Revenue and Expenses.

(d) Trade creditors and other payables

Trade creditors and other payables are measured at amortised cost using the effective interest method.

(e) Financial instruments

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, investments, trade creditors and other payables. The Foundation held no derivative financial instruments (i.e. hedging instruments) in the years reported.

The Foundation has no off-balance sheet financial instruments.

Recognition and de-recognition of financial assets and liabilities

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



The Outward Bound Trust of New Zealand Foundation
Notes to the financial statements
In New Zealand dollars

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for those carried at fair value through surplus or deficit, which are measured at fair value.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification. The classification depends on the purpose for which financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

The Foundation currently holds financial assets in two classifications:

(i) *Loans and receivables*

Financial assets that are non-derivative with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

(ii) *Financial assets at fair value through profit or loss*

Financial assets at fair value through surplus or deficit include investments, which were designated upon initial recognition at fair value through surplus or deficit. Financial assets at fair value through surplus or deficit are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Revenue and Expenses.

(iii) *Impairment*

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables are presented in the Statement of Comprehensive Revenue and Expenses, within expenses.

Subsequent measurement of financial liabilities

All financial liabilities held by the Foundation are designated as “loans and advances”, being non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Foundation and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The following specific recognition criteria must be met before revenue is recognised.



The Outward Bound Trust of New Zealand Foundation
Notes to the financial statements
In New Zealand dollars

Revenue from non-exchange transactions

Donations and Grants

Donations and grants are recognised in the Statement of Comprehensive Revenue and Expense when received unless a use or return condition exists. Where donations and grants have such a condition, they are held as revenue in advance until such time as the condition is satisfied at which at which point the balance is recognised within the Statement of Comprehensive Revenue and Expense.

Donated assets are recorded at their value at the date of donation. Like many other charitable organisations, the Foundation often receives the benefit of people's time and service carried out free of charge. This type of donation cannot be readily quantified and hence is not recorded in the financial statements.

Bequests

Endowment fund bequests are recognised as revenue in the Statement of Comprehensive Revenue and Expense when received. Endowment bequests received are first recognised in surplus/deficit for the year and then transferred in the Statement of Changes in Net Assets from accumulated funds to the endowment funds equity reserve. This treatment recognises that endowment fund bequests are preserved in investments carried forward and only income earned from these investments is used to fund student scholarships.

Revenue from Exchange transactions

Interest

Revenue is recognised as it accrues, using the effective interest method.

Dividend Income

Dividend income is recognised on the date that the Foundation's rights to receive payment are established, which in the case of quoted securities is the ex-dividend date.

(g) Income Tax

Due to its charitable status, the Foundation is exempt from liability to income tax.

(h) GST

The Foundation is not registered for Goods & Services Tax.

(i) Nature of Reserves

The Foundation creates and maintains reserves in terms of specific requirements. These are explained in detail in notes 7a and b



The Outward Bound Trust of New Zealand Foundation
Notes to the financial statements
In New Zealand dollars

4 Other expenses

Expenditure disclosed in the Statement of Comprehensive Revenue and Expense includes:

	2022	2021
Audit fees for financial statement audit	6,000	6,143
Bank fees	6,357	1,550

5 Investments

All investments are initially recognised at cost, being the fair value of the consideration given. All investments disclosed in these financial statements have been classified as "fair value through surplus or deficit".

After initial recognition for investments classed as "fair value through surplus or deficit", any movement in the fair value or impairment is recognised in the Statement of Comprehensive Revenue and Expense.

The Foundation's Macquarie Asset Management (MAM) capital investment portfolios and other equity investments are classified as "fair value through surplus or deficit", because investments held are part of a portfolio of investments, that are managed together to generate short-term profits. The policy of the Foundation is to hold investments for the long-term, but if conditions change the investments are readily able to be sold.

	2022	2021
Rangatira shares	3,787,500	3,534,375
Macquarie Asset Management (MAM)	14,551,370	15,911,712
Total	18,338,870	19,446,087

All investments are carried at fair value with movements recognised in the Statement of Comprehensive Revenue and Expense. Investments are considered to be long-term by nature and therefore are classified as non-current assets. Cash funds held within the investment portfolio at balance date were \$903,653 (2021: \$896,491).

6 Related party transactions

Related parties arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Foundation.

(a) Parent and ultimate controlling party

The Outward Bound Trust of New Zealand is the ultimate controlling party of the Foundation.

(b) Related parties

The Foundation is related to the Outward Bound Trust of New Zealand (the "Trust")

The Board of the Trust resolved to set up the Foundation as a separate organisation, to be run in parallel to the Outward Bound Trust, and is dedicated to providing funds for long term sustainability of the Outward Bound Trust.



The Outward Bound Trust of New Zealand Foundation
Notes to the financial statements
In New Zealand dollars

(c) Related party transactions

No provision has been required, nor any expense recognised for impairment for any loans or other receivable balance to related parties (2021: \$nil).

Outward Bound Trust Current Account

All other transactions between the Foundation and Trust are reflected in the Trust Current Account, currently disclosed as a receivable balance.

	2022	2021
Opening balance	(225,396)	283,441
Financial assistance payable	(303,598)	(488,381)
Foundation expenditure paid directly by the Trust	(123,927)	(20,456)
Repayment of current account by Foundation	652,921	-
Closing balance	(0)	(225,396)

Outward Bound Trust Loan

On 30 April 2015 the Foundation advanced a \$200,000 loan to the Outward Bound Trust of New Zealand, to support its operational costs. The loan is repayable on demand with an interest rate charged at 0%. The terms of the loan are reviewed on a six-monthly basis.

The loan is classified as a non-current asset as it is not expected to be called with 12 months of balance date.

	2022	2021
Loan balance owed by Outward Bound Trust of New Zealand	200,000	200,000
Carrying value in balance sheet	200,000	200,000

(d) Key management personnel

The Foundation has a related party relationship with members of the Foundation Board, executive officers and other key management personnel.

The Foundation has paid no salaries or benefits to key management personnel.

There were no fees paid to the members of the Foundation Board in the years reported.

(e) Other related party transactions

There were no other related party transactions in the 2022 and 2021 financial reporting years.

7 Equity reserves

All income and expenditure is recognised in the Statement of Comprehensive Revenue and Expense and the surplus for the year taken to accumulated funds. Transfers between accumulated funds and equity reserves are disclosed in the Statement of Changes in Net Assets.

(a) Special Funds

Surplus funds targeted for operation funding other than non-operational expenditure and student scholarships.



The Outward Bound Trust of New Zealand Foundation
Notes to the financial statements
In New Zealand dollars

(b) Endowment funds

Endowment funds are bequests whereby the principal donation is preserved and only income earned being expended on student scholarships. Endowment fund bequests are recognised as income when received in the Statement of Comprehensive Revenue and Expense and transferred to the Endowment Funds equity reserve from Accumulated Funds.

8 Financial instruments

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

Financial Assets	2022	2021
<i>Financial assets at fair value through surplus or deficit</i>		
Investments	18,338,870	19,446,087
<i>Loans and receivables</i>		
Cash and cash equivalents	148,446	198,778
Outward Bound Trust current account	-	-
Outward Bound Trust Loan	200,000	200,000
Trade debtors and other receivables	117,875	103,500
Total	18,805,191	19,948,365

Financial Liabilities	2022	2021
<i>At amortised cost</i>		
Outward Bound Trust current account	0	225,396
Trade creditors and other payables	6,000	6,143
Total	6,000	231,539

9 Capital Commitments

The Foundation has no capital commitments as at balance date (2021: \$ Nil).

10 Contingent Asset and Liabilities

The Foundation has no contingent assets or liabilities as at balance date (2021: \$ Nil).

11 Subsequent Events

There were no significant events after balance date requiring reporting or adjustment in these financial statements (2021: Nil).



The Outward Bound Trust of New Zealand Foundation
Notes to the financial statements
In New Zealand dollars

12 Covid-19 & Other External Pressures

In March 2020, the New Zealand Government issued its first epidemic notice to combat the threat of the Covid-19 pandemic. These lockdowns continued, at differing degrees of severity, through until April 2022. The results of this was a substantial reduction of economic activity, especially for those that were classed as a non-essential business.

New Zealand continues to operate under Covid restrictions, with daily cases in the 1000's and Covid related deaths still occurring.

In February 2022, Russian commenced its invasion of the Ukraine. This added further pressure to global supply and therefore, the pricing of essential items.

Global market in FY21 surprisingly reacted positively to Covid and returned increasing gains when compared to the previous year. This growth continued into HY1, but the 2nd half of FY22 has seen increasing volatility with significant erosion of values across the Macquarie Asset Management investment portfolio * and this is reflected in the annual accounts of the Foundation.

** In March 2022, Macquarie Asset Management (MAM) reached a financial close on the acquisition of AMP Capital's Global Equities and Fixed Income business.*



Independent Auditor's Report

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To the Trustees of The Outward Bound Trust of New Zealand Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Outward Bound Trust of New Zealand Foundation (the Foundation) on pages 2 to 13 which comprise the statement of financial position as at 30 June 2022, and the statement of comprehensive revenue and expense, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 30 June 2022 and of its financial performance and cash flows for the year then ended in accordance with Public Benefit Entities International Public Sector Accounting Standard Reduced Regime (Not-for-Profit) 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)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Foundation.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Foundation for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entities International Public Sector Accounting Standards Reduced Disclosure Regime (Not-for-Profit) issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing the Foundation'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 Trustees either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/8>

Restriction on use of our report

This report is made solely to the Foundation's Trustees, as a body. Our audit work has been undertaken so that we might state to the Foundation's Trustees, as a body, 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 Foundation and its Trustees, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



B Kennerley

Partner

Wellington

12 October 2022