

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Otago Community Hospice Trust

Otago Community Hospice Trust
Consolidated Financial Statements
For the year ended 30th June 2019

Contents	Page
Directory.....	2
Consolidated Statement of Comprehensive Revenue and Expenses	3
Consolidated Statement of Changes in Net Assets/Equity.....	4
Consolidated Statement of Financial Position.....	5
Consolidated Statement of Cash Flows.....	6
Notes to the Consolidated Financial Statements.....	7 - 25
Independent Auditor's Report.....	26

Otago Community Hospice Trust
Trust Directory
As at 30th June 2019

NATURE OF BUSINESS

Hospice

CHARITIES SERVICES REGISTRATION NUMBER

CC20590

OFFICE

293 North Road
North East Valley
Dunedin 9041

TRUSTEES

Stuart McLauchlan (Chairperson)
Tony McKewen (Deputy Chairperson)
Peter McIntyre
Rachel Brazil
Jenny Guthrie
Murray Tilyard
Dale Preddy
Merrin Bath
Gaye Robertson
Jack Gordge

ACCOUNTANTS

G S McLauchlan & Co Limited
P O Box 743
DUNEDIN 9054

AUDITORS

Audit Professionals
P O Box 620
DUNEDIN 9054

BANKERS

ANZ Bank New Zealand Limited

SOLICITORS

Wilkinson Rodgers Lawyers

CONTROLLED ENTITY

The Gordon Allen Foundation Trust (formerly Otago Hospice Foundation Trust)

Otago Community Hospice Trust
Consolidated Statement of Comprehensive Revenue and Expenses
For the year ended 30th June 2019

	Notes	2019 \$	2018 \$
Revenue from Non-Exchange Transactions			
Rendering of Services		3,660,224	3,599,328
Sale of Donated Goods		1,576,979	1,554,938
Fundraising and Donations		1,708,787	1,055,739
Government Grants		27,000	37,000
Grants Revenue		629,390	255,149
		7,602,380	6,502,154
Revenue from Exchange Transactions			
Rendering of Services		106,105	71,459
Other Income		42,180	45,416
Investments Income		375,824	346,835
		524,109	463,710
Total Revenue		8,126,489	6,965,864
Expenses			
Direct Cost of Charity Shops and Public Fundraising		485,592	490,431
Wages, Salaries, Volunteer and Employment Costs		5,211,896	5,065,209
Service Delivery Costs		235,098	237,216
Depreciation and Amortisation Expense	8&9	254,520	198,018
Other Overhead and Administration Expenses		540,932	514,034
Total Expenses	4	6,728,038	6,504,908
Total Surplus for the Year		1,398,451	460,956
Other Comprehensive Revenue and Expense – revaluation of shares	13	284,907	344,001
Total Comprehensive Revenue and Expense for the Year		1,683,358	804,957

The accompanying notes form part of these consolidated financial statements and Independent Auditor's Report.

Otago Community Hospice Trust
Consolidated Statement of Changes in Net Assets/Equity
For the year ended 30th June 2019

	Accumulated Comprehensive Revenue and Expense \$	Share Revaluation Reserve	Special Reserves \$	Total Equity \$
Opening Balance 1 July 2018	12,150,030	1,134,664	270,484	13,555,178
Surplus for the year	1,398,451	284,907	-	1,683,358
Transfer (from) Special Reserves	270,484	-	(270,484)	-
Closing Equity 30 June 2019	13,818,965	1,419,571	-	15,238,536

	Accumulated Comprehensive Revenue and Expense \$	Share Revaluation Reserve	Special Reserves \$	Total Equity \$
Opening Balance 1 July 2017	11,032,235	790,663	927,323	12,750,221
Surplus for the year	460,956	344,001	-	804,957
Transfer from Special Reserve	656,839	-	(656,839)	-
Closing Equity 30 June 2018	12,150,030	1,134,664	270,484	13,555,178

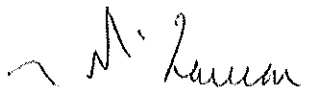
The special reserves were for the Oamaru building development and capital gains on the sale of investments in the Foundation.

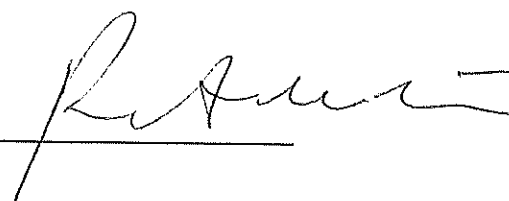
Otago Community Hospice Trust
Consolidated Statement of Financial Position
As at 30th June 2019

	Note	2019 \$	2018 \$
Current Assets			
Cash and Cash Equivalents	5	1,870,143	1,635,747
Trade and Other Receivables	6	741,771	695,450
Prepayments		93,814	91,897
Investments	7	5,146,692	4,555,532
		7,852,420	6,978,626
Non-Current Assets			
Investments	7	3,987,423	3,688,018
Intangible Assets	8	17,512	18,463
Property, Plant and Equipment	9	4,606,597	3,778,073
		8,611,532	7,484,554
Total Assets		16,463,952	14,463,180
Current Liabilities			
Trade and Other Payables	10	338,458	235,587
Employee Entitlements		468,112	439,767
Deferred Revenue	11	269,078	232,648
Finance Leases Payable	15	58,128	-
		1,133,776	908,002
Term Liabilities			
Finance Leases Payable	15	91,640	-
Total Liabilities		1,225,416	908,002
Net Assets		15,238,536	13,555,178
Represented by:			
Equity			
Accumulated Comprehensive Revenue and Expense		13,818,965	12,150,030
Share Revaluation Reserve		1,419,571	1,134,664
Special Reserves		-	270,484
Total Equity	13	15,238,536	13,555,178

Signed for and on behalf of the Board of Trustees who authorised these consolidated financial statements for issue

on 17th day of November 2019

Trustee 

Trustee 

The accompanying notes form part of these consolidated financial statements and Independent Auditor's Report.

Otago Community Hospice Trust
Consolidated Statement of Cash Flows
For the year ended 30th June 2019

	Note	2019 \$	2018 \$
<u>Cash Flows from Operating Activities</u>			
Cash was provided from:			
Fundraising, Donations and Grants		3,890,170	1,248,845
Government Grants		27,000	37,000
Receipts from Goods & Services provided, Non Exchange Transactions		3,645,218	5,156,106
Receipts from Goods & Services provided, Exchange Transactions		153,307	103,721
Investments Income Receipts		363,998	342,385
Goods and Services Tax (net)		7,023	(4,334)
		<u>8,086,716</u>	<u>6,883,723</u>
Cash was applied to:			
Payments to Suppliers		1,226,920	1,402,169
Donations and Grants Distribution		-	-
Payments to Employees		5,183,551	4,850,121
		<u>6,410,471</u>	<u>6,252,290</u>
Net Cash Flows from Operating Activities		<u>1,676,245</u>	<u>631,433</u>
<u>Cash Flows from Investing Activities</u>			
Cash was provided from:			
Receipts from the sale of Property, Plant & Equipment and Intangibles		-	1,641
Receipts from the sale of Investments		1,620,518	4,756,153
		<u>1,620,518</u>	<u>4,757,794</u>
Cash was applied to:			
Purchase of Property, Plant and Equipment and Intangibles		981,555	777,479
Payments to purchase Investments		2,227,271	4,238,474
		<u>3,208,826</u>	<u>5,015,953</u>
Net Cash Flows (to) Investing Activities		<u>(1,588,308)</u>	<u>(258,159)</u>
<u>Cash Flows from Financing Activities</u>			
Cash was provided from:			
Proceeds from finance lease		177,977	-
Cash was applied to:			
Repayments of finance lease principal		28,209	-
Interest paid on finance lease		3,309	-
		<u>31,518</u>	<u>-</u>
Net Cash Flows from Financing Activities		<u>146,459</u>	<u>-</u>
Net increase in Cash and Cash Equivalents		<u>234,396</u>	<u>373,274</u>
Cash and Cash Equivalents at the Beginning of the Year		1,635,747	1,262,473
Cash and Cash Equivalents at the End of the Year	5	<u>1,870,143</u>	<u>1,635,747</u>

Note that the Cash and Cash Equivalents balances shown above do not include Bank Deposits that have original maturities greater than three months as they are shown separately as investments.

Otago Community Hospice Trust

Notes to the Consolidated Financial Statements

For the year ended 30th June 2019

1. REPORTING ENTITY

The reporting entity, Otago Community Hospice Trust (the "Trust") is domiciled in New Zealand and is a charitable trust incorporated under the Charitable Trusts Act 1957 and a registered charity under the Charities Act 2005. The 2019 consolidated financial statements comprise Otago Community Hospice Trust and its controlled entity, The Gordon Allen Foundation Trust (the "Foundation"). The Foundation was previously called Otago Hospice Foundation Trust but changed its name on 29 May 2019 to recognise the contribution from Gordon Allen.

These consolidated financial statements and the accompanying notes summarise the financial results of activities carried out by Otago Community Hospice Trust and its controlled entity. The Trust provides hospice services in Otago and the Foundation receives and invests funds to provide specialist palliative care of the terminally ill in the province of Otago.

The Board of Trustees is of the view that the Trust is a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community or social benefit and has been established with a view supporting that primary objective rather than a financial return. These consolidated financial statements have been approved and were authorised for issue by the Board of Trustees as per the date on the Statement of Financial Position.

This is the first year that consolidated financial statements have been presented and 2018 comparative figures are shown on the same basis.

2. BASIS OF PREPARATION

a) Statement of Compliance

The Otago Community Hospice Trust's consolidated financial statements have been prepared in accordance with the Charities Act 2005, which requires compliance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Tier 2 Not-For-Profit public benefit entities. For the purposes of complying with NZ GAAP, the Otago Community Hospice Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE Accounting Standards on the basis that it does not have public accountability and it is not defined as large as operating expenditure falls below the threshold of \$30 million per annum.

b) Basis of Measurement

These consolidated financial statements have been prepared on the basis of historical cost, unless otherwise noted in a specific accounting policy.

c) Functional and Presentation Currency

The consolidated financial statements are presented in New Zealand dollars (\$), which is the Otago Community Hospice Trust's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

d) Changes in Accounting Policies

Although Group financial statements have been prepared for the first time, there have been no changes in accounting policies of the Trust compared to the previous year.

3. SPECIFIC ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements as set out below.

Principles of Consolidation

The consolidated financial statements incorporate the annual results, and assets and liabilities of all Otago Community Hospice Trust's various activities and its controlled entity as at 30 June 2019. Otago Community Hospice Trust and its controlled entity together are referred to in these consolidated financial statements as the Group. The details of Group entities are set out in note 16.

The Group controls an entity if it has power to govern the financial and operating policies of the entity so as to benefit from that entity's activities. Controlled entities which form part of the Group are consolidated from the date on which control is transferred to the Group. They are de-consolidated from when control ceases.

The acquisition method of accounting is used to account for the business combinations by the Group. The cost of an acquisition is measured as the fair value of the assets given, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group. The financial statements of the controlled entity are prepared for the same 30 June reporting period as the Otago Community Hospice Trust.

3.1 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

Revenue from Non-Exchange Transactions

A non-exchange transaction is where the Trust either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Where non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised.

When non-exchange revenue is received with restrictions attached, but there is no requirement to return the asset if not deployed as specified, then revenue is recognised on the earlier of receipt or confirmation of funding.

Condition stipulation – funds received are required to be used for a specific purpose, with a requirement to return unused funds.

Restriction stipulation - funds received are required to be used for a specific purpose, with no requirement to return unused funds.

Donations

Goods donated to the Trust's charity shops are recognised as revenue when the donated goods are sold. Other donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific fundraising events and donated assets.

The Trust has benefited from significant donations of services by volunteers. Although recognised as a major contribution to the Trust's operations, these contributions are not recognised in these consolidated financial statements because of the difficulty in determining their value with reliability. Donations of significant assets, for use by the Trust, are recognised at fair value at the date of the donation.

Grant Revenue

Grant revenue includes grants given by other charitable organisations, philanthropic organisations, local government and central government agencies. Grant revenue is recorded as revenue at the earlier of notification of approval of the grant, or receipt of the funding. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled. Grants received during the year are acknowledged in the Annual Report, which is available on the Trust's website, or the Charities Services website for its controlled entity The Gordon Allen Foundation Trust.

Revenue from Exchange Transactions

Exchange revenue is recognised when the significant risks and rewards have been transferred to the buyer on delivery of the goods or services and when the amount of revenue can be measured reliably

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

and it is probable that the economic benefits or service potential associated with the transaction will flow to the Trust.

Contract Revenue

The Trust receives funding from various government agencies for carrying out the services specified in the relevant contracts. Revenue is recorded as revenue when the Trust has the rights to the funding, in the period in which the related services have been performed in accordance to the substance of the agreement.

Event income

Event income is recorded as revenue when the function or event takes place.

Charity Shops

Charity Shop income is recognised on a cash basis at the time of sale.

3.2 CURRENT ASSETS

Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less. The carrying amount of cash and cash equivalents represent fair value.

Prepayments

Prepayments include insurances, motor vehicle lease deposits (if any), membership, subscription, staff travel and education, and expenses that relate to periods after balance date.

Trade and Other Receivables

Trade and other receivables are measured at their cost less any impairment losses.

An allowance for impairment is established where there is objective evidence the Trust will not be able to collect all amounts due according to the original terms of the receivable. This impairment loss is the difference between receivables' carrying value and the net present value of amounts expected to be collected and be recognised in the surplus or deficit.

Inventories

The Trust has taken advantage of the Donated Goods (Amendments to PBE IPSAS 23) RDR exemption as it is not practicable to measure reliably the fair value of those donated goods at the date of acquisition because the costs of recognising the goods outweigh the benefits.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

3.3 NON-CURRENT ASSETS

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. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. The cost of assets purchased for the charity shops are stated inclusive of GST as per note 3.8 Goods and Services Tax (GST).

Depreciation is charged on either straight line or diminishing value over the useful life of all assets, except for land. 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. Depreciation is calculated at the following rates on each class of property, plant and equipment:

Buildings & Improvements	1% straight line to 40% diminishing value
Motor Vehicle	20% to 30% diminishing value
Furniture, Fittings & Plant	8% to 67% diminishing value
Computer Software	40% to 50% diminishing value

The residual value, useful life, and depreciation methods of property, plant and equipment and intangibles are reviewed annually.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The Otago Community Hospice Trust does not hold any intangible assets that have an indefinite life.

Intangible assets acquired by the Trust which have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses. Amortisation is recognised on a diminishing value basis over the estimated useful life of the asset, from the date they are available for use and expensed in the reported surplus or deficit for the year.

The following amortisation rates have been applied to each class of intangible assets:

Computer software	40%-50% diminishing value
Computer licences	50% diminishing value

Intangible assets are assessed annually.

Purchased computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure is expensed as incurred. Costs associated with maintaining computer software, i.e. expenditure relating to patches and other minor updates as well as their installation, is expensed as incurred.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

3.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Otago Community Hospice Trust becomes a party to the contractual provisions of the financial instrument.

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

The Otago Community Hospice Trust derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Otago Community Hospice Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- The Trust has transferred substantially all the risks and rewards of the asset; or
- The Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Assets

Financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition and this designation is re-evaluated at every reporting date. The categorisation determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses.

The Otago Community Hospice Trust's financial assets are classified loans and receivables, held-to-maturity investments or available-for-sale financial assets. The Trust's financial assets include: cash and cash equivalents, investments and receivables from exchange and non-exchange transactions.

Loans and Receivables

Loans and receivables are non-derivative financial assets 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 any allowance for impairment. The Trust's cash and cash equivalents, receivables from exchange and non-exchange transactions and investments in bank term deposits fall into this category of financial instruments.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Board has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are measured at amortised cost using the effective interest method, less impairment losses. Held-to-maturity financial assets are the New Zealand corporate bonds and local Government bonds.

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are subsequently measured at fair value with gains or losses recognised in other comprehensive revenue and expense and presented in the revaluation reserve. Upon de-recognition, the accumulated gain or loss with net assets/equity is reclassified to surplus or deficit. Available-for-sale financial assets comprise listed equity securities.

Impairment of Financial Assets

The Trustees assess at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of reversal is recognised in surplus or deficit.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in net assets/equity to surplus or deficit. The cumulative loss that is reclassified from net assets/equity to surplus or deficit is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in surplus or deficit.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale equity security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive revenue and expense.

Financial Liabilities

The Trust's financial liabilities include trade and other creditors (excluding GST) and finance lease payable. They are classified as financial liabilities measured at amortised cost. All financial liabilities are initially recognised at fair value and are measured subsequently at amortised cost using the effective interest method.

3.5 CURRENT LIABILITIES

Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade payables are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee Entitlements

Employee entitlements that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at the current rate of pay. These included salaries and wages accrued up to balance date, annual leave and time in lieu earned to but not yet taken at balance date.

Deferred Revenue

Monies received prior to the end of the financial year where there are unfulfilled conditions existing are recorded as Deferred Revenue until the conditions have been met.

3.6 LEASES

Finance Leases

These are leases which the Group assumes substantially all the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at an amount equal to 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.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

Operating Leases

Payments of operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

3.7 INCOME TAX

The Trust has been granted charitable status and as such is exempt from income tax pursuant to the Income Tax Act 2007.

3.8 GOODS AND SERVICES TAX (GST)

The Trust and its controlled entity are registered for GST. The consolidated financial statements have been prepared with both income and expenditure items exclusive of GST, with the exception of items relating to the sale of donated goods. In the Statement of Financial Position, accounts receivable and accounts payable are both inclusive of GST (if any). Other assets and liabilities are exclusive of GST. The net amount of GST recoverable from or payable to the Inland Revenue Department is shown as a separate item in current assets or current liabilities. Cash flows are included in the Statement of Cash Flows exclusive of GST.

The Trust operates charity shops which sell donated goods. In terms of the Goods and Services Act 1985, the sale of donated goods is an exempt supply, so income and expenditure, prepayments, accounts payable, and fixed asset purchases in relation to these activities are inclusive of GST (if any).

3.9 EQUITY

Equity is made up of the following components:

Accumulated Comprehensive Revenue and Expense

Accumulated comprehensive revenue and expense is the Otago Community Hospice Trust's accumulated surpluses or deficits since its formation, adjusted for transfers to/from reserves.

Special Reserves

Special reserves are shown when funds are identified for special purposes.

3.10 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Otago Community Hospice Trust's consolidated financial statements in conformity with PBE Standards RDR requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

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.

Judgements

In the process of applying the Otago Community Hospice Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating Lease Commitments

The Otago Community Hospice Trust has entered into a number of leases.

The Trust has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the assets, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Otago Community Hospice Trust 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 Otago Community Hospice Trust. Such changes are reflected in the assumptions when they occur.

Useful Lives and Residual Values

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

- The condition of the asset
- 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
- Changes in the market in relation to the asset

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

4. TOTAL EXPENSES

Expenses in the Consolidated Statement of Comprehensive Revenue and Expenses includes the following specific expenses:

	2019	2018
	\$	\$
Accounting	57,776	46,871
Audit Fees	10,800	10,800
Computer Expenses	41,168	45,558
Electricity	66,989	68,783
Insurances	47,481	41,887
Operating Lease Payments	21,505	51,610
Other Expenses including Wages	6,482,319	6,239,399
Total Expenses	6,728,038	6,504,908

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2019	2018
	\$	\$
Cash Float – NZ dollars	2,750	2,850
Cash at Bank – NZ dollars	1,737,796	1,518,463
– Australian dollars	118,179	76,642
– British pound	5,343	849
– American dollars	6,075	36,943
Total Cash and Cash Equivalents	1,870,143	1,635,747

6. TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
Receivables – Exchange Transactions		
Trade Receivables	390,212	389,200
Related Party Receivables	288	968
Accrued Interest	44,408	36,061
Receivables – Non Exchange Transactions		
Related Party Receivables	-	-
Grants Receivable	306,863	269,221
Total Trade and Other Receivables	741,771	695,450

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

7. INVESTMENTS

	2019	2018
	\$	\$
Current Assets		
<i>Loans and receivables</i>		
Bank deposits	1,104,067	850,396
<i>Held-to-maturity financial assets</i>		
Debt securities (corporate and government bonds and notes)	-	-
<i>Available-for-sale financial assets</i>		
Shares (New Zealand publicly listed)	1,900,849	1,644,852
Shares (Australia publicly listed)	1,116,925	1,103,592
Shares (International publicly listed)	1,024,851	956,692
	<u>5,146,692</u>	<u>4,555,532</u>
Non-current Assets		
<i>Loans and receivables</i>		
Bank deposits	-	200,000
<i>Held-to-maturity financial assets</i>		
Debt securities (corporate and government bonds and notes)	3,987,423	3,488,018
	<u>3,987,423</u>	<u>3,688,018</u>
	<u>9,134,115</u>	<u>8,243,550</u>

8. INTANGIBLE ASSETS

	2019	2019	2019
	Cost	Accum Amort	Book Value
	\$	\$	\$
Acquired Computer Software	43,491	26,882	16,609
Licences	21,680	20,777	903
	<u>65,171</u>	<u>47,659</u>	<u>17,512</u>

Reconciliation of the carrying amount at the beginning and end of the period:

	Opening Balance 30/6/18	Additions	Disposals	Amortisation	Net Book Value 30/6/19
	\$			\$	\$
Acquired Computer Software	16,657	10,836	676	10,208	16,609
Licences	1,806	-	-	903	903
	<u>18,463</u>	<u>10,836</u>	<u>676</u>	<u>11,111</u>	<u>17,512</u>

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

8. INTANGIBLE ASSETS (Continued)

	2018	2018	2018
	Cost	Accum Amort	Book Value
	\$	\$	\$
Acquired Computer Software	44,005	27,348	16,657
Licences	21,680	19,874	1,806
	<u>65,685</u>	<u>47,222</u>	<u>18,463</u>

Reconciliation of the carrying amount at the beginning and end of the period:

	Opening Balance 30/6/17	Additions	Disposals	Amortisation	Net Book Value 30/6/18
	\$	\$		\$	\$
Acquired Computer Software	29,037	-	-	12,380	16,657
Licences	3,613	-	-	1,807	1,806
	<u>32,650</u>	<u>-</u>	<u>-</u>	<u>14,187</u>	<u>18,463</u>

9. PROPERTY PLANT AND EQUIPMENT

	2019	2019	2019
	Cost	Accum Dep	Book Value
	\$	\$	\$
Land	454,815	-	454,815
Buildings	4,497,367	1,041,181	3,456,186
Motor Vehicle	437,261	126,681	310,580
Furniture, Fittings and Plant	949,016	564,000	385,016
	<u>6,338,459</u>	<u>1,731,862</u>	<u>4,606,597</u>

Reconciliation of the carrying amount at the beginning and end of the period:

	Opening Balance 30/6/18	Additions	Disposals	Depreciation	Net Book Value 30/6/19
	\$	\$	\$	\$	\$
Land	454,815	-	-	-	454,815
Buildings	2,907,601	634,248	2,923	82,740	3,456,186
Motor Vehicle	87,074	286,132	1,206	61,420	310,580
Furniture, Fittings and Plant	328,583	165,361	5,679	103,249	385,016
	<u>3,778,073</u>	<u>1,085,741</u>	<u>9,808</u>	<u>247,409</u>	<u>4,606,597</u>

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

9. PROPERTY PLANT AND EQUIPMENT (continued)

	2018 Cost \$	2018 Accum Dep \$	2018 Book Value \$
Land	454,815	-	454,815
Buildings	3,867,197	959,596	2,907,601
Motor Vehicle	167,868	80,794	87,074
Furniture and Fittings and Plant	801,983	473,400	328,583
	<u>5,291,863</u>	<u>1,513,790</u>	<u>3,778,073</u>

Reconciliation of the carrying amount at the beginning and end of the period:

	Opening Balance 30/6/17 \$	Additions \$	Disposals \$	Depreciation \$	Net Book Value 30/6/18 \$
Land	278,426	176,389	-	-	454,815
Buildings	2,401,753	574,321	-	68,473	2,907,601
Motor Vehicle	112,030	1,391	-	26,347	87,074
Furniture and Fittings and Plant	324,438	108,052	13,074	90,833	328,583
	<u>3,116,647</u>	<u>860,153</u>	<u>13,074</u>	<u>185,653</u>	<u>3,778,073</u>

10. TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
Payables – Exchange Transactions		
Trade Payables and Accrued Expenses	223,823	125,028
Related Party Payables	24,393	8,972
GST Payable	90,242	101,587
Total Trade and Other Payables	<u>338,458</u>	<u>235,587</u>

11. DEFERRED REVENUE

	2019 \$	2018 \$
Unexpended Grants	269,078	232,648
Total Income in Advance	<u>269,078</u>	<u>232,648</u>

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

12. RELATED PARTY TRANSACTIONS

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

The Trust has a related party relationship with its Trustees and other key management personnel. The following transactions were carried out with related parties:

Purchases and Payables

G S McLauchlan & Co Ltd is contracted to provide accounting services to the Trust. Mr Stuart McLauchlan is a trustee of the Group and a partner in the firm G S McLauchlan & Co Ltd. Transactions between the Group and G S McLauchlan & Co Ltd are on a discounted commercial arms length basis. \$66,553 (GST exclusive) for accountancy services and consultancy fees are included in these consolidated financial statements (2018: \$51,612). A balance of \$22,388 was outstanding as at 30 June 2019 (2018: \$4,492).

Wilkinson Rodgers Lawyers is contracted to provide legal services to the Group. Jennie Guthrie is a trustee of the Trust and Geoff Mirkin is a trustee of the Foundation, and both are partners in the firm Wilkinson Rodgers Lawyers. Legal services of \$4,606 for were conducted with the Group during the year (2018: nil). \$2,005 was outstanding at balance date (2018: \$Nil).

Rachel Brazil, of Rachel Brazil Law is a trustee of the Trust. The Trust, from time to time, pays for the services of Rachel Brazil Law. \$1,381 (GST exclusive) of services on a commercial arms length basis are included in these consolidated financial statements (2018: \$406).

Merrin Bath is a trustee of the Trust and is a contractor to Edinburgh Realty Limited. During the year \$Nil (GST inclusive) was made to Edinburgh Realty, on behalf of the landlord, for a property lease deposit on normal trade terms and conditions (2018: \$8,625).

Mr Greg Easton was appointed trustee and Deputy Chair of the Foundation Board. Mr Easton is a shareholder employee of Craigs Investment Partners Ltd (CIP). CIP provide investment management, portfolio administration and transactional broking services to the Foundation, for which they receive annual management fees and general transactional brokerage fees. All transactions are conducted on a discounted commercial arms length basis. Custodial and monitors fees of \$18,451 (2018: \$17,445), and brokerage fees of \$5,838 (2018: \$18,209) were paid to CIP for the year.

Sales and Receivables

During the year the Group received \$1,585 (GST exclusive) of fundraising and services income from Trustees on normal trade terms and conditions (2018: \$8,907). \$288 (GST inclusive) was receivable as at balance date (2018: \$968).

The CEO is in a relationship with the Chief Executive Officer of Mercy Hospital. The Hospital donated \$70,000 to the Hospice during the year (2018: \$55,000).

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

12. RELATED PARTY TRANSACTIONS (continued)

Key Management Personnel

The key management personnel are members of the governing body which comprised the Board of Trustees, CEO and Senior Management Team. During the year ended 30 June 2019, no remuneration was paid to the Board of Trustees (2018: Nil). The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2019	2018
Total Remuneration	\$826,532	\$685,093
Number of persons (FTEs)	3.8	4.1

13. TOTAL EQUITY

Total equity of the Group includes \$11,449,765 (2018: \$9,903,680) which is the total funds of the Foundation. These funds include a share revaluation reserve of \$1,419,571 (2018 \$1,134,664) to recognise unrealised gains on equities held by the Foundation. Previous Foundation Special Reserves relating to realised investment gains and the Oamaru building development which are no longer required and have been transferred to Accumulated Comprehensive Revenue and Expense.

14. FINANCIAL INSTRUMENTS

	2019	2018
Loan and Receivables	\$	\$
Cash and Cash Equivalents	1,870,143	1,635,747
Receivables	741,771	695,450
Investments – Bank deposits	1,104,067	1,050,396
Total Loan and Receivables	3,715,981	3,381,593
Available-for-sale Financial Assets	\$	\$
Investments – Equity securities	4,042,625	3,705,136
Total Loan and Receivables	4,042,625	3,705,136
Held-to-maturity Financial Assets	\$	\$
Investments – Debt securities	3,987,423	3,488,018
Total Loan and Receivables	3,987,423	3,488,018
Financial Liabilities Measured at Amortised Cost	\$	\$
Payables	338,458	235,587
Finance Lease payable	149,768	-
Total Financial Liabilities	488,226	235,587

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

15. FINANCE LEASES PAYABLE

	2019	2018
	\$	\$
Finance Leases Payable		
Not later than one year	58,128	-
Later than one year and no later than five years	91,640	-
Later than five years	-	-
Total Finance Leases Payable	149,768	-

The Group has purchased 8 motor vehicles in 2019 through finance leases, for a period of 36 months at an interest rate of 3.9% per annum, maturing in December 2021.

16. GROUP ENTITIES

Name of entity	Principal activity	Place of incorporation
Otago Community Hospice Trust (parent)	To provide hospice services in Otago.	Dunedin
The Gordon Allen Foundation Trust (controlled entity)	To invest funds and provide financial assistance for specialist palliative care of the terminally ill in the province of Otago.	Dunedin

The Trust and Foundation have a 30 June 2019 balance date. All transactions and balances between the Trust and Foundation are offset in these consolidated financial statements.

17. LEASE COMMITMENTS

As at the reporting date, the Trust has entered into the following non-cancellable operating leases:

	2019	2018
	\$	\$
Not later than one year	109,258	252,770
Later than one year and no later than five years	9,433	117,914
Later than five years	-	-
	118,691	370,684

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

18. CAPITAL COMMITMENTS

As at balance date The Gordon Allen Foundation Trust had agreed to purchase a building at 127 Vogel Street, Dunedin subject to due diligence and a resource consent condition. Settlement was completed on 27 August 2019. The purchase price was \$1,410,000. The cost of renovations are estimated to be approximately \$300,000.

The Group has committed to an air-conditioning project with an estimated cost of \$60,000 excluding GST at 30 June 2019 (2018: \$519,217 for the development of the Oamaru premises).

19. CONTINGENT LIABILITIES

The Group has no contingent liabilities at 30 June 2019 (2018: nil).

20. EVENTS AFTER BALANCE DATE

The Group entered into the following non-cancellable operating leases since 30 June 2019:

	2019	2018
	\$	\$
Not later than one year	78,775	3,439
Later than one year and no later than five years	144,900	-
Later than five years	-	-
	<hr/> 223,675	<hr/> 3,439

On 28 August 2019 the Foundation leased its Oamaru premises (including carparks) to the Otago Community Hospice Trust. This will provide future income to the Foundation.

A grant to the Otago Community Hospice Trust for up to \$200,000 for a capital works project was approved in the year ended 30 June 2019. On 28 August 2019 the Otago Community Hospice Trust formally withdrew the grant application. Accordingly, there is no obligation recognised at 30 June 2019.

On 27 August 2019 the Foundation acquired the property at 127 Vogel Street, Dunedin for \$1,410,000 at an independent valuation. This acquisition has been fully funded from realising investments. Trustee, Stuart McLauchlan, is an associated party to one of the shareholders in the Company selling this property. This property is intended to be fitted out and leased by the Otago Community Hospice Trust. The total cost (including fit-out) to the Foundation is expected to be approximately \$2 million.

There were no other events since 30 June 2019 that would materially impact these financial statements.

Otago Community Hospice Trust
Notes to the Consolidated Financial Statements (continued)
For the year ended 30th June 2019

21. SEPARATE FOUNDATION

The Gordon Allen Foundation Trust operates independently to Otago Community Hospice Trust. It receives donations, bequests and investment income and makes grants to support the Hospice. Certain investments owned by the Foundation are held in trust and are not available for the Hospice's operating activities.