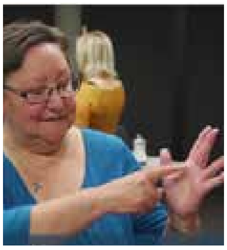
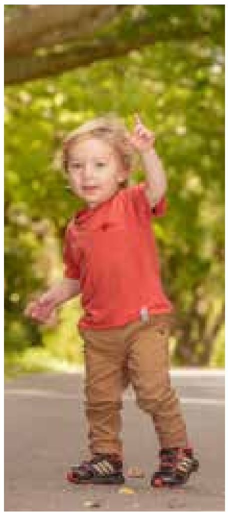



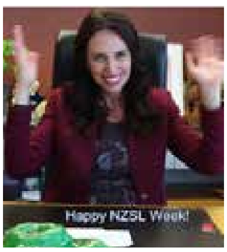



DEAF AOTEAROA NEW ZEALAND INCORPORATED

CONSOLIDATED FINANCIAL STATEMENTS

2017-2018



Deaf
AOTEAROA
TĀNGATA TURI

Financial Reports

Deaf Aotearoa New Zealand Incorporated Consolidated Financial Statements for the year ended 30 June 2018

Directory

Registered office	1836-1848 Great North Road Avondale Auckland 1026
Nature of business	Supply of support services to the Deaf community
Board Members	Oliver Ferguson (President) Gaye Austin (Vice President) *Resigned 11 May 2018* Ben Clifford (Vice President) *Elected 23 June 2018* Alana Best Eddie Hokianga Joanne Klaver Julie Bode Sam Te Maari Peter Barker *Resigned 4 November 2017*
Chief Executive	Lachlan Keating
Registered Charities Number	Group CC53560
Independent auditor	RSM Hayes Audit 1 Broadway Newmarket
Bankers	BNZ
Solicitors	Gaze Burt

Board Members' Report and Statement of Responsibility for Financial Statements

Board Members' Report

The Board Members of Deaf Aotearoa New Zealand Incorporated present this Annual Report, being the financial statements of the Group for the year ended 30 June 2018, and the independent auditor's report thereon.

Statement of Responsibility

The Board Members are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information.

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

The Board Members are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements.

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

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

In the opinion of the Board Members:

- The Statement of consolidated comprehensive revenue and expense is drawn up so as to present fairly, in all material respects, the financial result of the Group for the year ended 30 June 2018;
- The statement of consolidated financial position is drawn up so as to present fairly, in all material respects, the state of affairs of the Group as at 30 June 2018;
- There are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Signed for and on behalf of the Board:

President O. Pagaru

Date 26/9/18

Board Member

Date 26/9/18

Independent Auditor's Report

RSM

RSM Hayes Audit

Newmarket, Auckland 1149
Level 1, 1 Broadway
Newmarket, Auckland 1023

+64 (9) 367 1656
www.rsmnz.co.nz

Independent Auditor's Report

To the Shareholder of Deaf Aotearoa New Zealand Incorporated (Group)

Opinion

We have audited the consolidated financial statements of Deaf Aotearoa New Zealand Incorporated (Group) (Deaf Aotearoa NZ), which comprise:

- The consolidated statement of financial position as at 30 June 2018;
- The consolidated statement of comprehensive revenue and expense for the year then ended;
- The consolidated statement of changes in net assets/equity year then ended;
- The consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, which include significant accounting policies.

In our opinion, the accompanying consolidated financial statements on pages 5 – 21 present fairly, in all material respects, the financial position of Deaf Aotearoa NZ as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime 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 Deaf Aotearoa NZ 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, Deaf Aotearoa NZ.

Other information

The board members are responsible for the other information. The other information comprises the board members' report and statement of responsibility and directory on pages 1 and 2 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Responsibilities of board members for the consolidated financial statements

The board members are responsible, on behalf of Deaf Aotearoa NZ, for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the board members determine 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 members are responsible, on behalf of Deaf Aotearoa NZ for assessing Deaf Aotearoa NZ's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate Deaf Aotearoa NZ and consolidated or to cease operations, or have no realistic alternative but to do so.

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

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

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx

Who we report to

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

RSM

RSM Hayes Audit
Auckland

28 September 2018

Statement of Consolidated Comprehensive Revenue and Expense

For the Year Ended 30 June 2018

	Notes	2018 GROUP	2017 GROUP
Revenue from exchange transactions	16	1,515,563	1,369,840
Revenue from non-exchange transactions	16	5,458,085	5,626,269
Total Revenue		6,973,648	6,996,109
Expenses			
Advertising and Marketing		233,220	163,733
Amortisation	10	92,992	15,499
Contractors and consultants		25,486	85,617
Depreciation	9	127,744	138,264
Executive costs		73,956	134,721
IT and Communication		232,920	287,849
Interpreter costs		1,650,188	1,407,881
Loss on disposal/sale of asset		5,466	-
Rental expense		254,487	242,429
Repairs and maintenance		41,345	47,143
Payroll, training and staff costs		3,673,136	3,946,263
Travel and motor vehicle costs		276,679	284,482
Other operating expenses	18	324,165	375,406
Total expenses		7,011,784	7,129,287
Finance income	17	81,254	76,393
Finance costs	17	(4,984)	(5,290)
Net finance Income		76,270	71,103
Net surplus/(deficit) for the year		38,134	(62,075)
Other comprehensive revenue and expense			
Fair value adjustment on available for sale reserve	12	65,000	25,000
Total comprehensive revenue and expense for the year		**103,134**	**(37,075)**

These financial statements should be read in conjunction with the notes to the financial statements.

Statement of Consolidated Changes in Net Assets/Equity

For the Year Ended 30 June 2018

	Accumulated comprehensive revenue and expense	Revaluation reserve	Available for sale reserve	Total
Group				
Opening equity 1 July 2016	3,223,318	1,095,042	315,000	4,633,360
Total consolidated comprehensive revenue and expense	(62,075)	-	25,000	(37,075)
Opening equity 1 July 2017	3,161,243	1,095,042	340,000	4,596,285
Total consolidated comprehensive revenue and expense	38,134	-	65,000	103,134
Closing equity 30 June 2018	**3,199,377**	**1,095,042**	**405,000**	**4,699,419**

These financial statements should be read in conjunction with the notes to the financial statements.

Statement of Consolidated Financial Position

As at 30 June 2018

	Notes	2018 GROUP	2017 GROUP
Assets			
Current assets			
Cash and cash equivalents	5	1,092,087	942,806
Short term investments	6	950,000	853,748
Receivables from exchange transactions	7	124,369	119,913
Receivables from non-exchange transactions	7	562,524	526,726
Accrued Income		7,341	6,420
Prepayments		25,393	21,149
		2,761,714	2,470,762
Non-current assets			
Property plant and equipment	9	2,002,432	2,026,601
Intangible assets	10	356,471	449,463
Investments	12	580,000	515,000
		2,938,903	2,991,064
Total assets		5,700,617	5,461,826
Liabilities			
Current liabilities			
Payables (from exchange transactions)	13	320,001	290,260
Payables (from non- exchange transactions)	13	390,686	285,988
Employee benefits	14	232,470	223,130
Finance lease	15	18,399	16,171
		961,556	815,549
Non Current liabilities			
Finance lease	15	39,642	49,992
		39,642	49,992
Total liabilities		1,001,198	865,541
Total net assets		**4,699,419**	**4,596,285**
Net assets			
Accumulated comprehensive revenue and expense		3,199,377	3,161,243
Revaluation reserve		1,095,042	1,095,042
Available for sale reserve		405,000	340,000
Total net assets attribution		**4,699,419**	**4,596,285**

These financial statements should be read in conjunction with the notes to the financial statements.

Statement of Consolidated Cash Flows

For the Year Ended 30 June 2018

	Notes	2018 GROUP	2017 GROUP
Cash flows from operating activities			
Cash receipts from contracts, grants, donations and interpretation services		7,015,511	6,935,831
Interest received		50,904	49,048
Dividend income		30,350	27,345
Cash paid to suppliers and employees		(6,729,084)	(6,883,795)
Interest paid		(4,984)	(5,290)
Net cash inflow/(outflow) from operating activities		362,697	123,139
Cash flows from investing activities			
(Increase)/Decrease in short term investments		(96,252)	446,252
Disposal of property, plant, equipment and intangible assets		(5,466)	-
Purchase of property, plant, equipment and intangible assets		(95,182)	(438,364)
Net cash inflow/(outflow) from investing activities		(196,900)	7,888
Cash flows from financing activities			
Finance lease		(16,516)	(14,450)
Net cash inflow/(outflow) from financing activities		(16,516)	(14,450)
Net increase/(decrease) in cash and cash equivalents		149,281	116,577
Cash and cash equivalents at 1 July		942,806	826,229
Cash and cash equivalents at 30 June	5	**1,092,087**	**942,806**

These financial statements should be read in conjunction with the notes to the financial statements.

Accounting Policies

For the Year Ended 30 June 2018

1. REPORTING ENTITY

Deaf Aotearoa New Zealand Incorporated is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013).

These consolidated financial statements for the year ended 30 June 2018 comprise Deaf Aotearoa New Zealand Incorporated and its subsidiary, Deaf Aotearoa Holdings Limited (together referred to as the "Group").

Deaf Aotearoa New Zealand Incorporated, retains overall ownership of the Group, responsibility for setting strategic priorities, and for advocacy and awareness functions on behalf of the Deaf Community in New Zealand. Deaf Aotearoa Holdings Limited, undertakes all business, administrative and operational functions to deliver services in accordance with contract commitments and established strategic priorities.

These financial statements were authorised for issue by the Board on the date indicated on page 2.

2. BASIS OF PREPARATION

a) Statement of compliance

The 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 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.

Deaf Aotearoa New Zealand Incorporated is a registered Incorporated Society in New Zealand. The Group is a public benefit entity for the purpose of financial reporting. They comply with Public Benefit Entity Accounting Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities. All reduced disclosure regime exemptions have been adopted.

b) Measurement basis

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

c) Functional and presentation currency

The consolidated financial statements are presented in New Zealand Dollars ($), which is the functional and presentation currency, rounded to the nearest dollar.

There has been no change in the functional currency of the Group during the year.

d) Changes in accounting policy

For the year ended 30 June 2018, there have been no changes in accounting policy.

3. SIGNIFICANT JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgements:

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

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

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

b) Assumptions and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Group
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Changes in accounting estimates

There have been no changes in the accounting estimates for the current reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

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

i) Revenue from exchange transactions

Interest received

Interest income is recognised as it accrues using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the statement of Consolidated Comprehensive Revenue and Expense.

Rendering of services

Interpreter service income and rents received are recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date. The stage of completion is assessed with reference to the services completed at reporting date.

Amounts received in advance for services to be provided in future periods are recognised as a liability until such time as the service is provided.

ii) Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and

- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

Grants, Donations, Legacies and Bequests

The recognition of non-exchange revenue from various Government Ministries and other donors depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

Income from contract funding is recognised when it is probable that the associated future economic benefit or service potential will flow to the entity, the fair value is reliably measurable, and there is no associated liability in respect of the same inflow.

b) Employee benefits

i) Short-term employee benefits

Short-term employee benefit liabilities are recognised when the Group has a legal or constructive obligation to remunerate employees for services provided within 12 months of reporting date, and is measured on an undiscounted basis and expensed in the period in which employment services are provided.

c) Financial instruments

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies financial assets as loans and receivables and available for sale.

The Group classifies financial liabilities as at amortised cost.

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

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

i) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, term deposits and trade receivables, excluding prepayments.

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash as defined above.

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised cost comprise payables.

ii) Available for sale

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 available for sale reserve within net assets/equity, less impairment.

Upon de-recognition, the accumulated gain or loss within net assets/equity is reclassified to surplus or deficit.

Available for sale financial assets comprise equity securities held in Rangatira Limited.

d) Impairment of non-derivative financial assets

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

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

i) Financial assets classified as loans and receivables

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

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

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

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

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

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

ii) Financial assets classified as available for sale

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.

e) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

iii) Depreciation

For property, plant and equipment, depreciation is based on the cost of an asset less its residual value.

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

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

The estimated useful lives are:

Buildings	2%
Building fit-out	6%- 30%
Furniture and fittings	7%- 67%
Plant and equipment	7%- 67%
Computers	40%
Leasehold improvements	7%- 40%
Motor Vehicles	21%

Land does not depreciate.

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

Gains and losses on disposal of assets are taken into account in determining the operating result for the year.

f) Intangible assets

Costs that are directly associated with the development of software for internal use by the Group are recognised as an intangible asset. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge is recognised as an expense in the Statement of Comprehensive Revenue and Expense.

Intangible assets estimated useful lives are 20%.

g) Impairment of non-financial assets

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

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

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

h) Equity

Equity is measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Accumulated comprehensive revenue and expense

Accumulated comprehensive revenue and expense is the Group's accumulated surplus or deficit since the formation of the Group adjusted for transfers to/from specific reserves.

Available for sale reserve

Available for sale reserve represents the fair value gains from the valuation of the available for sale equity instruments.

i) Income Tax

The Group is exempt from income tax due to its charitable status.

j) Goods and services tax

All amounts are shown exclusive of goods and services tax (GST), except for receivables and payables that are stated inclusive of GST.

k) Leases

Leases in terms of which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases.

Operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term.

l) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale, the assets are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on

re-measurement are recognised in surplus or deficit. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, property, plant and equipment are no longer amortised or depreciated.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

5. CASH AND CASH EQUIVALENTS

	2018 GROUP	2017 GROUP
Cash and cash equivalents include the following components:		
Bank accounts	390,737	291,387
Cash on hand	1,350	1,419
Term deposits (less than 3 months)	700,000	650,000
	1,092,087	942,806

Included in the central bank account of the Group is an amount of $56,611 (2017: $11,610) which relates to Allocated funds. This cash is subject to a restriction, as these funds are held by the Group on behalf of other groups.

6. SHORT TERM INVESTMENTS

Current	Interest rate	Maturity date	2018 GROUP	2017 GROUP
Term deposit 1	3.3%	2-Nov-18	150,000	-
Term deposit 2	3.2%	26-Sep-18	300,000	-
Term deposit 3	3.2%	20-Sep-18	250,000	-
Term deposit 4	2.9%	18-Aug-18	250,000	-
Term deposit 5	3.2%	8-Oct-17	-	203,748
Term deposit 6	3.2%	11-Oct-17	-	250,000
Term deposit 7	3.3%	24-Sep-17	-	400,000
			950,000	853,748

Deaf Aotearoa New Zealand Incorporated has a letter of credit to Datacom Employer Services Limited for the purpose of payroll for $150,000 (2017: $150,000). The letter of credit is secured by term deposits above.

7. RECEIVABLES

	2018 GROUP	2017 GROUP
Receivables from exchange transactions		
Trade receivables	124,369	119,913
	124,369	119,913
Receivables from non-exchange transactions		
Trade receivables	562,524	526,726
	562,524	526,726

The ageing analysis of receivables is as follows:

Group	Neither past due nor impaired	< 30 days	30-60 days	61-90+ days	Total
2018	663,778	18,415	5,182	541	**687,916**
2017	634,343	9,976	1,415	905	**646,639**

8. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including any director or the Parent Company or subsidiary.

	2018 GROUP	2017 GROUP
Payments to non-executive directors		
Directors fees	14,600	19,525
Other services	320	360
	14,920	19,885
Other key management personnel (KMP)		
Employee benefits	664,035	583,164
Other services	-	-
	664,035	583,164
Numbers of KMP (full time equivalent)	4.4	3.6
Close family members of key management personnel		
Employee Benefits	37,948	16,840
Other Services	-	-
	37,948	16,840

During the year services were purchased from Handmade Productions Aotearoa Limited to the value of $41,605, this purchase was made on normal commercial terms. Handmade Productions Aotearoa Limited is owned by a close relative of a member of Key Management Personnel.

9. PROPERTY, PLANT AND EQUIPMENT

Group - 2018	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
Land and buildings	1,716,831	-	-	-	2,997	1,713,834
Building fitout	100,063	11,411	-	-	14,807	96,667
Furniture and fittings	13,720	3,671	-	-	3,319	14,072
Plant and equipment	96,935	87,366	54,767	-	40,268	89,266
Computers	60,246	59,411	7,434	-	54,654	57,569
Leasehold improvement	27,198	3,917	-	-	7,496	23,619
Vehicles	11,608	-	-	-	4,203	7,405
Balance as at 30 June 2018	2,026,601	165,776	62,201	-	127,744	2,002,432

Group - 2017	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
Land and buildings	1,719,828	-	-	-	2,997	1,716,831
Building fitout	72,719	38,484	-	-	11,140	100,063
Furniture and fittings	9,640	6,062	-	-	1,982	13,720
Plant and equipment	15,876	94,877	-	-	13,818	96,935
Computers	193,928	19,389	55,689	-	97,382	60,246
Leasehold improvement	22,251	11,689	-	-	6,742	27,198
Vehicles	15,811	-	-	-	4,203	11,608
Balance as at 30 June 2017	2,050,053	170,501	55,689	-	138,264	2,026,601

	2018			2017		
Group	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Land and buildings	1,725,000	11,166	1,713,834	1,725,000	8,169	1,716,831
Building fitout	130,694	34,027	96,667	119,283	19,220	100,063
Furniture and fittings	23,374	9,302	14,072	19,704	5,984	13,720
Plant and equipment	132,051	42,785	89,266	119,130	22,195	96,935
Computers	271,607	214,038	57,569	253,254	193,008	60,246
Leasehold improvements	41,751	18,132	23,619	37,834	10,636	27,198
Vehicles	20,013	12,608	7,405	20,013	8,405	11,608
	2,344,490	342,058	2,002,432	2,294,218	267,617	2,026,601

10. INTANGIBLE ASSETS

	2018			2017		
	Cost	Amortisation	Net Book Value	Cost	Amortisation	Net Book Value
Intangible Assets	464,962	108,491	356,471	464,962	15,499	499,463
	464,962	108,491	356,471	464,962	15,499	499,463

11. FINANCIAL INSTRUMENTS

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

2018	GROUP		
	Financial assets		Financial liabilities
	Available for sale	Loans and receivables	Amortised cost
Receivables from exchange transactions	-	124,369	-
Receivables from non-exchange transactions	-	562,524	-
Cash and cash equivalents	-	1,092,087	-
Short term investments	-	950,000	-
Investments	580,000	-	-
Payables	-	-	320,001
	580,000	**2,728,980**	**320,001**

2017	GROUP		
	Financial assets		Financial liabilities
	Available for sale	Loans and receivables	Amortised cost
Receivables from exchange transactions	-	119,913	-
Receivables from non-exchange transactions	-	526,726	-
Cash and cash equivalents	-	942,806	-
Short term investments	-	853,748	-
Investments	515,000	-	-
Payables	-	-	290,260
	515,000	**2,443,192**	**290,260**

12. INVESTMENTS

		2018	2017
	No. held	**GROUP**	**GROUP**
Available for sale financial assets			
Equity securities in Rangatira Limited	50,000	580,000	515,000
Total Assets			
Non current	50,000	580,000	515,000

The fair value of the shares is determined based on the last traded share price on the Unlisted Exchange at balance date.

13. PAYABLES

	2018 GROUP	2017 GROUP
Exchange transactions		
Trade Payables	131,147	131,083
Sundry accruals	132,243	147,567
Allocated funds	56,611	11,610
	320,001	290,260

Allocated funds are funds that have been entrusted to the Group by groups that have temporarily ceased to function and have gone into abeyance.

	2018 GROUP	2017 GROUP
Non-Exchange transactions		
Trade Payables	-	-
Income in advance	280,600	191,141
GST and ACC payable	110,086	94,847
	390,686	285,988

14. EMPLOYEE BENEFITS

	2018 GROUP	2017 GROUP
Holiday Pay Accrual	232,470	223,130
	232,470	223,130

15. FINANCE LEASE

A finance lease agreement for photocopiers has been signed. Minimum lease payments payable:

	2018 GROUP	2017 GROUP
No Later than One Year	18,399	16,171
Later than One Year and no Later than Five Years	39,642	49,992
	58,041	66,163

16. REVENUE

	2018 GROUP	2017 GROUP
Revenue from exchange transactions		
Interpreter service income	1,331,877	1,195,755
Deaf awareness presentations	3,270	1,799
Merchandise/Course Fees/Events	428	6,974
Rents Received	97,500	107,667
Sundry Receipts	82,488	57,645
	1,515,563	1,369,840
Revenue from non-exchange transactions		
Ministry of Health	2,486,383	2,396,711
Ministry of Social Development	393,450	751,000
Tertiary Education Commission	244,530	244,530
Ministry of Education	1,132,666	1,086,997
Other grants and donations	1,201,056	1,147,031
	5,458,085	5,626,269

17. FINANCE INCOME

	2018 GROUP	2017 GROUP
Dividends received	30,350	27,345
Interest received	50,904	49,048
Finance costs	(4,984)	(5,290)
	76,270	71,103

18. OTHER OPERATING EXPENSES

Other operating expenses include the following items:

	2018 GROUP	2017 GROUP
Audit fees	23,500	22,000

19. CAPITAL COMMITMENTS

There are no known capital commitments at the reporting date (2017: Nil).

20. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date. (2017: Nil).

21. EVENTS AFTER THE REPORTING DATE

The Board are not aware of any other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the Group (2017: Nil).

22. OPERATING LEASE COMMITMENTS

Operating leases consist of building rental for the respective branches and motor vehicles.
Future minimum rentals payable under non-cancellable operating leases are as follows:

	2018 GROUP	2017 GROUP
No Later than One Year	142,304	173,939
Later than One Year and no Later than Five Years	192,623	172,892
Later than Five Years	-	-
	334,927	346,831

23. LESSOR OPERATING LEASE

The Group has the following minimum lease payments receivable under non-cancellable operating leases:

	2018 GROUP	2017 GROUP
No Later than One Year	97,500	97,500
Later than One Year and no Later than Five Years	252,146	349,646
Later than Five Years	-	-
	349,646	447,146

24. GOING CONCERN

These financial statements have been prepared on a going concern basis. The Group is heavily reliant on funding from Government departments & donors. The Board believes that the Group will be able to meet its financial and regulatory obligations for the foreseeable future and that the going concern assumption adopted in the preparation of these financial statements is appropriate.

25. SPECIFIC GRANTS RECOGNISED

	2018 GROUP	2017 GROUP
Community Organisation Grants Scheme (COGS)		
Coastal Otago / Waitaki	3,000	2,200
Far North	2,000	-
Kahungunu Ki Heretaunga	4,500	-
Kirikiriroa / Hamilton City	2,500	2,500
Manawatu / Horowhenua	3,000	2,000
Manukau	2,500	2,500
Mataatua	1,800	2,000
Nelson Bays	-	1,000
North Taranaki	2,500	2,500
Rotorua	1,000	2,000
South Taranaki	2,000	2,000
South Waikato	1,476	4,000
Tauranga Moana	3,000	3,200
Waikato West	2,000	1,000
Waitakere City	2,000	2,000
Wellington	1,500	2,000
Whangarei / Kaipara	2,100	2,000
Whitireia	2,000	2,200
Bay Trust	-	10,000
Department of Internal Affairs- Community Development	-	80,000
Department of Internal Affairs – Community Internship Programme	31,250	-
Dunedin City Council Community Grants Scheme	-	2,950
Eastern and Central Community Trust (Hawkes Bay)	4,000	4,000
Eastern and Central Community Trust (Manawatu)	4,000	4,000
Foundation North	-	45,000
Laurence William Nelson Trust	2,000	3,000
NZ Lottery Grants Board- National Committee	120,000	140,000
NZ Lottery Grants Board – Lottery Minister's Discretionary Fund	3,240	-
Thomas George Macarthy Trust (Manawatu)	5,000	3,750
Thomas George Macarthy Trust (Wellington)	5,000	3,750
Thomas Richard Moore Trust	5,000	-
Todd Foundation	100,000	100,000

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