Genesis Youth Trust

Consolidated Financial Statements
For the Year Ended 30 June 2018

Genesis Youth Trust

Consolidated Financial Statements
For the year ended 30 June 2018

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Registered office	92 Bader Drive Mangere AUCKLAND
Nature of business	To provide counselling and support for youth offenders and their families in the wider Auckland Region.
Charities registration	CC45038
Board members	Stuart Crosbie (Chairperson) Ronald William Alden (Resigned September 2017) Skye Nicholls Louise Darroch Henare Clarke Murray Edridge (Appointed April 2018)
Independent auditor	RSM Hayes Audit 1 Broadway Newmarket
Bankers	ASB Bank Limited Auckland ANZ Bank New Zealand Limited Auckland

Genesis Youth Trust

Trustees' Report and Statement of Responsibility for the Consolidated Financial Statements
For the year ended 30 June 2018

Trustees' report

The Trustees of Genesis Youth Trust present this Annual Report, being the consolidated financial statements of the Trust and its subsidiaries (the "Group) for the financial year ended 30 June 2018, and the independent auditor's report thereon.

Statement of responsibility

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

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

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

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

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

In the opinion of the Trustees:

-The Consolidated Statement of Comprehensive Revenue and Expense is drawn up so as to present fairly, in all material respects, the financial result of the Group for the financial year ended 30 June 2018;

- The Consolidated Statement of Financial Position is drawn up so as to present fairly, in all material respects, the state of affairs of the Group as at 30 June 2018;

- The Consolidated Statement of Cash flows is drawn up so as to present fairly, in all material respects, the cash flows of the Group for the financial year ended 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.

For and on behalf of the Board:

Chairperson	**Date**
Trustee	**Date**

Genesis Youth Trust

Consolidated Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2018

	Notes	2018 $	2017 $
Revenue			
Revenue from non-exchange transactions	15	1,445,085	1,586,246
		1,445,085	1,586,246
Expenses			
Annual return		3,750	-
Audit		14,870	3,976
Bank charges		1,510	318
Building rent		29,446	33,321
Catering		1,187	723
Computer support		19,174	19,077
Depreciation	10	30,110	25,600
Insurance		11,685	8,413
Loss on disposal of assets		-	435
Rent expense		82,434	33,631
Office supplies		42,535	9,770
Professional development & training		50,374	1,684
Programme and activities		31,061	21,651
Promotional costs		121	1,245
Relocation		-	7,823
Social bonds related cost	17	294,488	322,161
Staff recruitment cost		1,662	1,465
Staff related cost		1,533,698	1,091,823
Subscriptions		6	52
Supervision costs		4,572	6,210
Telecommunications		19,477	14,724
Travel		2,369	-
Board remuneration		82,000	-
Motor Vehicle		25,032	14,548
Others		7,143	915
Total expenses		**2,288,702**	**1,619,565**
Finance income	16	120,895	5,080
Finance costs	16	(469,634)	-
Net finance costs		**(348,739)**	**5,080**
Net surplus for the year		**(1,192,356)**	**(28,239)**
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense for the year		**(1,192,356)**	**(28,239)**

The above financial statement should be read in conjunction with the accompanying notes.

Genesis Youth Trust

Consolidated Statement of Changes in Net Assets / Equity
For the year ended 30 June 2018

	Accumulated comprehensive revenue and expense	Total
Opening equity 1 July 2016	338,632	338,632
Surplus/(deficit) for the year	(28,239)	(28,239)
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense	(28,239)	(28,239)
Closing equity 30 June 2017	310,393	310,393
Surplus/(deficit) for the year	(1,192,356)	(1,192,356)
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense	(1,192,356)	(1,192,356)
Closing equity 30 June 2018	(881,963)	(881,963)

The financial statement should be read in conjunction with the accompanying notes.

Genesis Youth Trust

Consolidated Statement of Financial Position
As at 30 June 2018

	Notes	2018	2017
Assets			
Current assets			
Cash and cash equivalents	6	1,268,475	390,898
Short term investments	7	3,833,506	-
Receivables from exchange transactions	8	58,314	6,929
Receivables from non-exchange transactions	8	275,663	-
Total current assets		5,435,957	397,827
Non-current assets			
Property, plant and equipment	10	148,422	55,929
Total Assets		**5,584,379**	**453,755**
Liabilities			
Current liabilities			
Payables from exchange transactions	12	357,096	96,374
Payables from non-exchange transactions	12	628	10,494
Employee benefits	13	97,680	35,268
Income in advance		-	1,226
Total current liabilities		455,404	143,362
Non-current liabilities			
Interest-bearing borrowings	14	6,010,938	-
Total liabilities		**6,466,342**	**143,362**
Total net assets		**(881,963)**	**310,393**
Equity			
Accumulated comprehensive revenue and expense		**(881,963)**	**310,393**

For and on behalf of the Board:

Chairperson **Date**

Trustee **Date**

The financial statement should be read in conjunction with the accompanying notes.

Genesis Youth Trust

Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Notes	2018	2017
Cash flows from operating activities			
Receipts from grants and donations		919,689	1,129,365
Interest received		92,400	5,080
Payments to suppliers and employees		(1,913,483)	(1,042,167)
Interest paid		(264,921)	-
Net cash inflow/(outflow) from operating activities		**(1,166,314)**	**92,278**
Cash flows from investing activities			
Purchase of property, plant and equipment		(122,603)	(5,646)
Purchase of investments		(3,833,506)	-
Net cash inflow/(outflow) from investing activities		**(3,956,109)**	**(5,646)**
Cash flows from financing activities			
Issue of bonds		6,000,000	-
Net cash inflow/(outflow) from financing activities		**6,000,000**	**-**
Net increase/(decrease) in cash and cash equivalents		877,577	86,632
Cash and cash equivalents at 1 July		390,898	304,266
Cash and cash equivalents at 30 June	**6**	**1,268,475**	**390,898**

The financial statements should be read in conjunction with the accompanying notes.

1. Reporting entity

Genesis Youth Trust is incorporated under the Charitable Trust Act 1957 and is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013.

The consolidated financial statements for the year ended 30 June 2018 comprise the controlling entity and its controlled entities (together referred to as the ‘Group’) and individually as ‘Group entities’.

The consolidated financial statements for the year ended 30 June 2018 were authorised for issue by the Trustees on the date indicated on page 7.

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").

As the primary objective of the Group is to provide goods or services for community and social benefit, rather than for making a financial return, the Group is a public benefit entity for the purpose of complying with NZ GAAP.

The consolidated financial statements comply with Public Benefit Entity Standards Reduced Disclosure Regime (“PBE Standards RDR”) as appropriate for Tier 2 not-for-profit public benefit entities. The Group qualifies as a Tier 2 reporting entity as it does not have public accountability and it is not defined as large. 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.

3. Significant judgments and estimates

The preparation of the consolidated 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 consolidated financial statements:

- Revenue recognition – non-exchange revenue (conditions vs. restrictions)
- Classification of non-financial assets as cash generating or non-cash generating assets for the purposes of assessing impairment indicators and impairment testing.
- Classification of the social bonds as interest-bearing financial liabilities

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 consolidated and separate 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;
- 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) Basis of consolidation

Controlled entities are all these entities over which the Trust (the controlling entity) has the power to govern the financial and operating policies so as to obtain benefits from their activities. The financial statements of the Group's controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements of the controlled entities are prepared for the same reporting period as the Trust, using consistent accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates and jointly-controlled-entities are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

On the loss of control, the Group derecognises the assets and liabilities of the controlled entity, any minority interest, and the other components of net assets/equity related to the controlled entity. Any surplus or deficit arising on the loss of control is recognised in surplus or deficit.

If the Group retains any interest in the previously controlled entity, then such interest is measured at fair value at the date that control is lost. Subsequently, the retained interest is either accounted for as an equity-accounted associated or an available-for-sale financial asset depending on the level of influence retained.

b) 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

<u>Interest revenue</u>

For all financial instruments measured at amortised cost, interest income is recorded 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 comprehensive revenue and expense.

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:

- 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.

4. Significant accounting policies (cont'd)

b) Revenue (cont'd)
ii) Revenue from non-exchange transactions (cont'd)
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 and donations
The recognition of non-exchange revenue from grants and donations 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.

Notional grant revenue
This is a non-cash grant provided by the New Zealand Police towards operating expenses. The amount is based on the market value of goods and services provided.

c) 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 with 12 months of reporting date, and is measured on an undiscounted basis and expensed in the period in which employment services are provided.

d) 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.

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.
Comprising cash and cash equivalents and receivables from exchange and non-exchange transactions.

4. Significant accounting policies (cont'd)

d) Financial instruments (cont'd)

i) Loans and receivables (continued)

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

ii) Amortised cost financial liabilities

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

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

Financial liabilities classified as at amortised cost comprise payables and interest-bearing borrowings.

Interest-bearing borrowings comprise bonds which are initially recognised at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost using the effective interest rate method, where appropriate. Interest-bearing borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabiltiy for more than 12 months after the reporting date. Interest expense is recognised using the effective interst rate method.

e) 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.

f) 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.

4. Significant accounting policies (cont'd)

f) Property, plant and equipment (continued)

iii) Depreciation

For property, plant and equipment, depreciation is based on the cost of an asset less its residual value and for buildings is based on the revalued amount 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 diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives are:

Office Equipment	16% - 67%
Motor Vehicles	30%
Furniture & Fittings	16%

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

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

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 the community's interest in the Group 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.

i) 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.

j) Leases

i) Classification and treatment

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

Finance leases

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

Operating leases

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

5. Group information

The controlled entity financial statements of the Group include the following controlled entities of the Trust:

Name of subsidiary	Principal activities	Country of incorporation	Carrying value of investment (at cost)	
			2018	2017
G-FUND LIMITED	Service Provider of the Social Bonds Pilot project	New Zealand	-	-
G-OP LIMITED	Subcontractor of the Social Bonds Pilot project	New Zealand	-	-

The reporting date of the Trust and all subsidiaries is 30 June.

6. Cash and cash equivalents

	2018 $	2017 $
Cash and cash equivalents include the following components:		
Savings plus	305,063	312,311
Cheque	17,721	12,686
On call account	47,882	65,816
Eftpos account	1,119	85
Cash reserve account	52,660	-
Working capital account	233,994	-
Operational account	403,847	-
ANZ term deposit 05	206,187	
	1,268,475	390,898

The payments made from the Cash Reserve Account are restricted to specific purposes listed in schedule 3 of the Deed Poll relating to Social Bonds and only to the extent of available moneys in the Cash Reserve Account.

7. Short term investments

Current	Maturity date	Interest rate		
ANZ term deposit 01	17/04/2019	3.47%	1,200,000	-
ANZ term deposit 02	17/10/2018	3.39%	2,200,000	-
ANZ term deposit 03	17/09/2018	3.13%	206,995	-
ANZ term deposit 04	17/08/2018	3.17%	226,511	-
			3,833,506	-

8. Receivables

Receivables from exchange transactions		
Prepayments	29,819	6,929
Interest accrual	28,495	-
	58,314	6,929

Receivables from non-exchange transactions		
Accounts receivables	272,760	-
Resident withholding tax	2,902	-
	275,663	-

9. Related parties

Related party transactions

Remuneration paid to key management personnel:		
Number of FTE's	2.6	2.0
Senior Management Remuneration	262,273	123,388

In 2017, the Board of Trustees approved the compensation payment of $200,000 to the Trustees member, Director and General Manager of the Group for their contributions towards the Social Bond pilot project. $105,050 ($70,000 was accrued in 2017) were paid to them during the financial year (2017: $100,000).

In addition to the above compensation payment, a total remuneration of $82,000 was paid to the trustees and directors (2017: nil).

There are no balances outstanding regarding transactions with related parties (2017: $70,000 compensation payable to the Trustees member, Director and General Manager of the Group).

10. Property, plant and equipment

	30-Jun-18			30-Jun-17		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Motor Vehicles	200,220	111,610	88,610	132,281	97,105	35,176
Furniture and Fittings	20,426	14,686	5,740	20,426	13,563	6,863
Office Equipment	138,027	83,955	54,072	99,877	85,987	13,890
	358,673	210,251	148,422	252,584	196,655	55,929

Reconciliation of property, plant and equipment - June 2018

	Opening	Additions	Disposals	Depreciation	Closing balance
Motor Vehicles	35,176	67,939	-	14,505	88,610
Furniture and Fittings	6,863	-	-	1,123	5,740
Office Equipment	13,890	54,664	-	14,482	54,072
	55,929	122,603	-	30,110	148,422

Net book value

As at 30 June 2018	148,422
As at 30 June 2017	55,929

11. Financial instruments

The table below shows the carrying amounts of the Group's and Parent's financial assets and financial liabilities.

i. Classification and fair values of financial instruments

	Financial assets Loans and receivables	Financial liabilities Amortised cost
2018		
Cash and cash equivalents	1,268,475	-
Term deposit	3,833,506	
Receivables	301,255	-
Payables	-	61,048
Interest-bearing borrowings		6,010,938
	5,403,236	6,071,986
2017		
Cash and cash equivalents	390,898	-
Receivables	-	-
Payables	-	5,642
	390,898	5,642

12. Payables

	2018 $	2017 $
Payables from exchange transactions		
Accounts payables	61,048	5,642
Interest accrual	73,775	-
Other accruals	222,273	90,732
	357,096	96,374
Payables from non-exchange transactions		
GST payables	628	10,494
	628	10,494

13. Employee benefits

Annual leave	63,900	24,571
Wages accrual	33,780	10,697
	97,680	35,268

14. Interest-bearing borrowings

	2018 $	2017 $
Interest-bearing borrowings at amortised cost		
Current portion	-	-
Non-current portion	6,010,938	-
Total	6,010,938	-

Holders	Class	Initial Principal
NZ Super Fund	Class A	3,700,000
Mint Asset Management Limited	Class A	500,000
Wilberforce Foundation	Class A	50,000
Hosanna Trust	Class A	500,000
Caleb No. 2 Trust	Class A	50,000
NZ Super Fund	Class B	1,200,000
Subtotal		6,000,000
Minus: Transaction cost		(120,000)
Initial fair value		5,880,000

On 1 September 2017, G-Fund Limited issued $4,800,000 Class A bonds with an annual yield of 6.0% (will increase to 9.6% from 1 September 2019) and $1,200,000 Class B bonds with an annual yield of 10.0% (will increase to 16.8% from 1 September 2019). These bonds were issued to finance the improvement of outcomes relative to specific social issues. Both classes of bonds have a final maturity date of 31 August 2023,. Class A bonds are senior to Class B bonds as to principal and interest. Both classes are secured by a first-ranking security over all present and after-acquired property of G-Fund Limited granted in favor of a security Trustee for the benefit of the bondholders.

G-Fund Limited will repay the principal every six months, starting from April 2020 and all principal will be repaid by October 2023.

15. Revenue

	2018 $	2017 $
Revenue from non-exchange transactions		
Ministry of Social Development	382,540	275,890
Te Pou Matakana	-	515,000
Ministry of Health	-	200,000
Sky City Auckland Community Trust	-	37,000
Four Winds Foundation	-	11,000
Other grants and donations	12,612	53,725
Notional grant revenue	542,434	493,631
Social Bonds Outcome revenue	507,500	-
	1,445,085	1,586,246

16. Finance income and costs

	2018	2017
Finance income		
- interest income on bank deposit	120,895	5,080
Finance cost		
- interest expense on social bonds	469,634	-

17. Social bonds related cost

	2018	2017
External Consultancy	198,961	148,025
Compensation to Trustees member, Director and General Manager (see note 9)	35,050	170,000
Independent assessment fee for Outcome Reports	40,461	-
Others	20,016	4,136
	294,488	322,161

18. Commitments

The Group's building lease agreement with The Mangere Health Resources Trust was terminated in September 2016. The lease payments are related to a photocopier lease. The lease has a term of 49 months.

	2018	2017
	$	$
Lease payments within one year	4,787	1,834
Lease payments between one year and five years	14,761	-
Lease payments more than five years	-	-
	19,549	1,834

19. Contingent assets and liabilities

G-Fund entered into an outcome agreement with Oranga Tamariki - Ministry for Children (previously known as The Ministry for Vulnerable Children, Oranga Tamariki). This agreement is a pilot for the social bonds project ("the project"). Oranga Tamariki - Ministry for Children provides incentive payments when G-Fund meets certain outcome thresholds.

The outcome agreement states that any surplus from the project at the end of the term (six years) will need to be repaid to the Oranga Tamariki - Ministry for Children. As this project will extend over six years, it is currently unknown if a surplus will be achieved from this project. Accordingly, no provision for any liability has been made in the consolidated financial statements.

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

20. Events after the reporting date

There are no significant post balance date events (2017: Nil).

21. Going concern

The Group has incurred a loss of $1,192,356 for the year ended 30 June 2018 and as of that date has net liabilities of $881,963. The trustees have considered the Group's future position and have established that it can reasonably be considered a going concern. The trustees have taken into account a number of factors in forming this view including:
- The Group has large positive working capital of $4,980,553 as at 30 June 2018;
- The Group has a long term (6 years) contract with Oranga Tamariki - Ministry for Children for up to $24m, which provides payments for outcomes, plus incentive payments when G-Fund meets certain outcome thresholds over the term of the contract.
- The 2019 budget includes a surplus and positive net operating cash flows to meet the scheduled payment of interest to bond holders.

The trustees are not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have therefore been prepared on a going concern basis.