

ROYAL NEW ZEALAND COASTGUARD INCORPORATED

CONSOLIDATED FINANCIAL REPORT 2026

SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

Royal New Zealand Coastguard Incorporated

Contents of Special Purpose Consolidated Financial Statements

For The Year Ended 30 June 2026

Directory	2
Board's Report and Statement of Responsibility	3
Special Purpose Consolidated Statement of Comprehensive Revenue and Expense	4
Special Purpose Consolidated Statement of Changes in Net Assets/Equity	5
Special Purpose Consolidated Statement of Financial Position	6
Special Purpose Consolidated Statement of Cash Flows	7
Statement of Accounting Policies	8-13
Notes to the Special Purpose Consolidated Financial Statements	14-17
Independent Auditor's Report	18-19

Royal New Zealand Coastguard Incorporated

Directory

For The Year Ended 30 June 2026

Registered Office	3 Solent Street Auckland
Nature of Organisation	Marine Search & Rescue, Emergency Relief & Training
Charity Number	CC36138
Independent Auditor	RSM Hayes Audit Level 19, 125 Queen Street Auckland CBD, Auckland
Accountants	Andersen New Zealand Limited 470 Parnell Road Parnell, Auckland
Bankers	ASB Bank Limited Bank of New Zealand Limited Westpac New Zealand Limited
Solicitors	Simpson Grierson 88 Shortland Street, Auckland

Royal New Zealand Coastguard Incorporated

For The Year Ended 30 June 2026

Board's Report

The Board of Royal New Zealand Coastguard presents this Annual Report, being the special purpose financial statements of the Group for the financial year ended 30 June 2026, and the independent auditor's report thereon. The Board has elected to present special purpose consolidated financial statements, consolidating its controlled entities, except for the separate Coastguard units. The special purpose consolidated financial statements have been prepared for presentation to the members at the Annual General Meeting (AGM) as the full group financial statements cannot be completed in time for the AGM. Full consolidated financial statements, consolidating all controlled entities will be completed and filed at Charities Services by 31 December 2026.

Statement of Responsibility

The Board is responsible for the maintenance of adequate accounting records and the preparation and integrity of the special purpose consolidated financial statements and related information.

The independent external auditors, RSM Hayes Audit, have audited the special purpose financial statements and their report appears on pages 18 to 19.

The Board is 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 Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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

In the opinion of the Board:

The special purpose consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2026 and their financial performance and cash flows for the year then ended, in accordance with special purpose accounting policies adopted.

For and on behalf of the Board:



Bennett Medary, President

Date: 30/9/2026



Carolyn Tapley, Board Member

Date: 30/9/2026

Royal New Zealand Coastguard Incorporated

Special Purpose Consolidated Statement of Comprehensive Revenue and Expense

For The Year Ended 30 June 2026

	Note	2026	2025
		\$	\$
Revenue from exchange transactions			
Examination Fees		1,384,986	1,229,208
Lotteries Revenue		3,175,625	2,578,070
Other Operating Revenue		754,554	1,147,365
SAR Reimbursements		110,851	141,096
Sponsorship		98,750	168,500
Subscriptions		6,035,102	5,912,609
		11,559,867	11,176,849
Revenue from non-exchange transactions			
Auckland Council		784,955	688,053
Bay Trust	20	137,703	139,950
Donations Received		2,344,878	2,373,408
Foundation North	20	5,127	119,511
Lottery Grants Board Funding	20	2,775,952	2,884,580
Other Grants		1,545,635	1,147,095
Service Level Agreement Funding	20	8,323,362	6,519,365
Water Safety New Zealand Funding	20	12,068,345	7,482,760
		27,985,957	21,354,722
Total Revenue		39,545,824	32,531,571
Expenses			
Administrative Overheads		5,085,219	5,123,550
Board & Governance Costs		88,966	98,045
Depreciation & Amortisation	9,10	597,986	643,340
Education Course Costs		584,433	782,139
Grants Expenditure		14,333,293	8,607,770
Lotteries Costs		2,251,284	1,940,609
Marketing & Fundraising Costs		3,111,571	3,389,489
National Office Projects		511,525	927,991
Personnel Costs		11,036,529	10,891,752
Transformation Costs	22	597,934	1,069,860
Total Expenses		38,198,739	33,474,544
(Deficit)/surplus before net finance income		1,347,085	(942,973)
Finance Income	16	825,031	1,111,654
Net Finance Income		825,031	1,111,654
Net (deficit)/surplus for the year		2,172,116	168,680
Other Comprehensive Revenue and Expenses		-	-
Total Comprehensive revenue and expenses for the year		2,172,116	168,680

These financial statements are to be read in conjunction with the Notes to the Financial Statements.

Royal New Zealand Coastguard Incorporated

Special Purpose Consolidated Statement of Changes in Net Assets/Equity

For The Year Ended 30 June 2026

	Note	Course Development Reserve	Accumulated Revenue and Expense	Total Equity
2025		\$	\$	\$
Opening equity 1 July 2024		442,331	10,046,896	10,489,227
Transfers - MacKenzie Lakes Inc		-	-	-
Total Comprehensive Income		-	168,680	168,680
Transfer - Reserves		-	-	-
Closing equity 30 June 2025		442,331	10,215,576	10,657,907
2026		\$	\$	\$
Balance at 1 July 2025		442,331	10,215,576	10,657,907
Total Comprehensive Income		-	2,172,116	2,172,116
Transfer - Reserves		-	-	-
Balance at 30 June 2026		442,331	12,387,692	12,830,023

These financial statements are to be read in conjunction with the Notes to the Financial Statements.

Royal New Zealand Coastguard Incorporated

Special Purpose Consolidated Statement of Financial Position

As at 30 June 2026

	Note	2026 \$	2025 \$
Equity			
Accumulated Revenue and Expenses		12,387,692	10,215,576
Course Development Reserve		442,331	442,331
Total Equity		12,830,023	10,657,907
Assets			
Current Assets			
Cash and Cash Equivalents	5	6,732,278	4,460,272
Investments - Term Deposits	6	18,294,257	16,532,323
Inventories		14,198	24,526
Prepayments and Other Assets		487,680	407,163
Receivables from Exchange Transactions	7	383,535	544,580
Total Current Assets		25,911,948	21,968,865
Non Current Assets			
Investments	11	1,559,766	1,398,690
Intangible Assets	9	6,851	12,724
Property Plant and Equipment	10	2,799,946	3,497,520
Total Non Current Assets		4,366,563	4,908,935
Total Assets		30,278,511	26,877,799
Liabilities			
Current Liabilities			
Employee Benefit Liabilities	13	614,090	594,504
Income Received in Advance		3,694,005	2,616,619
Non-exchange Liabilities	14	7,708,625	9,789,771
Payables from Exchange Transactions	12	4,064,930	1,815,205
Total Current Liabilities		16,081,650	14,816,098
Non Current Liabilities			
Income Received in Advance		1,366,838	1,403,793
Total Non Current Liabilities		1,366,838	1,403,793
Total Liabilities		17,448,488	16,219,891
Net Assets		12,830,023	10,657,907

For and on behalf of the Board, which authorised the issue of these financial statements:



Director

Date: 30/9/2026



Director

Date: 30/9/2026

These financial statements are to be read in conjunction with the Notes to the Financial Statements.

Royal New Zealand Coastguard Incorporated

Consolidated Statement of Cash Flows

For The Year Ended 30 June 2026

	Note	2026	2025
		\$	\$
Cash Flows From/(To) Operating Activities			
Receipts from exchange transactions		12,761,344	11,010,473
Receipts from non-exchange transactions		25,904,812	25,192,090
Payments to Suppliers		(23,786,754)	(20,923,504)
Payments to Employees		(11,614,877)	(11,990,388)
Net Cash Inflows from Operating Activities		3,264,524	3,288,670
Cash Flows From/(To) Investing Activities			
Interest received		663,954	1,021,883
Distributions from Investments received		57,231	54,620
Decrease/ (Increase) in term deposits		(1,761,934)	(2,837,332)
Purchase of property, plant and equipment and WIP		105,461	(179,850)
Sale of property, plant and equipment		-	58,995
Funds received from amalgamation of Mackenzie Lakes		-	-
Sale/(Purchase) of investments		(57,231)	(54,621)
Net Cash Inflow/(Outflow) From Investing Activities		(992,518)	(1,936,305)
Net Increase/(decrease) in Cash & Cash Equivalents		2,272,006	1,352,365
Cash & Cash Equivalents at beginning of period		4,460,272	3,107,907
CASH & CASH EQUIVALENTS AT END OF PERIOD		6,732,278	4,460,272

These financial statements are to be read in conjunction with the Notes to the Financial Statements.

Royal New Zealand Coastguard Incorporated

Statement of Accounting Policies

For The Year Ended 30 June 2026

1. Reporting Entity

The reporting entity is Royal New Zealand Coastguard Incorporated. Royal New Zealand Coastguard Incorporated (the "Society") is domiciled in New Zealand, and is a charitable organisation registered under the Incorporated Societies Act 1908 and the Charities Act 2005. DIA Charities Services registration number CC36138.

These special purpose consolidated financial statements for the year ended 30 June 2026 comprise of Royal New Zealand Coastguard Incorporated and its controlled entities, Royal New Zealand Coastguard Boating Education Limited (CBE) and Royal New Zealand Coastguard Charitable Trust (CCT). These special purpose consolidated financial statements do not include the separate Coastguard units.

2. Basis of Preparation

a) Statement of compliance

The special purpose consolidated financial statements have been prepared for presentation to the Members at the Annual General Meeting as the full group consolidated financial statements will not be completed until after the meeting. Full group consolidated financial statements will be prepared later and filed with Charity Services as required by the Charities Act 2005.

These special purpose consolidated financial statements were authorised for issue by the Board on the date stated in the special purpose consolidated Statement of Financial Position.

The entities comprising the Group are public benefit entities for the purpose of financial reporting. As their primary objective is to provide goods or services for social benefit rather than for making a financial return. These special purpose consolidated financial statements have been prepared utilising the Not-For-Profit Public Benefit Entity Standards, with the exception that not all members of the Group have been consolidated and no service performance information have been reported, therefore they do not fully comply with NZ GAAP.

b) Measurement basis

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

c) Functional and presentation currency

The special purpose 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

There were no changes in accounting policies during the year.

3. Significant Judgements and Estimates

The preparation of the Group's special purpose 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:

Royal New Zealand Coastguard Incorporated

Statement of Accounting Policies

For The Year Ended 30 June 2026

3. Significant Judgements and Estimates (Continued)

Trade receivables

The Group assesses expected credit losses arising from its trade receivables at the end of each reporting period. The level of provision recognised is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group has entered into a number of vehicle, photocopier and office leases.

The Group 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 assets and accounts for the contracts as operating leases.

The Group has evaluated the nature of the transactions and classified revenue into the following:

Revenue from exchange transactions:

Subscriptions
Lotteries Revenue
Other Operating Revenue
Sales of Publications
SAR Reimbursements
Examination fee

Revenue from non-exchange transactions:

Service Level Agreement Funding
Lottery Grants Board Funding
Auckland Council
Foundation North
Water Safety New Zealand Funding
Bay Trust
Other Grant

b) 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 Group based its assumptions and estimates on parameters available when the special purpose consolidated 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 determine potential future use and value from disposal:

- The condition of the asset based on the assessment of management 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

The estimated useful lives of the asset classes held by the Group are listed in Note 4(g).

Royal New Zealand Coastguard Incorporated

Statement of Accounting Policies

For The Year Ended 30 June 2026

4. Significant Accounting Policies

The selected controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases.

CBE and CCT meet the definition of controlled entities and NZ Coastguard is required to consolidate the financial statements of CBE and CCT. In preparing the special purpose consolidated financial statements, all inter-entity balances and transactions and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entities are consistent with the policies adopted by the Group and all entities within the Group have a 30 June reporting date. The controlled entities not consolidated in these special purpose consolidated financial statements are 60 separate Coastguard units.

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

Lotteries Revenue

Lotteries revenue is recognised once a lottery is drawn.

Examination Fees

Examination and course material fees are recognised upon completion of the course or when the group has met its obligations to supply materials if no examination is involved.

Course Fee Income

Course fee income is recognised for classroom courses when a course is complete. Course fee income for home study courses is recognised when a course is sold.

Other Revenue

All other revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Group and measured at the fair value of the consideration received.

Interest Income

Interest income from financial assets at amortised cost is included in finance income using the effective interest rate method.

ii) Revenue from non-exchange transactions

Grants & 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.

c) Employee benefits

Short term employee benefits

Short-term employee benefit liabilities including employer contributions to kiwisaver at rates required by legislation 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.

For The Year Ended 30 June 2026

4. Significant Accounting Policies (Continued)

d) Finance income

Finance income comprises interest income, realised gains and unrealised gains on financial assets. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

e) Financial instruments

Financial assets policy

Financial assets

The Group classifies its financial assets in the following categories:

- financial assets at fair value through surplus or deficit
- measured at amortised cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at fair value through surplus or deficit

Financial assets that do not meet the criteria for amortised cost are measured at fair value through surplus or deficit. The Groups investment in Clarity Funds management falls into this category.

Amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

These assets are subsequently measured at amortised cost using the effective interest method.

Investments at fair value through surplus or deficit

The carrying value of other financial assets, such as Investments in managed investment portfolio, approximate their fair value. The investments are subsequently measured at fair value with gains and losses (other than foreign exchange gains or losses) recognised in surplus/(deficit).

Initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through surplus or deficit are expensed in surplus or deficit.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The Group applies the simplified approach to providing for expected credit losses prescribed by PBE IPSAS 41, which permits the use of the lifetime expected losses for all trade receivables. Given the low risk of default on other financial assets (primarily short-term deposits with financial institutions with a strong credit rating), other expected credit losses have been assessed to be immaterial.

f) Impairment of financial assets

i) Financial assets classified as loans and receivables

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 assets 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.

Royal New Zealand Coastguard Incorporated

Statement of Accounting Policies

For The Year Ended 30 June 2026

4. Significant Accounting Policies (Continued)

g) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment.

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 and depreciation rates are:

Rescue Vessels & Equipment	3 - 16 years	17.5% - 20% straight line
Motor Vehicles	2 - 6 years	13.5% straight line
Office Equipment, Leasehold Improvements	1 - 16 years	6.0% - 67% straight line

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

h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

The Group does not hold any intangible assets that have an indefinite life.

The amortisation period and amortisation rate for the Groups' intangibles is as follows:

Software	2.5 - 10 years	10% - 40% straight line
----------	----------------	-------------------------

Royal New Zealand Coastguard Incorporated

Statement of Accounting Policies

For The Year Ended 30 June 2026

4. Significant Accounting Policies (Continued)

i) 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.

Course development reserve

This is a specific reserve created to fund the ongoing development of courses.

j) Income Tax

All entities within the Group have charitable status from the Charities Services and are therefore exempt from income tax.

k) 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.

l) Inventories

Inventories are initially measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Inventories are subsequently measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

m) Leases

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

Operating leases

Leases that are not finance leases are classified as operating leases.

Operating leases are not recognised in the Group's statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

n) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment based on expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Royal New Zealand Coastguard Incorporated

Notes to the Special Purpose Consolidated Financial Statements

For The Year Ended 30 June 2026

5. Cash And Cash Equivalents

Cash at Bank

2026	2025
6,732,278	4,460,272
6,732,278	4,460,272

6. Investments - Term Deposits

ASB Bank Limited

Bank of New Zealand

2026	2025
11,214,956	9,743,195
7,079,301	6,789,129
18,294,257	16,532,323

7. Receivables

Receivables from exchange transactions

Trade debtors

Trade debtors - Related Party Balances

Sundry debtors

Victoria Cruising Club

2026	2025
153,467	143,495
3,292	22,102
209,593	338,890
17,183	40,093
383,535	544,580

There are no amounts overdue nor impaired as at year end relating to trade receivables from exchange and non-exchange transactions (2025: \$Nil).

Transactions between the Group and Units are considered to be related party transactions. Receipts from related parties during the year totalled \$95,908 (2025: \$111,605). These principally relate to the recovery of costs incurred, or part thereof, of search and rescue equipment purchased by Royal New Zealand Coastguard Incorporated on behalf of Coastguard Units. The outstanding balances owed are receivable on normal trade terms and accordingly do not attract interest.

8. Related Party Transactions And Balances

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board of Royal New Zealand Coastguard Incorporated, the Board of Directors of Royal New Zealand Coastguard Boating Education Limited, the Trustees of the Royal New Zealand Coastguard Charitable Trust as well as the senior management groups of Royal New Zealand Coastguard Incorporated and Royal New Zealand Coastguard Boating Education Limited respectively.

There are 9 Board members, 1 of which are also Trustees of CCT. No remuneration or fees are paid to them.

The aggregate remuneration of the senior management groups and the number of individuals, determined on a full-time equivalent basis, receiving remuneration are as follows:

	2026	2025
Number of key management personnel:	6	7
Key management personnel remuneration:	1,505,365	2,247,822

Aaron Wallace, a Director of Andersen New Zealand Limited was a Member of the Board of Royal New Zealand Coastguard Incorporated until 3 October 2021. He is a trustee of Royal NZ Coastguard Charitable Trust.

During the year the Group paid Andersen fees for services rendered totalling \$84,872 (2025: \$102,221).

Details of transactions between the Group and Coastguard Units and closing balances are recorded in notes 7 and 14.

Royal New Zealand Coastguard Incorporated

Notes to the Special Purpose Consolidated Financial Statements

For The Year Ended 30 June 2026

9. Intangibles

2026			2025		
Cost	Accumulated Amortisation	Carrying Value	Cost	Accumulated Amortisation	Carrying Value
Intangibles					
422,449	415,598	6,851	422,449	409,725	12,724
422,449	415,598	6,851	422,449	409,725	12,724

Reconciliation - June 2026

Opening balance	Transfer from WIP	Additions	Disposals at BV	Amortisation	Closing balance
Intangibles					
12,724	-	-	-	5,873	6,851
12,724	-	-	-	5,873	6,851

Intangibles include CRM databases, trip reporting platform and other software.

10. Property, Plant and Equipment and Capital Work In Progress

2026			2025		
Cost	Accumulated depreciation/ impairment	Carrying Value	Cost	Accumulated depreciation/ impairment	Carrying Value
Rescue Vessels & Equipment					
3,176,515	1,810,118	1,366,396	3,176,515	1,488,270	1,688,244
Motor Vehicles					
283,205	84,998	198,206	183,739	61,440	122,298
Office Equipment, Leasehold Improvements					
2,444,561	1,417,317	1,027,244	2,444,561	1,190,604	1,253,957
Broadcast & Communications Assets					
189,550	86,641	102,908	189,550	66,647	122,902
Capital Work In Progress					
105,191	-	105,191	310,118	-	310,118
6,199,021	3,399,075	2,799,946	6,304,482	2,806,962	3,497,520

Reconciliation - June 2026

Opening balance	Transfer from WIP	Transfer to Units	Additions	Disposals at BV	Depreciation	Closing balance
Rescue Vessels & Equipment						
1,688,244	-	-	-	-	321,848	1,366,396
Motor Vehicles						
122,298	99,466	-	-	-	23,558	198,206
Office Equipment, Leasehold Improvements						
1,253,957	-	-	-	-	226,713	1,027,244
Broadcast & Communications Assets						
122,902	-	-	-	-	19,994	102,908
Subtotal	99,466	-	-	-	592,113	2,694,755

Opening balance	Transfer from WIP	Capital WIP Expenditure	Additions	Disposals at BV	Depreciation	Closing balance
Capital Work In Progress						
310,118	-	105,461	99,466	-	-	105,191
Subtotal	-	105,461	99,466	-	-	105,191

Total	3,497,520	99,466	105,461	99,466	-	592,113	2,799,946
--------------	------------------	---------------	----------------	---------------	----------	----------------	------------------

11. Investments - Managed Funds

Non-current Investments

Clarity Funds Management - Dividend Yield Fund
Clarity Funds Management - Fixed Income Fund

2026	2025
1,028,492	888,868
531,274	509,822
1,559,766	1,398,690

12. Payables from Exchange Transactions

Accounts payable
Other Accruals

2026	2025
3,095,745	1,068,687
969,184	746,517
4,064,930	1,815,205

13. Employee benefit liability

Holiday pay

2026	2025
614,090	594,504
614,090	594,504

Royal New Zealand Coastguard Incorporated

Notes to the Special Purpose Consolidated Financial Statements

For The Year Ended 30 June 2026

14. Non-exchange Liabilities

	2026	2025
Unspent Grant Funds - Lottery Grants Board (LGB)	-	1,370
Unspent Grant Funds - Other	6,290,353	9,461,524
Related Party Balances	1,418,272	326,877
	7,708,625	9,789,771

Transactions between the Group and Units are considered to be related party transactions. Payments to related parties during the year totalled \$11,987,014 (2025: \$6,993,864). These principally relate to the distribution of grant income to cover operating costs, rescue vessels, engine replacement and repairs. The outstanding balances owing to the Units are payable on normal trade terms and accordingly do not attract interest.

15. Financial Instruments

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

Classification and fair values of financial instruments

	2026			2025		
	Financial assets at FV through surplus/(deficit)	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at FV through surplus/(deficit)	Financial assets at amortised cost	Financial liabilities at amortised cost
Cash and cash equivalents		6,732,278			4,460,272	
Term Deposits		18,294,257			16,532,323	
Receivables from exchange transactions		383,535			544,580	
Clarity Funds Management - Dividend Yield Fund	1,028,492			888,868		
Clarity Funds Management - Fixed Income Fund	531,274			509,822		
Non-Exchange Related Party Balances (Note 14)			1,418,272			326,877
Payables from exchange transactions			4,064,930			1,815,205
	1,559,766	25,410,070	5,483,202	1,398,690	21,537,175	2,142,082

16. Net Finance Income

Finance Income comprises:

	2026	2025
Interest Received	663,955	958,238
Realised/Unrealised Gain/(Loss) on Investments	103,845	98,796
Dividends Received	-	-
Investment Income	57,231	54,620
	825,031	1,111,654

17. Operating Lease Commitments

The Group leases motor vehicles and photocopiers under non-cancellable operating lease agreements.

The Group has a right to occupy premises at:

492 Moorhouse Ave, Waltham,
25A Raiha Street, Porirua,
33 Nikau Crescent, Mt Maunganui,
5 - 11 Solent St, Auckland and
165 Westhaven Drive, Auckland.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2026	2025
Payable within one year	359,089	339,535
Payable between one and five years	654,600	285,733
Payable more than five years	-	-
	1,013,689	625,268

18. Capital Commitments

Coastguard New Zealand has entered into a financial commitment agreement dated 17 May 2026 with Auckland Marine Rescue Centre Trust (AMRCT) and Surf Life Saving New Zealand to jointly fund a roof, cladding and joinery replacement programme at the Auckland Marine Rescue Centre, 3 Solent Street, Auckland. Coastguard New Zealand's committed share is \$1,028,649, being 50% of the total programme cost of \$2,057,298 (GST inclusive). The programme is expected to be delivered between June and November 2026. As at 30 June 2026 none of this commitment had been paid, leaving \$1,028,649 committed but not yet spent. The commitment is funded from Coastguard New Zealand's ringfenced reserves and is not expected to affect the Society's ability to meet its other obligations.

19. Contingent Assets and Liabilities

There are no contingent assets or liabilities at the reporting date (2025: \$Nil).

Royal New Zealand Coastguard Incorporated

Notes to the Special Purpose Consolidated Financial Statements

For The Year Ended 30 June 2026

20. Service Level Agreement, Lottery Grants Board Funding & Foundation North

Service Level Agreement funding income recognised during the year totalled \$8,323,363 (2025: \$6,519,365). This funding is set for three years from 1 July 2025 to 30 June 2028.

Lottery Grants Board funding income recognised during the year totalled \$2,775,952 (2025: \$2,884,580). This is a contestable annual funding source.

Foundation North funding income recognised during the year totalled \$5,127 (2025: \$119,511). This is a contestable annual funding source.

Water Safety New Zealand Service Level Agreement funding income recognised during the year totalled \$12,068,345 (2025: \$7,482,760). This funding is set for three years from 1 July 2025 to 30 June 2028.

Bay Trust funding income recognised during the year totalled \$137,703 (2025: \$139,950). This is a contestable annual funding source.

21. Events after Reporting Date

Subsequent to balance date, Royal New Zealand Coastguard Boating Education Limited has undertaken an organisational restructure to improve the financial viability and improve its operational efficiency. At the time of signing of these accounts, the new structure is in place.

22. Transformation costs

Transformation costs pertain to the organisational review and the expenses associated with implementing this change.

Independent Auditor's Report

To the Members of Royal New Zealand Coastguard Incorporated

RSM Hayes Audit

Level 19, 125 Queen Street,
Auckland CBD, Auckland 1010

T +64 (9) 367 1656

www.rsmnz.co.nz

Opinion

We have audited the special purpose consolidated financial statements of Royal New Zealand Coastguard Incorporated and its controlled entities except for the separate Coastguard Units (the Group), which comprises the financial statements on pages 4 to 17.

The complete set of financial statements comprises the special purpose consolidated statement of financial position as at 30 June 2026, the special purpose consolidated statement of comprehensive revenue and expense, the special purpose consolidated statement of changes in net assets/equity, the special purpose consolidated statement of cash flows for the year then ended, and the notes to the special purpose consolidated financial statements, which include material accounting policy information.

In our opinion, the accompanying special purpose consolidated financial statements of Royal New Zealand Coastguard Incorporated and its controlled entities except for the separate Coastguard Units, on pages 4 to 17, for the year 30 June 2026, are prepared, in all material respects, in accordance with the accounting policies adopted by the 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 financial statements* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, 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.

Certain staff of our firm are ordinary members of Royal New Zealand Coastguard Incorporated and its controlled entities and trade with the Group on standard membership terms. They have no governing body or management roles or influence. Except in this regard, and other than in our capacity as auditor, we have no relationship with, or interests in, Royal New Zealand Coastguard Incorporated and its controlled entities.

Other information

The Board is responsible for the other information. The other information provided is contained on pages 2 and 3 (but does not include the special purpose 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 special purpose 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 special purpose 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 special purpose 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.

Emphasis of matter – Basis of accounting and restriction on distribution

We draw attention to Note 2 of the special purpose consolidated financial statements, which describes the basis of accounting. The special purpose consolidated financial statements are prepared in accordance with stated accounting policies adopted by the Board and are intended for presentation to the members at the Annual General Meeting as the full Group consolidated financial statements will not be completed until after the meeting.

As a result, the special purpose consolidated financial statements may not be suitable for another purpose. Our report is also intended solely for the members of the Group and should not be distributed to or used by other parties. Our opinion is not modified in respect of this matter.

Responsibilities of Board for the special purpose consolidated financial statements

The Board is responsible, on behalf of the Group for the preparation of the special purpose consolidated financial statements in accordance with its stated accounting policies, and for such internal control as the Board determines is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board is also responsible for determining that its stated accounting policies are acceptable in the Group's circumstances.

In preparing the special purpose consolidated financial statements, the Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the special purpose 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 International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists.

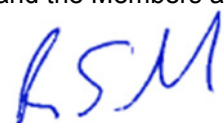
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the special purpose consolidated financial statements is located at the XRB's website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-7/>

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 the Group and the Members as a body, for our work, for this report, or for the opinions we have formed.



RSM Hayes Audit
Auckland

30 September 2026

