

Royal New Zealand Coastguard Incorporated

# CONSOLIDATED FINANCIAL REPORT 2024



For the year ended 30 June 2024

Our Purpose

**WE ARE THE  
CHARITY  
SAVING  
LIVES ON  
THE WATER**

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# DIRECTORY

## ROYAL NEW ZEALAND COASTGUARD INCORPORATED

For the year ended 30 June 2024

### Registered Office

3 Solent Street, Auckland

### Charity Number

CC36138

### National Board Members

Bennett Medary (President appointed 3 October 2021)  
 Carolyn Tapley (elected 3 October 2021)  
 Danny Tuato'o (appointed 3 October 2021)  
 Commodore Melissa Ross (appointed 3 October 2021)  
 Liz Urquhart (appointed 1 February 2021)  
 Susan Doughty (appointed 1 February 2021)  
 Jerry Bardon (appointed 2 October 2022)  
 Andrew Murray (appointed 2 October 2022)

### Accountants

Andersen New Zealand Limited  
 470 Parnell Road, Parnell  
 Auckland

### Independent Auditor

RSM Hayes Audit  
 Level 13, 125 Queen Street  
 Auckland CBD, Auckland 1010

### Bankers

ASB Bank Limited  
 Bank of New Zealand Limited  
 Westpac New Zealand Limited

### Solicitors

Simpson Grierson  
 Level 27, Lumley Centre  
 88 Shortland Street, Auckland

# HAERE MAI



**Bennett Medary**  
President



**Callum Gillespie**  
Chief Executive

Tenā koe,

After the extreme weather events that rocked Aotearoa in 2023, we have thankfully enjoyed more settled weather this year. This has resulted in a return to more normal boating patterns, with a predictable increase in all related activities, from trip reports to preventative callouts, and life-saving missions.

Between 1 July 2023 and 30 June 2024, Coastguard people responded to 2,867 incidents, helping 7,196 Kiwis get home safely; an additional 896 people assisted than in the previous year. Of these incidents, Coastguard volunteers and staff rescued 39 people and saved 48 lives. The causes of these incidents are wide-ranging, including recreational activity in all its forms, accidents and medical events on vessels, diving incidents and vessel collisions and groundings. In this report we shine a light on just a few of the lifesaving events that have taken place, because behind every statistic is a human story of lives saved, or in some cases, of lives tragically lost.

Regrettably, many marine accident stories do not have a happy ending. This is why we're committed to increasing our efforts to educate and equip New Zealanders to keep themselves safe.

Over the last year, that effort has taken many forms, including increased investment in our bar awareness programme, an innovative Just Wear It lifejacket public awareness campaign, focus on our public education courses and our annual Old4New lifejacket replacement programme.

It is why Coastguard is an active participant in New Zealand's Safer Boating Forum and why, alongside other members of the Safer Boating Forum and the water safety community, that we are so strongly advocating for country-wide laws that require boaties to always wear lifejackets when underway on vessels of 6m or less in length.

Maintaining 'all year round' operational readiness can only be achieved as the result of a huge team effort by Coastguard 2,048 volunteers and staff located across Aotearoa. In the last 12 months, Coastguard volunteers gave a staggering 303,048 hours of their time in training, operations, administration and keeping radio watch, to name just some of their many activities. This is a remarkable commitment by a small number of Kiwis to the safety and well-being of their fellow New Zealanders.





In 2023, 90 Kiwis drowned across Aotearoa, and at the time of writing, we've lost seven people to boating fatalities or watercraft drownings in a seven week period.



As an organisation we seek to repay the unparalleled dedication of our volunteers and staff by continually working to improve their Coastguard experience. As a Board and Leadership Team, we are whole-heartedly committed to ensuring that those that give their time so generously can focus their energy efficiently and effectively on the life saving purpose they joined the organisation for. In the last year, that work has taken the form of innovation in rescue vessel training, investment in training for radio operators and air patrols, a national recruitment campaign and increased support for unit leaders and office holders. There is always more to do, however, and so through the course of the winter we have been meeting with volunteers across the country to discuss our priorities and shape our future together.

Coastguard cannot deliver on our Mission without the support of a host of others. Those 'crew members' include the Government, principally through the excellent team at the New Zealand SAR Secretariat, Maritime New Zealand, Water Safety New Zealand and the many other organisations involved in Boating and Water Safety. This year Coastguard was pleased to receive an increase in Government funding over the next four years, to assist with operating costs and the provision of the right tools and equipment to our volunteers. Our life saving work would not be possible without the support of Central and Local Government who meet 40% of our operating costs, however it remains our ongoing challenge to source the balance of funds. We acknowledge the many and varied sources of those funds that include Coastguard supporters, lottery ticket buyers, donors, community and gaming trusts, without whose support our work would not be possible.

We ask that everybody thinking of venturing onto the water, whatever their waka, take the time to ensure that they can do so safely and with confidence. If in doubt we're always willing to provide guidance, and our website is a rich source of information. Better still, Coastguard volunteers can be found up and down the motu and are an excellent source of local knowledge and friendly advice. They're ordinary people, just like you, doing extraordinary things.



Board’s Report and Statement of Responsibility

For the year ended 30 June 2024

Board Report

The Board of Royal New Zealand Coastguard present this Financial Report, incorporating consolidated financial statements and the consolidated statement of service performance of the Group for the financial year ended 30 June 2024, and the independent auditor's report thereon. The consolidated financial report comprise of Royal New Zealand Coastguard and its controlled entities, together the “Group’.

Statement of Responsibility

The Board is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements, service performance and related information.

The independent external auditors, RSM Hayes Audit, have audited the consolidated financial report and their report appears on pages 25 to 26.

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 report, 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 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 consolidated statement of comprehensive revenue and expense is drawn up so as to present fairly, in all material respects, the financial performance of the group for the financial year ended 30 June 2024;


The consolidated statement of financial position is drawn up so as to present fairly, in all material respects, the financial position of the group as at 30 June 2024;

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 2024;

The consolidated statement of service performance is drawn up so as to present fairly, in all material respects, the service performance of the group measured against suitable service performance criteria for the year ended 30 June 2024;

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:



Bennett Medary, President

Date



Carolyn Tapley, Board Member

Date

# OUR VISION

That with our support everyone can enjoy Aotearoa New Zealand's waters safely and with confidence.

## HOW WE SAVE LIVES

Search and Rescue



Communications



Education and Engagement



**Committed to Wai Ora 2025**

Working together to reduce drownings & injuries

## OUR STRATEGY GOALS



**Having the right people,  
in the right place**

To respond to a call for help



**Giving our people the  
support they need**

To enable them to focus  
on the Mission



**Having the right tools  
& equipment**

To complete the Mission  
safely & effectively

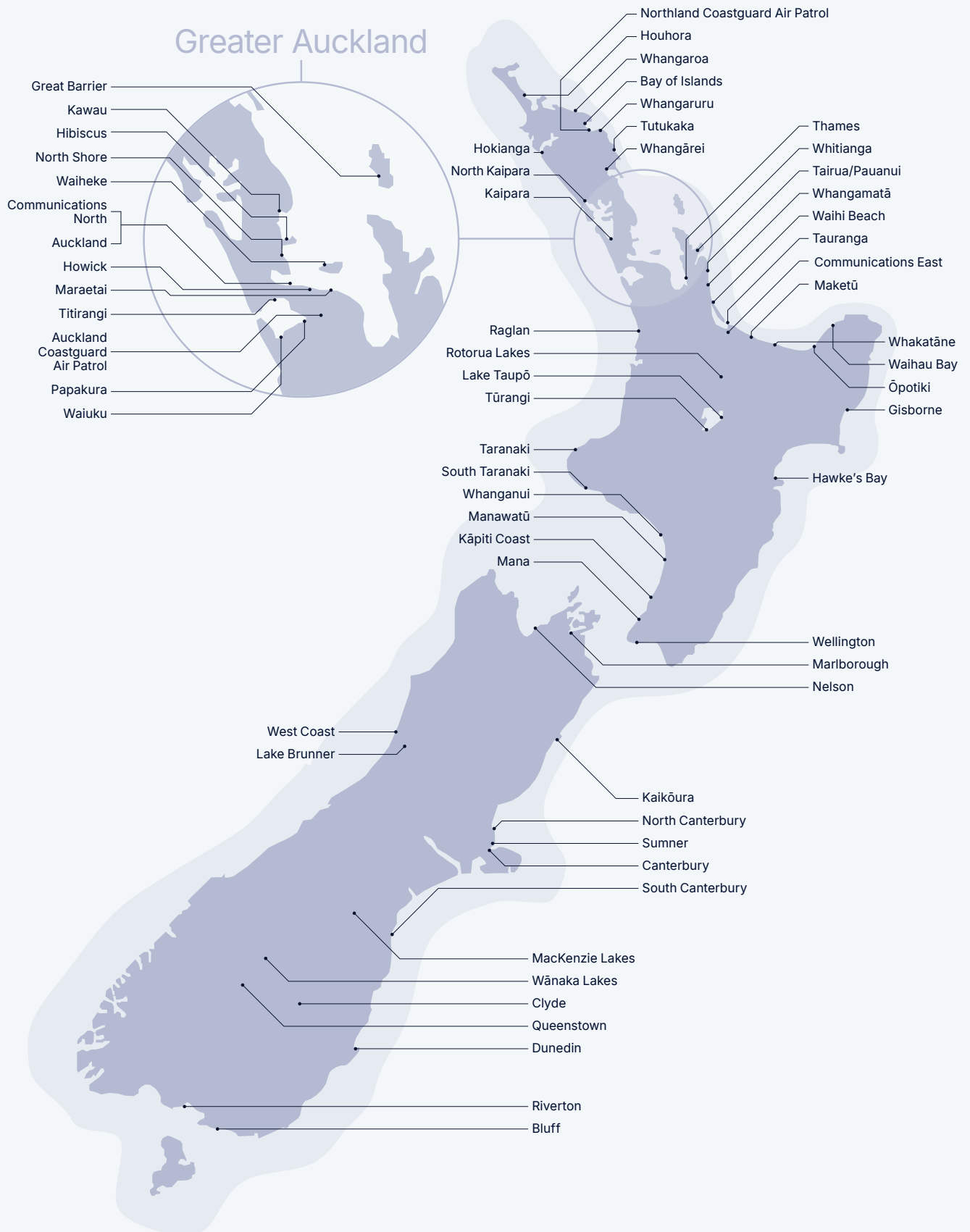
## BUILT ON STRONG FOUNDATIONS

**Sustainably  
funded**

**Effective governance**

**The skills to shape  
our business**









# WHERE WE ARE





## Consolidated Statement of Service Performance

For the year ended 30 June 2024

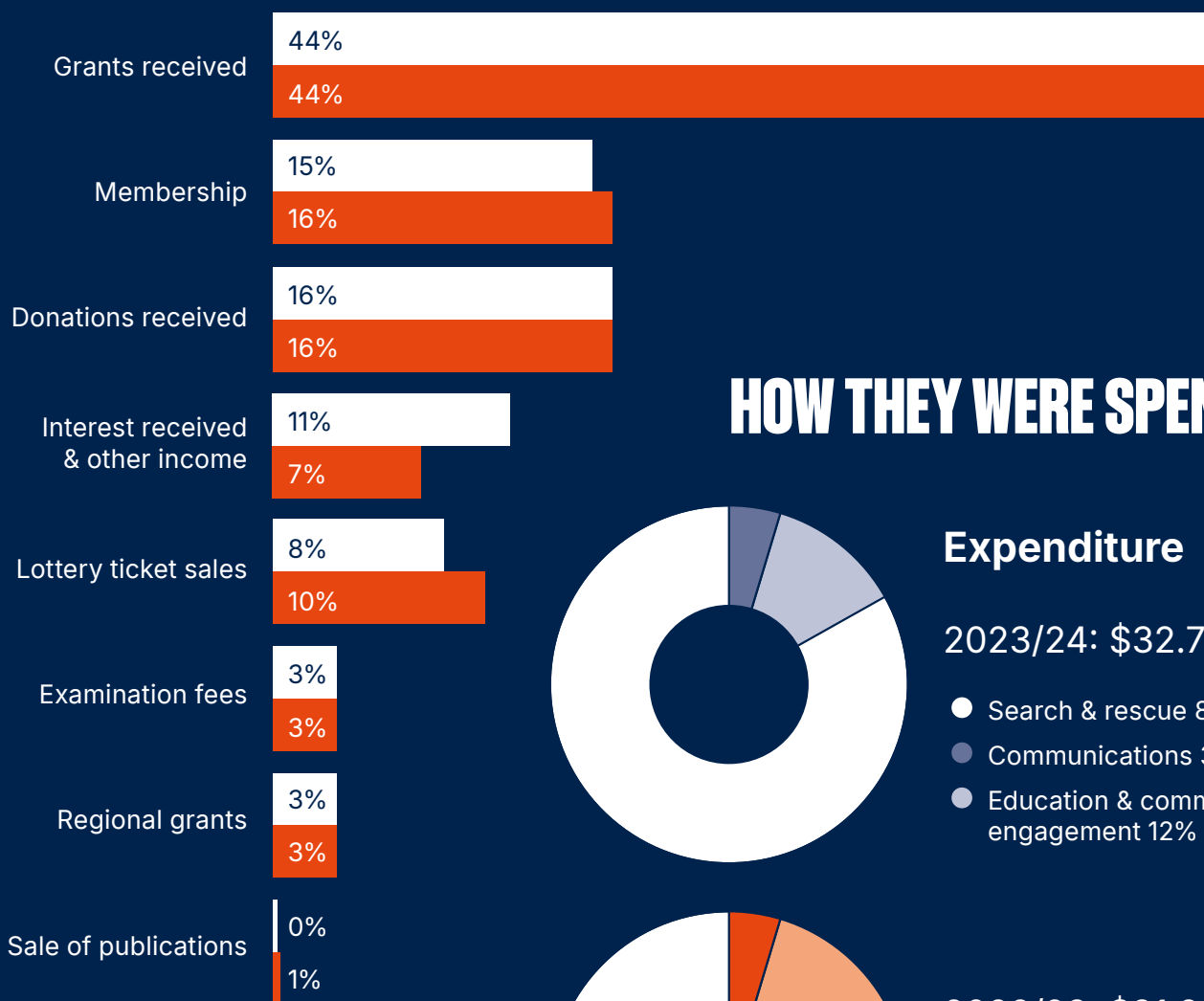
		2023/2024	2022/2023
Search and Rescue (SAR)	 <b>Incidents</b> <b>Category 1:</b> Locally coordinated operations usually involving resources & people familiar with the area. <b>Category 2:</b> Operations usually involving national or international resources. <b>CGOPS:</b> Events reported which are not CAT 1 or 2. E.g. assistance or towing.	<b>Cat 1: 347</b> <b>Cat 2: 19</b> <b>CGOPS: 2,501</b> <b>Total: 2,867</b>	<b>Cat 1: 381</b> <b>Cat 2: 17</b> <b>CGOPS: 2,198</b> <b>Total: 2,596</b>
	 <b>Lives assisted</b> Where SAR agencies aid a person or people at low risk, but who, if left, would be at risk.	<b>7,196</b>	<b>6,217</b>
	 <b>Lives rescued</b> Where SAR agencies locate and rescue a person or people at risk and return them to a safe location.	<b>39</b>	<b>142</b>
	 <b>Lives saved</b> Where, if SAR agencies had not intervened, life would definitely have been lost.	<b>48</b>	<b>6</b>
Communications	 <b>Coastguard App Trip Reports</b>	<b>55,914</b>	<b>44,854</b>
Education & Community Engagement	 <b>Children</b> participating in Safe Boating courses	<b>85,876</b>	<b>71,921</b>
	 <b>Pools and aquatic centres</b> offering Safe Boating courses around the country	<b>100</b>	<b>91</b>
	 <b>Learners</b> enrolled in our programmes	<b>7,642</b>	<b>8,548</b>

In the 2023/24 financial year, the difference in lives saved and rescued compared to 2022/23 is due to a revised methodology for categorising outcomes. We implemented stricter criteria for defining 'saved' lives, aligning with New Zealand Search and Rescue standards. This re-evaluation of incidents has led to more accurate and consistent reporting of our operational performance.

# OUR OPERATING FUNDS

## WHERE THEY CAME FROM

**Income** ● 2023/24: \$37m ● 2022/23: \$33.2m



## HOW THEY WERE SPENT

### Expenditure

2023/24: \$32.7m

- Search & rescue 84.3%
- Communications 3.7%
- Education & community engagement 12%

2022/23: \$31.9m

- Search & rescue 84.5%
- Communications 4.4%
- Education & community engagement 11.1%

Royal New Zealand Coastguard Incorporated

**Consolidated Statement of Comprehensive Revenue and Expense**

For the year ended 30 June 2024

	Notes	2024 \$	2023 \$
<b>Revenue from exchange transactions</b>			
Lotteries Revenue		2,835,836	3,462,199
Subscriptions Received		5,739,220	5,461,826
SAR Reimbursements		329,618	393,295
Examination Fees		1,169,046	1,054,683
NZSAR VHF Frequency Change Funding		-	-
Sales of Publications		-	197,744
Sponsorship		393,014	493,350
Other Operating Revenue		1,207,965	1,182,666
		<u>11,674,699</u>	<u>12,245,764</u>
<b>Revenue from non-exchange transactions</b>			
Service Level Agreement Funding	20	5,145,580	4,538,595
Lottery Grants Board Funding	20	2,332,756	2,428,310
Water Safety New Zealand Funding	20	6,186,940	4,258,827
Donations Received		5,235,170	3,591,634
Other Grants		2,740,433	3,516,412
Auckland Council		771,759	771,880
Trust Waikato	20	-	-
Bay Trust	20	139,950	130,000
Vessel Income		361,508	1,214,949
Gifts in Kind		134,047	462,898
Foundation North	20	343,430	35,111
Loss/(Gain) on Disposal of Assets		364,897	(354,583)
		<u>23,756,469</u>	<u>20,594,033</u>
<b>Total Revenue</b>		<b><u>35,431,168</u></b>	<b><u>32,839,797</u></b>
 Grants Expenditure		4,343,705	5,031,033
Administrative Overheads		4,730,535	4,334,242
Board & Governance Costs		319,113	692,626
Education Costs		780,277	744,185
Lotteries Costs		2,011,403	2,304,356
Marketing & Fundraising Costs		2,248,295	1,710,980
National Office Projects		556,853	1,225,257
Personnel Costs		10,905,824	9,339,369
SAR Expenditure		7,730	4,924
Rent Expense		723,967	639,589
Depreciation & Amortisation	10,11	4,060,035	4,156,547
Impairment Loss	11	-	-
Repairs & Maintenance		933,287	482,310
Vessel Expenditure		1,047,176	871,104
<b>Total Expenses</b>		<b><u>32,668,199</u></b>	<b><u>31,536,521</u></b>
<b>Surplus before net financing costs</b>		<b><u>2,762,969</u></b>	<b><u>1,303,276</u></b>
 Finance Income	5	1,646,640	858,506
Finance Costs	5	-	(696)
<b>Net Finance Income</b>		<b><u>1,646,640</u></b>	<b><u>857,810</u></b>
<b>Net Surplus for the year</b>		<b><u>4,409,609</u></b>	<b><u>2,161,087</u></b>
 Other Comprehensive Revenue and Expenses		-	-
<b>Total Comprehensive Revenue and Expenses for the year</b>		<b><u>4,409,609</u></b>	<b><u>2,161,087</u></b>

These Consolidated Financial Statements should be read in conjunction with the Statement of Accounting Policies,  
Notes to the Consolidated Financial Statements, and the Auditors Report.

Royal New Zealand Coastguard Incorporated

## Consolidated Statement of Changes in Net Assets /Equity

For the year ended 30 June 2024

	Asset Maintenance Reserve \$	Course Development Reserve \$	Accumulated Revenue and Expense \$	Total Equity \$
<b>Group</b>				
Opening Equity 01 July 2022	49,946	348,441	58,107,675	58,506,062
Total Comprehensive Income	-	-	2,161,087	2,161,087
Transfers - Reserves	10,065	63,536	(73,601)	-
<b>Closing Equity 30 June 2023</b>	<b>60,011</b>	<b>411,977</b>	<b>60,195,161</b>	<b>60,667,149</b>
Opening Equity 01 July 2023	60,011	411,977	60,195,161	60,667,149
Total Comprehensive Income	-	-	4,409,609	4,409,609
Transfers - Reserves	40,000	30,354	(70,354)	-
<b>Closing equity 30 June 2024</b>	<b>100,011</b>	<b>442,331</b>	<b>64,534,416</b>	<b>65,076,758</b>

Royal New Zealand Coastguard Incorporated

**Consolidated Statement of Financial Position**

As at 30 June 2024

	Notes	2024 \$	2023 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and Cash Equivalents	6	14,362,435	17,770,431
Investments	7	25,598,345	21,422,333
Assets Held For Sale	21	45,000	-
Inventory		86,317	106,704
Prepayments and Other Assets		822,603	636,096
Receivables from Exchange Transactions	8	678,682	1,277,939
		<u>41,593,381</u>	<u>41,213,503</u>
<b>Non-current assets</b>			
Investments	7	1,245,274	1,233,765
Intangible Assets	10	35,049	113,541
Property Plant and Equipment	11	37,169,276	35,280,523
		<u>38,449,600</u>	<u>36,627,829</u>
<b>TOTAL ASSETS</b>		<b><u>80,042,979</u></b>	<b><u>77,841,332</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Employee Benefit Liabilities	14	693,499	579,589
Income In Advance	15	10,320,288	12,365,501
Payables from Exchange Transactions	13	2,061,359	2,771,076
		<u>13,075,147</u>	<u>15,716,166</u>
<b>Non-current liabilities</b>			
Income in Advance	15	1,891,074	1,458,017
		<u>1,891,074</u>	<u>1,458,017</u>
<b>TOTAL LIABILITIES</b>		<b><u>14,966,221</u></b>	<b><u>17,174,183</u></b>
<b>TOTAL NET ASSETS</b>		<b><u>65,076,758</u></b>	<b><u>60,667,149</u></b>
<b>NET ASSETS/EQUITY</b>			
Accumulated Funds		64,534,416	60,195,161
Asset Maintenance Reserve		100,011	60,011
Course Development Reserve		442,331	411,977
<b>TOTAL NET ASSETS/EQUITY</b>		<b><u>65,076,758</u></b>	<b><u>60,667,149</u></b>

These Consolidated Financial Statements should be read in conjunction with the Statement of Accounting Policies,  
Notes to the Consolidated Financial Statements, and the Auditors Report.



Royal New Zealand Coastguard Incorporated

**Consolidated Statement of Cash Flows**

For the year ended 30 June 2024

	Notes	2024 \$	2023 \$
<b>CASH FLOWS FROM/(TO) OPERATING ACTIVITIES</b>			
Receipts from exchange transactions		12,195,791	11,760,745
Receipts from non-exchange transactions		22,144,314	24,724,675
Payments to Suppliers		(18,864,909)	(17,828,916)
Payments to Employees		(10,791,914)	(9,243,085)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>4,683,282</b>	<b>9,413,419</b>
<b>CASH FLOWS FROM/(TO) INVESTING ACTIVITIES</b>			
Interest received		1,646,640	841,965
Purchase/(Proceeds) of investments (net)		28,094	214,231
Proceeds from disposals of property, plant and equipment		1,305,756	2,336,122
(Increase)/Decrease in term deposits		(4,215,614)	(1,934,150)
Purchase of property, plant and equipment		(6,850,214)	(7,491,194)
Purchase of intangibles		(5,941)	-
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(8,091,279)</b>	<b>(6,033,026)</b>
<b>CASH FLOWS FROM/(TO) FINANCING ACTIVITIES</b>			
<b>Net cash inflow/(outflow) from financing activities</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		(3,407,996)	3,380,393
Cash and cash equivalents at start of the year		17,770,432	14,390,038
<b>Cash and cash equivalents at end of the year</b>	<b>6</b>	<b>14,362,435</b>	<b>17,770,432</b>

These Consolidated Financial Statements should be read in conjunction with the Statement of Accounting Policies,  
Notes to the Consolidated Financial Statements, and the Auditors Report.

Royal New Zealand Coastguard Incorporated

## Statement of Accounting Policies

For the year ended 30 June 2024

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### 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 consolidated financial statements for the year ended 30 June 2024 comprise of Royal New Zealand Coastguard Incorporated and its controlled entities, together the 'Group'. Entities are classified as being under actual or deemed control when the Society can derive benefits from and can either direct the activities of, or appoint majority board members to the other entity. Comparative figures are for the same Group.

The consolidated group comprises the following significant controlled entities:

Royal New Zealand Coastguard Incorporated  
 Royal New Zealand Coastguard Charitable Trust  
 Royal New Zealand Coastguard Boating Education Limited

The Group also includes 62 Units situated around the country.

The group is predominantly a marine safety organisation, providing search and rescue, education, communication and marine safety services. All entities within the Group are charitable organisations registered under the Charities Act 2005.

The consolidated financial report has been approved and were authorised for issue by the Board on the date noted on page 6.

### 2. BASIS OF PREPARATION

#### a) Statement of compliance

The consolidated Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and is not defined as large.

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

#### b) Measurement basis

The consolidated financial statements have been prepared on the historical cost basis, and modified by the fair value measurements of non-derivative financial instruments.

#### 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

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those from previous financial statements.

## Statement of Accounting Policies

For the year ended 30 June 2024

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### 3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the Group's 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:

##### *Operating lease commitments*

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

Non-exchange Revenue with conditions is recognised when the conditions are satisfied. Non-exchange Revenue with restrictions is recognised upon receipt.

##### *Whether there is control over units*

The Society is considered to control the units as it benefits from their activities and is able to direct their activities by virtue of funding and determination of policies and procedures that must be adopted.

##### *Non-coterminous reporting dates*

The Society is required to consolidate the results, financial position and cash flows for the period covered by these financial statements. The accounting standard allows for the controlled entities reporting dates to differ from the Society by no more than 3 months. In any event, the standard requires adjustments to be made for any significant transactions in the intervening period. A number of the controlled entities as indicated in Note 1 have different reporting dates to the Society. Management have assessed that there is no need for any adjustments to the numbers consolidated, as there are no significant transactions in the intervening period.

##### *Consistency of accounting policies*

The consolidation standard requires the application of consistent accounting policies for all members of the group. The current and prior year financial statements of the controlled entities have been reviewed and adjustments made where necessary, to ensure that all material transactions have been accounted for in accordance with group policies.

The two main areas considered are depreciation and income in advance. In respect of depreciation, each of the units and regions apply their own depreciation rates and methods. All significant asset categories have been reviewed and adjustments made to comply with the group rates disclosed in Note 4.

#### 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 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

- 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 Policy 4(h)(iii).

## Statement of Accounting Policies

For the year ended 30 June 2024

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### 4. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of consolidation

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases.

In preparing the consolidated financial statements, all inter entity balance and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity in all material respects are consistent with the policies adopted by the Group.

#### 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.

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

#### i) Revenue from exchange transactions

##### *Subscriptions*

Fees and subscriptions received in exchange for monthly access to membership benefits are initially recorded as income in advance and recognised as revenue evenly over the membership period.

##### *Interest revenue*

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.

##### *Other Revenue*

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

#### ii) Revenue from non-exchange transactions

##### *Donations*

Donations are recognised as revenue upon receipt and include donations from the general public, donations received for specific programmes or services or donations in-kind. Donations in-kind include donations received for services and consumables and is recognised in Statement of Comprehensive Revenue and Expense when the goods or services are received. Donations in-kind are measured at their fair value as at the date of acquisition, ascertained by reference to the expected cost that would be otherwise incurred by the Group.

Services in-kind, including volunteer time has not been given a financial value in these financial statements.

##### *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.

##### *Lotteries Revenue*

Lotteries revenue is recognised once a lottery is drawn.

##### *Grants*

The recognition of non-exchange revenue from Grants 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.

## Statement of Accounting Policies

For the year ended 30 June 2024

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For the year ended 30 June 2024

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### d) Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid, 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.

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.

##### **Financial assets at amortised cost**

This category of financial assets is the most relevant to the Group. Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gain or losses are recognised in the statement of comprehensive revenue and expenses when the financial statements are derecognised or impaired.

The carrying value of financial assets at amortised cost approximates their fair value. Financial assets at amortised cost comprise trade receivable, other receivables, short term investments and cash and cash equivalents. These are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

##### Investments at Fair Value through Surplus/(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).

##### **Financial liabilities at amortised cost**

This is the category of financial liabilities that is most relevant to the Group. After initial recognition, trade and other payables are subsequently measured at amortised cost.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the effective interest rate amortisation process. The effective interest rate amortisation is included as finance costs in the statement of comprehensive revenue and expense.

Trade and other payables are unsecured and are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

This category generally applies to payables.

#### g) Short term investments

Short term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.



**h) 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 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 straight-line basis over the estimated useful lives of each component of an item

The estimated useful lives and depreciation rates are:	Straight Line	Diminishing Value
Buildings and Property Improvements	30 - 40 years	0% - 20%
Rescue Vessels & Equipment	4 - 20 years	5% - 60%
Plant & Equipment	2 - 20 years	3% - 50%
Office Equipment	2 - 25 years	4% - 50%
Motor Vehicles	3 - 11 years	10% - 30%

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

**i) 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.

**Grants Expenditure**

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:

	Straight Line	Diminishing Value
Software	2.5 - 10 years	10% - 40%

## Statement of Accounting Policies

For the year ended 30 June 2024

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### j) 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.

##### *Asset maintenance reserve*

This is a specific reserve created to fund the ongoing depreciation costs of the rescue vessels, the ongoing depreciation and maintenance costs of the promotional caravan and the ongoing depreciation and maintenance costs of the automatic weather stations.

##### *Course development reserve*

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

#### k) Income Tax

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

#### l) 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.

#### m) Leases

Leases in terms of which the Group assumes substantially all the 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

### 5. NET FINANCE INCOME

Finance Income Comprises:

	2024 \$	2023 \$
Interest Received	1,640,798	836,780
Realised/Unrealised Gain on Investments	-	15,845
Dividends Received	5,842	5,881
	<u>1,646,640</u>	<u>858,506</u>

Finance Costs Comprises:

Interest Expense	-	696
	<u>-</u>	<u>696</u>

### 6. CASH AND CASH EQUIVALENTS

Cash on Hand	7,831	3,302
Cash at Bank	14,354,604	17,767,129
	<u>14,362,435</u>	<u>17,770,431</u>

Included in the above cash and cash equivalent is \$944,786 of funds received including interest earned during the year that was received from Auckland Volunteer Coastguard Trust (AVCT) upon wound up of the Trust in 2022 financial year. This amount was distributed to Coastguard New Zealand to support the redevelopment of the Auckland Marine Rescue Centre (AMRC). The balance has been ring fenced in separate bank account, with a condition if not used within five years for the redevelopment of the AMRC, the funds can be used for operational costs for Coastguard.

Royal New Zealand Coastguard Incorporated

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 7. INVESTMENTS

	2024	2023
	\$	\$
<b>Current Investments</b>		
Term Deposits	25,150,654	20,935,040
Shares and Bonds	447,690	487,294
	<u>25,598,345</u>	<u>21,422,333</u>
<b>Non-current Investments</b>		
Clarity Funds Management - Dividend Yield Fund	769,161	786,119
Clarity Funds Management - Fixed Income Fund	476,114	447,647
	<u>1,245,274</u>	<u>1,233,765</u>
	<u>26,843,619</u>	<u>22,656,099</u>

The interest rates on term deposits are at current market rates and varies with maturity dates ending prior to 01 July 2025.

The above units investments are managed by professional fund managers in accordance with Royal New Zealand Coastguard Charitable Trusts investment strategy and held with the intention to hold for long term hence classed as a non-current asset in the statement of financial position.

### 8. RECEIVABLES

	2024	2023
	\$	\$
<b>Receivables from exchange transactions</b>		
Trade Debtors	245,219	894,744
Sundry Debtors	433,463	383,195
	<u>678,682</u>	<u>1,277,939</u>

There are no amounts impaired as at year end relating to trade receivables from exchange and non-exchange transactions.

### 9. RELATED PARTY TRANSACTIONS AND BALANCES

The entities within the Group are controlled and managed by their boards and management teams. The majority of these provide their services on a voluntary basis. In many instances entities controlled by these parties also transact with the Group providing goods and services on normal commercial terms (as applicable to a charitable organisation). A number of these parties who represent the units have also been elected to positions on the boards of the Society. Often funding is received by the Society and passed on to the units. These transactions are not influenced by unit members on the Society boards.

The following significant transactions have occurred between the board and regional team members and the entities within the Group:

During the year the Group paid Bellingham Wallace Limited fees for services rendered totalling \$135,947 (2023: \$123,212).

Aaron Wallace, a Director of Bellingham Wallace 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.

Danny Tuato'o, a member of the Board of Royal New Zealand Coastguard Incorporated, also serves on the boards of other entities with which the Coastguard had transactions during the 2024 financial year. Water Safety New Zealand Incorporated provided \$6.1 million (2023: \$4.2 million) in grant funding, while Maritime New Zealand contributed \$224,000 (2023:\$125,000) in grant funding.

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, and 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. No remuneration is paid to members of the Board.

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:

Number of key management personnel:	8	13
Key management personnel remuneration:	1,515,567	2,089,083

### 10. INTANGIBLE ASSETS - SOFTWARE

Cost	428,390	1,762,627
Accumulated Amortisation	(393,341)	(1,649,086)
Carrying Value	<u>35,049</u>	<u>113,541</u>

#### Reconciliation of intangibles

Opening Carrying Value	113,541	340,217
Additions - Whakatane	5,941	-
Amortisation	(84,433)	(226,676)
Closing Carrying Value	<u>35,049</u>	<u>113,541</u>

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

### 11. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings and Property Improvements	9,555,791	2,355,119	7,200,673	9,289,597	2,125,913	7,163,684
Rescue Vessels & Equipment	49,393,071	29,604,996	19,788,075	44,499,222	26,706,777	17,792,446
Plant & Equipment	10,296,059	7,234,102	3,061,956	10,059,913	6,689,325	3,370,588
Office Equipment	3,027,551	2,388,226	639,325	3,004,858	2,322,250	682,607
Motor Vehicles	3,783,482	2,522,464	1,261,018	3,347,602	2,285,039	1,062,563
Capital Work in Progress	5,218,229	-	5,218,229	5,208,635	-	5,208,635
	81,274,183	44,104,907	37,169,276	75,409,828	40,129,305	35,280,523

#### Reconciliation of property, plant and equipment

	2024						
	Opening balance	Additions	Transfer	Disposals at BV	Revaluation Reserve	Depreciation	Closing balance
Buildings and Property Improvements	7,163,684	274,870	-	8,675	-	229,206	7,200,672
Rescue Vessels & Equipment	17,792,446	2,776,432	2,392,110	302,510	-	2,870,402	19,788,075
Plant & Equipment	3,370,588	323,205	-	59,243	-	572,594	3,061,956
Office Equipment	682,607	25,271	-	2,577	-	65,975	639,325
Motor Vehicles	1,062,563	452,071	108,718	124,910	-	237,425	1,261,018
Capital Work in Progress	5,208,635	2,998,365	(2,500,828)	487,944	-	-	5,218,229
	35,280,523	6,850,214	-	985,859	-	3,975,602	37,169,276

	2023						
	Opening balance	Additions	Transfer	Disposals at BV	Revaluation Reserve	Depreciation	Closing balance
Buildings and Property Improvements	6,572,483	1,336,504	-	118,195	383,053	244,055	7,163,683
Rescue Vessels & Equipment	19,428,237	231,365	1,769,700	881,591	-	2,755,265	17,792,446
Plant & Equipment	3,631,853	551,246	-	216,540	-	595,972	3,370,588
Office Equipment	654,943	203,876	-	102,238	-	73,974	682,607
Motor Vehicles	994,966	494,407	-	166,204	-	260,606	1,062,563
Capital Work in Progress	2,263,856	4,673,796	(1,683,178)	45,839	-	-	5,208,635
	33,546,338	7,491,194	86,522	1,530,607	383,053	3,929,871	35,280,523

(1) Transfers include transfers from capital work in progress and assets held for sale (see note 21).

### 12. FINANCIAL INSTRUMENTS

The tables below show the carrying amounts of the Group's financial assets and financial liabilities.

#### Classification and fair values of financial instruments

	2024		
	Financial Asset at amortised cost	Financial liabilities at amortised cost	Fair Value through surplus or deficit
Cash and Cash Equivalents	14,362,435	-	-
Investments - Term Deposits	25,150,654	-	-
Investments - Bonds, Shares and Other Investments	-	-	1,692,965
Receivables from exchange transactions	678,682	-	-
Payables from exchange transactions	-	2,061,359	-
	40,191,771	2,061,359	1,692,965

	2023		
	Financial Asset at amortised cost	Financial liabilities at amortised cost	Fair Value through surplus or deficit
Cash and Cash Equivalents	17,770,431	-	-
Investments - Term Deposits	20,935,040	-	-
Investments - Bonds, Shares and Other Investments	-	-	1,721,059
Receivables from exchange transactions	1,277,939	-	-
Payables from exchange transactions	-	2,771,076	-
	39,983,411	2,771,076	1,721,059

### 13. PAYABLES - EXCHANGE TRANSACTIONS

	2024 \$	2023 \$
Accounts Payable	1,168,540	1,915,312
Other Accruals	892,819	855,764
	2,061,359	2,771,076

**Notes to the Consolidated Financial Statements**

For the year ended 30 June 2024

**14. EMPLOYEE BENEFIT LIABILITY**

Holiday Pay	645,801	557,908
PAYE	9,234	10,320
Wage Payable	38,463	11,361
	<u>693,499</u>	<u>579,589</u>

**15. INCOME IN ADVANCE****Current Portion**

Unspent Grant Funds - Lottery Grants Board (LGB)	385,950	218,706
Unspent Grant Funds - Other	7,451,250	8,561,114
Deferred Income	675,839	1,184,958
Subscription Revenue in Advance	1,807,250	2,400,723
	<u>10,320,288</u>	<u>12,365,501</u>

**Non-Current Portion**

Subscription Revenue in Advance	1,891,074	1,458,017
	<u>1,891,074</u>	<u>1,458,017</u>
	<u>12,211,362</u>	<u>10,012,348</u>

**16. OPERATING LEASE COMMITMENTS**

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

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

Payable within one year	453,238	640,235
Payable between one and five years	722,443	810,551
Payable more than five years	-	-
	<u>1,175,681</u>	<u>1,450,786</u>

The amount of expenditure recognised in the current year in respect of leases amounts to \$581,470 (2023: \$584,470)

**17. CAPITAL COMMITMENTS**

The Group had the following commitments at balance date:

Q-West Boat Builders	-	538,000
Naiad New Zealand Limited	591,169	357,000
AMF Boats Limited	789,524	-
Amalgamated Builders Limited	2,582,393	-
Other Suppliers	505,982	1,072,000
	<u>4,469,068</u>	<u>1,967,000</u>

**18. CONTINGENT ASSETS AND LIABILITIES**

There are no contingent assets or liabilities at the reporting date (2023: \$Nil).



**19. EVENTS AFTER THE REPORTING DATE**

In August 2024 the Trustees resolved to disestablish Royal New Zealand Coastguard Boating Education Limited and take over its education operations so that they can more easily align to Royal New Zealand Coastguard Incorporated's strategy. This will result in an improvement of Royal New Zealand Coastguard Incorporated's financial viability, reduce administration overheads and offers the potential of accessing increased funding opportunities through new programmes that are being developed.

**20. SERVICE LEVEL AGREEMENT & LOTTERY GRANTS BOARD FUNDING**

Service Level Agreement funding income recognised during the year totalled \$5,145,580 (2023: \$4,538,595). This funding is set for three years, with the current funding period ending 30 June 2024.

Lottery Grants Board funding income recognised during the year totalled \$2,332,756 (2023: \$2,428,310). This is a contestable annual funding source.

Foundation North funding income recognised during the year totalled \$343,430 (2023: \$35,111). This is a contestable annual funding source.

Water Safety New Zealand Service Level Agreement funding income recognised during the year totalled \$6,186,940 (2023: \$4,258,827). This funding is set for three years, with the current funding period ending 30 June 2024.

Bay Trust funding income recognised during the year totalled \$139,950 (2023: \$130,000). This is a contestable annual funding source.

**21. ASSETS HELD FOR SALE**

	2024	2023
	\$	\$
Grants Expenditure		
Vessels		
Opening Balance	-	863,565
Plus Additions	45,000	-
Less: Sale of Two Vessels		(863,565)
Carrying Value	-	-

The 9m Rescue Craft, including a trailer upgrade, with a book value of \$45,000, was held for sale as of 30 June 2024 and sold on 8 October 2024.

**22. COMPARATIVE INFORMATION**

Where appropriate comparative items for prior year have been reclassified to conform to current years presentation.

**23 BREACH OF LEGISLATION**

The Society was unable to comply with section 41(1) Charities Act 2005 which requires the entity to file the related annual return within 6 months after its balance date.

# Auditor's report

# Auditor's report

# THANKS TO ALL THOSE THAT SUPPORT US

## Funders, Trusts, Grants and Foundations

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## Search and Rescue Partners

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## Corporate Partners

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We'd also like to give a shout-out to our mates, Live Ocean, Fishing and Adventure, and Ryan Fox.

# NGĀ MIHI

## It takes a crew to save a life.

If you already support Coastguard, thank you. You make everything we do possible.

Your support enables people to enjoy life on the water across Aotearoa on lakes, rivers and oceans, safe in the knowledge that Coastguard has their back out there.

If you've been inspired by what you've read in this report, you too can be part of the crew saving lives on the water. You'll be making a huge difference. You'll keep our rescue vessels on the water, our aircraft in the sky and our people trained and ready.

To find out more about how you can help, head to [coastguard.nz](https://coastguard.nz)





