

Canterbury Medical Research Foundation Incorporated

Financial Statements
for the year ended 31 December 2018

Report contents

	Page
Approval of annual report	3
Directory	4
Financial statements	
Statement of comprehensive revenue and expense	5
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Auditor's report	20

Approval of annual report

The Chairman and Treasurer are pleased to present the annual report, including the financial statements of Canterbury Medical Research Foundation Incorporated, for the year ended 31 December 2018.

These financial statements incorporate New Zealand Brain Research Limited.



Chairman of Canterbury Medical Research Foundation Incorporated



Treasurer of Canterbury Medical Research Foundation Incorporated

Dated: 15 April 2019

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2018

Directory

Nature of business	Provide grants and funding for medical research projects	
Location of business	Level 1 230 Antigua Street Christchurch	
IRD number	069-442-005	
Accountants	KPMG - Enterprise The Terrace Level 5 79 Cashel Street Christchurch 8011	
Auditors	KPMG The Terrace Level 5 79 Cashel Street Christchurch 8011	
Bankers	ANZ	
Registration date	3 July 2007	
Registration number	858218	
Executive Committee	Geoff Cranko Kath Fox Simon Carey Nichola Hiatt Michael Laney Bert Govan Michael Stenhouse Mark Jordan	Chairman - appointed 14.06.2018 Treasurer Resigned February 2018 Resigned June 2018 Appointed February 2018

Statement of comprehensive revenue and expense

For the year ended 31 December 2018

in New Zealand Dollars	Note	Group		Parent	
		2018	2017	2018	2017
Revenue					
Revenue from exchange transactions					
Subscriptions		8,305	7,565	8,305	7,565
Interest received		255,521	255,362	243,652	241,559
Dividends received		324,210	337,180	289,341	307,236
Event income		213,167	213,596	143,996	140,939
Grant income		55,250	104,341	50,000	103,250
Rent received		213,720	221,783	3,550	4,310
Research income		469,986	350,070	-	-
Management fees		-	-	80,000	80,000
Sundry income		58,284	64,384	53,421	44,156
Realised gains/(losses)		149,136	59,128	150,523	62,081
		1,747,578	1,613,410	1,022,787	991,096
Revenue from non-exchange transactions					
Bequests		662,159	260,469	662,159	260,469
Donations received		326,548	451,347	93,126	220,900
		988,707	711,816	755,285	481,368
Total revenue		2,736,285	2,325,226	1,778,071	1,472,464
Expenditure					
Administration expenses					
Accounting fees		23,893	18,895	9,935	10,445
Audit fees		10,310	9,660	7,010	6,510
Annual report and AGM		2,525	9,199	2,525	9,199
Communication costs		14,117	18,405	6,269	6,916
Depreciation expense		24,583	29,713	2,406	2,030
Information technology support		44,642	42,404	11,479	9,566
Lease of premises		366,617	357,320	32,546	32,410
Legal expenses		279	-	279	-
Occupancy costs		63,380	64,767	9,045	6,505
Marketing, publicity and functions		104,820	103,395	78,501	68,230
Portfolio management fees		37,510	35,708	34,708	33,497
Salaries - administration		419,449	311,468	257,762	277,368
Other expenses		198,124	305,148	131,562	174,770
Total Administration expenses		1,310,248	1,306,081	584,025	637,445

The notes on pages 10 to 20 are an integral part of these financial statements.

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2018

	Group		Parent	
	2018	2017	2018	2017
Research expenses				
Project grants	998,811	919,566	998,811	919,566
Project grants to New Zealand Brain Research Limited	-	-	200,000	350,000
Research costs	27,090	24,865	-	-
Salaries - research	491,879	533,434	-	-
Scholarships	27,500	19,348	-	-
Total research expenses	1,545,280	1,497,213	1,198,811	1,269,566
Total expenditure	2,855,528	2,803,293	1,782,836	1,907,011
Surplus/(deficit) for the year	(119,243)	(478,068)	(4,765)	(434,547)
Other comprehensive revenue and expense				
Net change in fair value of available-for-sale financial assets	(311,857)	1,182,864	(279,495)	1,085,512
Other comprehensive revenue and expense for the year	(311,857)	1,182,864	(279,495)	1,085,512
Total comprehensive revenue and expense for the year	(431,100)	704,797	(284,260)	650,966

Statement of financial position

As at 31 December 2018

		Group		Parent	
	Note	December 2018	December 2017	December 2018	December 2017
<i>In New Zealand Dollars</i>					
Assets					
Cash and cash equivalents		133,996	362,612	30,186	162,117
Receivables and prepayments	5	182,610	175,849	119,103	88,205
Current assets		316,606	538,461	149,289	250,322
Property, plant and equipment	6	108,530	120,239	7,556	5,301
Available-for-sale financial assets	9	15,926,839	15,751,942	14,742,257	14,575,002
Life insurance policies		88,869	99,311	88,869	99,311
Non-current assets		16,124,238	15,971,491	14,838,682	14,679,613
Total assets		16,440,844	16,509,952	14,987,972	14,929,936
Liabilities					
Payables		40,125	30,394	103,024	3,012
Unexpended project grants		1,516,827	1,258,774	1,516,827	1,258,774
Income received in advance		30,866	28,683	-	5,000
Accrued expenses		137,381	45,359	15,320	23,779
Inter-entity advance		-	-	959	3,270
Current liabilities		1,725,200	1,363,210	1,636,131	1,293,835
Total liabilities		1,725,200	1,363,210	1,636,131	1,293,835
Equity					
Accumulated comprehensive revenue and expense		11,486,131	11,605,373	10,194,727	10,199,492
Available-for-sale financial assets fair value reserve		2,934,918	3,246,775	2,862,519	3,142,014
General reserve fund		294,595	294,595	294,595	294,595
Total equity		14,715,643	15,146,743	13,351,840	13,636,101
Total equity and liabilities		16,440,844	16,509,953	14,987,971	14,929,936

The notes on pages 10 to 20 are an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2018

	Group				Parent			
	Accumulated comprehensive revenue and expense	Available-for-sale financial assets fair value reserve	General reserve fund	Total equity	Accumulated comprehensive revenue and expense	Available-for-sale financial assets fair value reserve	General reserve fund	Total equity
<i>in New Zealand Dollars</i>	Note							
Balance at 2016	12,083,440	2,063,911	294,595	14,441,946	10,634,038	2,056,502	294,595	12,985,135
Changes in equity for 2017								
Surplus/(deficit) for the year	(478,067)	-	-	(478,067)	(434,547)	-	-	(434,547)
Other comprehensive revenue and expense								
Net change in fair value of available-for-sale financial assets	-	1,182,864	-	1,182,864	-	1,085,512	-	1,085,512
Total comprehensive revenue and expense for the year	(478,067)	1,182,864	-	704,797	(434,547)	1,085,512	-	650,966
Transfers between reserves				-				-
Balance at 31 December 2017	11,605,373	3,246,775	294,595	15,146,743	10,199,492	3,142,014	294,595	13,636,101
Changes in equity for 2018								
Surplus/(deficit) for the year	(119,242)	-	-	(119,242)	(4,765)	-	-	(4,765)
Other comprehensive revenue and expense								
Net change in fair value of available-for-sale financial assets	-	(311,857)	-	(311,857)	-	(279,495)	-	(279,495)
Total comprehensive revenue and expense for the year	(119,242)	(311,857)	-	(431,100)	(4,765)	(279,495)	-	(284,260)
Transfers between reserves				-				-
Balance at 31 December 2018	11,486,131	2,934,918	294,595	14,715,643	10,194,727	2,862,519	294,595	13,351,840

The notes on pages 10 to 20 are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2018

In New Zealand Dollars	Note	Group 2018	2017	Parent 2018	2017
Cash flows from operating activities					
Cash receipts from:					
Donations and bequests		988,357	967,816	754,935	737,368
Event income		208,917	213,596	138,596	140,939
Grants		7,750	101,841	2,500	100,750
Members subscriptions		8,305	7,565	8,305	7,565
Services provided		499,212	353,771	80,000	85,000
Rent received		202,491	217,474	-	-
Sundry income		53,573	42,613	57,518	48,075
Net GST proceeds		28,644	28,460	11,882	16,522
Cash paid to:					
Grants		(768,258)	(1,261,090)	(840,758)	(1,591,742)
Cash paid to suppliers and employees		(1,695,689)	(1,718,425)	(588,022)	(695,905)
Net cash from (used in) operating activities	12	(466,700)	(1,046,380)	(375,044)	(1,151,428)
Cash flows from investing activities					
Cash receipts from:					
Investment income		579,261	594,107	533,561	552,674
Net disposal/(acquisition) of fund investments		(328,304)	552,410	(285,787)	591,347
Cash paid to:					
Acquisition of property, plant and equipment		(12,873)	(8,199)	(4,661)	(1,047)
Net cash from (used in) investing activities		238,084	1,138,317	243,113	1,142,973
Net (decrease)/increase in cash and cash equivalents		(228,616)	91,937	(131,931)	(8,455)
Cash and cash equivalents at 1 January		362,612	270,673	162,117	170,572
Cash and cash equivalents at 31 December		133,996	362,612	30,186	162,117

The notes on pages 10 to 20 are an integral part of these financial statements.

Notes to the financial statements

	Page
1. Reporting entity	11
2. Basis of preparation	11
3. Use of estimates and judgements	12
4. Significant accounting policies	12
5. Receivables and prepayments	17
6. Property, plant and equipment	17
7. Contingent liabilities	19
8. Capital commitments	19
9. Financial instruments	19
10. Operating lease commitments	19
11. Related parties	20
12. Reconciliation of net cash flows from operating activities to surplus/(deficit)	20
13. Subsequent events	20

Notes to the financial statements

Note 1 Reporting entity

Canterbury Medical Research Foundation Incorporated (the "Society") is a legal form of public benefit (not-for profit) entity, domiciled in New Zealand and registered under the Charities Act 2005. The financial statements have been prepared in accordance with the requirements of that Act.

For the purposes of financial reporting, Canterbury Medical Research Foundation Incorporated is a public benefit entity (not-for-profit).

Financial statements for the society and consolidated financial statements are presented. The consolidated financial statements of Canterbury Medical Research Foundation Incorporated as at and for the year ended 31 December 2018 comprises the society and its 100% subsidiary New Zealand Brain Research Limited, formerly Van Der Veer Limited, together referred to as the Group.

The society's main operation is to provide grants and funding for medical research projects.

Note 2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with and comply with New Zealand Generally Accepted Accounting practice ("NZ GAAP"). They comply with Tier 2 PBE Accounting Standards – Reduced Disclosure Regime (Not-For-Profit). The society qualifies to report under Tier 2 as it has no public accountability and for the two most recent reporting periods has had less than \$30 million operating expenditure.

The financial statements were authorised for issue by the Board on 15 April 2019.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- available-for-sale financial assets are measured at fair value

The financial statements are prepared on an accrual basis.

(c) Functional and presentation currency

The financial statements are presented in New Zealand dollars, which is the functional and reporting currency of the society and all values are rounded to the nearest dollar except where indicated otherwise.

Note 3 Use of estimates and judgements

The preparation of the financial statements in conformity with PBE Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2018 is included in the following notes:

- Note 4(d) – assessment of useful lives and residual values

Note 4 Significant accounting policies

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2018.

(a) Revenue from exchange transactions

Rental income from sub-lease

Rental income arising from sub-leasing the offices is accounted for on a straight-line basis over the lease term and included in revenue. The aggregate cost of lease incentives provided is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Interest income

Interest income is earned for the use of cash and cash equivalents or any amounts due to the society.

Interest income is recognised in the statement of comprehensive revenue and expense as it is earned. Interest income is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest revenue each period.

Dividend income

Dividend income is earned for the use of cash and cash equivalents or any amounts due to the society.

Dividend income is recognised in the statement of comprehensive revenue and expense as it is earned.

Services

Revenue from services rendered is recognised in the statement of comprehensive revenue and expense when the service is provided.

(b) Revenue from non-exchange transactions

Non-exchange transactions are those where the society receives value from another entity (e.g. cash or other assets) without giving approximately equal value in exchange.

Inflows of resources from non-exchange transactions, other than services in-kind, that meet the definition of an asset are recognised as an asset only when:

- It is probable that the society will receive an inflow of economic benefits or service potential; and
- The fair value of can be measured reliably.

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

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

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

The following are the specific recognition criteria in relation to the society's non-exchange transactions.

Gifts, donations and bequests

Gifts, donations and bequests are voluntary transfers of assets including cash or other monetary assets, goods in-kind and services in-kind that the society receives which are free from stipulations.

Gifts, donations and bequests are recognised as revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably. For gifts and donations this usually upon receipt of the gift or donation. However for bequests, a period of time may elapse between the death of the testator and the entity receiving any assets – in which case the entity makes an assessment of whether the deceased person's estate is sufficient to meet all claims on it and satisfy all bequests. If the will is disputed, this is taken into account in determining the probability of assets flowing to the entity. Gifts, donations and bequests are recognised as revenue at their fair value at the date of recognition.

(c) Taxes

The society is a registered charitable organisation and is therefore exempt from income tax.

(d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the society. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2018

Depreciation is calculated to write off the cost of items of property, plant and equipment less their residual values using the diminishing value method over their useful lives, and is recognised in surplus or deficit. The depreciation rates used are as follows:

· Leasehold improvements	7.5% - 48.0% diminishing value
· Research equipment and furniture	0.0% - 67.0% diminishing value
· Software	50.0% diminishing value

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

The assets' residual values and useful lives are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

(e) Leases

New Zealand Brain Research Limited holds the lease for the office and subleases this out to other entities.

Rent received from an operating lease is recognised as income on a straight-line basis over the lease term, net of the cost of any incentives granted to the lessee in negotiating the lease.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

(f) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The society determines the classification of its financial assets at initial recognition.

The society initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the settlement date at which the asset is delivered to the society.

All financial assets are recognised initially at fair value plus directly attributable transaction costs, except for financial assets at fair value through surplus or deficit which do not include transaction costs.

The society's financial assets include: cash and short-term deposits; trade and other receivables and fund investments. Trade and other receivables are classified as loans and receivables. Fund investments are classified as financial assets at fair value through surplus or deficit (designated on initial recognition).

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Receivables

Receivables are stated at estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Available-for-sale

The society classifies available-for-sale financial assets as non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity or financial assets at fair value through surplus or deficit.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with gains or losses recognised in other comprehensive revenue and expense and accumulated in the fair value reserve until the financial asset is derecognised, at which time the cumulative gain or loss in equity is reclassified to surplus or deficit.

Fair value is measured by the market value provided by the fund manager.

Impairment of available-for-sale financial assets

For available-for-sale financial assets, the society assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of financial assets classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value was below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the surplus or deficit – is removed from the reserve in equity and recognised in surplus or deficit.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(h) Provisions

Provisions are recognised when the society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the society expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of comprehensive revenue and expense net of any reimbursement.

Contingent liabilities

The society does not recognise a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2018

Contingent assets

The society does not recognise a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group in the notes to the financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

(i) Employee benefits

Short and long-term employee benefits

The cost of all short-term employee benefits, such as leave pay, is recognised during the period in which the employee renders the related service.

(j) Related parties

The society regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the society, or vice versa. Members of key management are regarded as related parties and comprise the executive committee of the society.

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2018

Note 5 Receivables and prepayments

	Group		Parent	
	2018	2017	2018	2017
Non-exchange - bequest	-	-	-	-
Exchange	182,610	175,849	119,103	88,205
Total receivables	182,610	175,849	119,103	88,205

Note 6 Property, plant and equipment

Group

<i>In New Zealand Dollars</i>	Software	Leasehold improvements	Research, Office equipment and furniture	Total
Cost				
Balance as at 1 January 2017	-	87,499	470,704	558,203
Additions	-	-	8,199	8,199
Disposals	-	-	-	-
Balance as at 31 December 2017	-	87,499	478,903	566,402
Additions	1,510	-	11,363	12,873
Disposals	-	-	-	-
Balance as at 31 December 2018	1,510	87,499	490,267	579,275
Depreciation and impairment				
Balance as at 1 January 2017	-	47,258	369,191	416,449
Depreciation	-	5,360	24,353	29,713
Impairment	-	-	-	-
Balance as at 31 December 2017	-	52,618	393,544	446,162
Depreciation	378	4,584	19,622	24,206
Impairment	-	-	-	-
Balance as at 31 December 2018	378	57,202	413,166	470,368
Net book values				
Balance as at 31 December 2017	-	34,881	85,359	120,239
Balance as at 31 December 2018	1,133	30,297	77,101	108,530

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2018

Parent

<i>In New Zealand Dollars</i>	Software	Leasehold improvements	Research, Office equipment and furniture	Total
Cost				
Balance as at 1 January 2017	-	7,019	69,240	76,259
Additions	-	-	1,047	1,047
Disposals	-	-	-	-
Balance as at 31 December 2017	-	7,019	70,287	77,306
Additions	-	-	4,661	4,661
Disposals	-	-	-	-
Balance as at 31 December 2018	-	7,019	74,947	81,966
Depreciation and impairment				
Balance as at 1 January 2017	-	6,731	63,243	69,974
Depreciation	-	38	1,993	2,030
Impairment	-	-	-	-
Balance as at 31 December 2017	-	6,769	65,236	72,005
Depreciation	-	32	2,374	2,406
Impairment	-	-	-	-
Balance as at 31 December 2018	-	6,801	67,610	74,411
Net book values				
Balance as at 31 December 2017	-	250	5,051	5,301
Balance as at 31 December 2018	-	218	7,337	7,556

Note 7 Contingent liabilities

There were no contingent liabilities at 31 December 2018. (2017: nil)

Note 8 Capital commitments

There were no capital commitments at 31 December 2018. (2017: nil)

Note 9 Financial instruments

(a) Categories of financial assets and liabilities		Group		Parent	
<i>In New Zealand Dollars</i>		2018	2017	2018	2017
Financial assets					
Available for sale financial assets					
Craigs Investment Partners portfolio - general fund investments		13,755,040	13,625,122	12,570,458	12,448,182
Craigs Investment Partners portfolio - specific fund investments		2,171,799	2,126,820	2,171,799	2,126,820
		15,926,839	15,751,942	14,742,257	14,575,002
Loans and receivables					
Cash and cash equivalents		133,996	362,612	30,186	162,117
Receivables		182,610	175,849	119,103	88,205
		316,606	538,461	149,289	250,322
Total financial assets		16,243,445	16,290,403	14,891,547	14,825,324
Financial liabilities					
Financial liabilities measured at amortised cost					
Payables		40,125	30,394	103,024	3,012
Unexpended project grants		1,516,827	1,258,774	1,516,827	1,258,774
Inter-entity advance		-	-	959	3,270
Total financial liabilities		1,556,952	1,289,168	1,620,811	1,265,056

Craigs Investment Partners portfolio - specific fund investments is internally restricted for New Zealand Brain Research Limited's use.

(b) Fair values

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The portfolio investments are stated at market value per the fund manager.

Note 10 Operating lease commitments

	Group		Parent	
	2018	2017	2018	2017
Non-cancellable operating lease commitments				
Current portion	339,835	342,000	28,255	30,420
Non-current portion - 1- 5 years	358,923	675,682	24,624	45,220
Total operating lease commitments	698,758	1,017,682	52,879	75,640

New Zealand Brain Research Limited lease 16-18 St Asaph Street and 60 Stewart Street from Stewart Street Holdings Limited, a related party (see note 11). This lease was renewed during the year for a term of 5 years from 15 September 2016.

They also lease 40 Stewart Street from Ontario Breeding Limited; which took over as lessor from Stewart Street Investments Limited, a related party (see note 11). This lease has a 5 year term beginning 1 February 2015.

Canterbury Medical Research Foundation Incorporated lease 1/23 Antigua Street from the Raymond George Family Trust. This lease has been renewed for a 3 year term beginning 2 September 2017. They also lease a printer from Sharp.

Note 11 Related parties

Key management personnel

The senior management group consists of the chief executive. The total remuneration of the senior management group and the number of managers, on a full-time equivalent basis, receiving remuneration in this category are:

	2018	2017
Total remuneration	106,055	125,627
Full use of lease vehicle	6,261	7,081 cost of lease
Number of persons	1	1

Other transactions

The Canterbury Medical Research Foundation Incorporated also has transactions with entities associated with Ross Hutton, Geoff Cranko and Michael Stenhouse who are members of the executive committee.

Value of transactions with:	2018	2017
Craigs Investment Partners - Ross Hutton	34,708	33,496
Sheffield South Island Limited - Michael Stenhouse	24,002	5,219
Strategy Design and Advertising Limited - Geoff Cranko	52,371	50,450

The Canterbury Medical Research Foundation Incorporated and New Zealand Brain Research Limited lease premises from Stewart Street Holdings Limited and Stewart Street Investments Limited, which are partly owned by interests associated with Michael Stenhouse and Ross Hutton who are members of the executive committee. Rental payments made during the year to Stewart Street Holdings Limited and Stewart Street Investments Limited amounted to \$186,590 (2017: \$186,307). New Zealand Brain Research Limited renewed their lease with Stewart Street Holdings Limited for another 5 year term during the year.

Note 12 Reconciliation of net cash flows from operating activities to surplus/(deficit)

In New Zealand Dollars	Note	Group 2018	2017	Parent 2018	2017
Surplus/(deficit) for the year		(119,242)	(478,068)	(4,765)	(434,547)
Non-cash movements					
Depreciation		24,583	29,713	2,406	2,030
Change in fair value of available for sale financial assets		(150,523)	(62,081)	(150,523)	(62,081)
Add/(deduct) movements in working capital					
Increase/(decrease) in payables		9,731	(46,696)	100,012	(48,412)
Increase/(decrease) in accrued expenses		92,022	(10,886)	(8,459)	(7,896)
Increase/(decrease) in project grants		258,053	(146,736)	258,053	(146,736)
(Increase)/decrease in receivables		(18,591)	236,968	(42,728)	252,807
Increase/(decrease) in revenue received in advance		2,184	6,583	(5,000)	5,000
(Increase)/decrease in other current assets		11,830	16,522	9,520	(158,918)
Less items classified as investing					
Investment income		(576,747)	(591,697)	(533,561)	(552,674)
Net cash flows from operating activities		(466,700)	(1,046,380)	(375,044)	(1,151,428)

Note 13 Subsequent events

There were no subsequent events to balance date when the financial statements were signed.