

Canterbury Medical Research Foundation Incorporated

Financial Statements
for the year ended 31 December 2019

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Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2019

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 2019.

These financial statements incorporate New Zealand Brain Research Limited.



Chairman of Canterbury Medical Research Foundation Incorporated
(on behalf of the Board)



Treasurer of Canterbury Medical Research Foundation Incorporated
(on behalf of the Board)

Dated: 3 JULY 2020



Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2019

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 Mark Jordan Cameron Lacey	Chairman Treasurer Appointed December 2019

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2019

Statement of comprehensive revenue and expense

For the year ended 31 December 2019

		Group		Parent	
<i>in New Zealand Dollars</i>	Note	2019	2018	2019	2018
Revenue					
Revenue from exchange transactions					
Subscriptions		2,713	8,305	2,713	8,305
Interest received		228,763	255,521	219,852	243,652
Dividends received		308,632	324,210	276,319	289,341
Event income		195,409	213,167	91,820	143,996
Grant income		125,000	55,250	125,000	50,000
Rent received		158,496	213,720	(27)	3,550
Research income		484,126	469,986	-	-
Management fees		-	-	80,000	80,000
Sundry income		134,378	58,284	129,952	53,421
Realised gains/(losses)		425,690	149,136	425,690	150,523
		2,063,207	1,747,578	1,351,320	1,022,787
Revenue from non-exchange transactions					
Bequests		393,321	662,159	313,841	662,159
Donations received		50,861	326,548	47,502	93,126
		444,182	988,707	361,342	755,285
Total revenue		2,507,389	2,736,285	1,712,662	1,778,071
Expenditure					
Administration expenses					
Accounting fees		19,934	23,893	9,789	9,935
Audit fees		10,983	10,310	7,325	7,010
Annual report and AGM		-	2,525	-	2,525
Communication costs		8,196	14,117	3,990	6,269
Depreciation expense		27,478	24,583	4,097	2,406
Information technology support		44,721	44,642	14,228	11,479
Amortisation of intangibles		10,507	-	10,507	-
Lease of premises		358,401	366,617	28,676	32,546
Legal expenses		1,800	279	1,800	279
Occupancy costs		61,701	63,380	9,658	9,045
Marketing, publicity and functions		98,412	104,820	48,526	78,501
Portfolio management fees		38,883	37,510	35,828	34,708
Salaries - administration		456,334	419,449	279,180	257,762
Other expenses		165,916	198,124	85,068	131,562
Total Administration expenses		1,303,265	1,310,248	538,672	584,025

The notes on pages 10 to 22 are an integral part of these financial statements.

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2019

	Group		Parent	
	2019	2018	2019	2018
Research expenses				
Project grants	1,182,775	998,811	1,182,775	998,811
Project grants to New Zealand Brain Research Limited	-	-	707,000	200,000
Research costs	27,277	27,090	-	-
Salaries - research	604,791	491,879	-	-
Scholarships	65,000	27,500	-	-
Total research expenses	1,879,844	1,545,280	1,889,775	1,198,811
Total expenditure	3,183,109	2,855,528	2,428,447	1,782,836
Surplus/(deficit) for the year	(675,721)	(119,243)	(715,786)	(4,765)
Other comprehensive revenue and expense				
Net change in fair value of available-for-sale financial assets	2,095,850	(311,857)	1,876,153	(279,495)
Other comprehensive revenue and expense for the year	2,095,850	(311,857)	1,876,153	(279,495)
Total comprehensive revenue and expense for the year	1,420,130	(431,100)	1,160,367	(284,260)

The notes on pages 10 to 22 are an integral part of these financial statements.

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2019

Statement of financial position

As at 31 December 2019

		Group		Parent	
	Note	December 2019	December 2018	December 2019	December 2018
In New Zealand Dollars					
Assets					
Cash and cash equivalents		69,124	133,996	43,572	30,186
Receivables and prepayments	5	109,660	182,610	89,472	119,103
Current assets		178,783	316,606	133,044	149,289
Property, plant and equipment	6	363,436	108,530	11,822	7,556
Intangible assets	7	93,275	-	73,550	-
Available-for-sale financial assets	10	17,285,376	15,926,839	16,079,350	14,742,257
Life insurance policies		90,776	88,869	90,776	88,869
Non-current assets		17,832,863	16,124,238	16,255,498	14,838,682
Total assets		18,011,646	16,440,844	16,388,542	14,987,971
Liabilities					
Payables		22,428	40,125	79,257	103,024
Unexpended project grants		1,770,443	1,516,827	1,770,443	1,516,827
Income received in advance		-	30,866	-	-
Accrued expenses		83,001	137,381	24,168	15,320
Inter-entity advance		-	-	2,466	959
Current liabilities		1,875,872	1,725,200	1,876,335	1,636,131
Total liabilities		1,875,872	1,725,200	1,876,335	1,636,131
Equity					
Accumulated comprehensive revenue and expense		10,810,410	11,486,131	9,478,941	10,194,727
Available-for-sale financial assets fair value reserve		5,030,768	2,934,918	4,738,672	2,862,519
General reserve fund		294,595	294,595	294,595	294,595
Total equity		16,135,773	14,715,643	14,512,208	13,351,840
Total equity and liabilities		18,011,646	16,440,844	16,388,542	14,987,971

The notes on pages 10 to 22 are an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2019

		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>	<i>Note</i>								
Balance at 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	14,715,642	10,194,727	2,862,519	294,595	13,351,840
Changes in equity for 2019									
Surplus/(deficit) for the year		(675,721)	-	-	(675,721)	(715,786)	-	-	(715,786)
Other comprehensive revenue and expense									
Net change in fair value of available-for-sale financial assets		-	2,095,851	-	2,095,851	-	1,876,153	-	1,876,153
Total comprehensive revenue and expense for the year		(675,721)	2,095,851	-	1,420,130	(715,786)	1,876,153	-	1,160,367
Transfers between reserves		-	-	-	-	-	-	-	-
Balance at 31 December 2019		10,810,410	5,030,769	294,595	16,135,773	9,478,941	4,738,672	294,595	14,512,208

The notes on pages 10 to 22 are an integral part of these financial statements.

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Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2019

Statement of cash flows

For the year ended 31 December 2019

In New Zealand Dollars	Note	Group		Parent	
		2019	2018	2019	2018
Cash flows from operating activities					
Cash receipts from:					
Donations and bequests		444,182	988,357	361,342	754,935
Event income		159,494	208,917	91,820	138,596
Grants		125,000	7,750	125,000	2,500
Members subscriptions		2,713	8,305	2,713	8,305
Services provided		529,632	499,212	130,000	80,000
Rent received		157,501	202,491	-	-
Sundry income		129,925	53,573	129,925	57,518
Net GST proceeds		-	28,644	-	11,882
Cash paid to:					
Grants		(794,160)	(768,258)	(1,536,160)	(840,758)
Cash paid to suppliers and employees		(2,075,659)	(1,695,689)	(638,121)	(588,022)
Net GST paid		(39,822)	-	(19,265)	-
Net cash from (used in) operating activities	13	(1,361,194)	(466,700)	(1,352,745)	(375,044)
Cash flows from investing activities					
Cash receipts from:					
Investment income		537,537	579,261	495,709	533,561
Net disposal/(acquisition) of fund investments		1,154,370	(328,304)	962,843	(285,787)
Cash paid to:					
Acquisition of property, plant and equipment		(395,622)	(12,873)	(92,420)	(4,661)
Net cash from (used in) investing activities		1,296,285	238,084	1,366,132	243,113
Net (decrease)/increase in cash and cash equivalents		(64,908)	(228,616)	13,386	(131,931)
Cash and cash equivalents at 1 January		133,996	362,612	30,186	162,117
Cash and cash equivalents at 31 December		69,087	133,996	43,572	30,186

The notes on pages 10 to 22 are an integral part of these financial statements.

Notes to the financial statements

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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 2019 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 3 JULY 2020.

(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 2 Basis of preparation (continued)

(d) Impairment

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

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 2019 is included in the following notes:

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

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2019

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 2019.

(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 2019

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.

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2019

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 2019

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 2019

Note 5 Receivables and prepayments

	Group		Parent	
	2019	2018	2019	2018
Exchange	109,660	182,610	89,472	119,103
Total receivables	109,660	182,610	89,472	119,103

Note 6 Property, plant and equipment

Group

<i>In New Zealand Dollars</i>	Software	Leasehold improvements	Research, Office equipment and furniture	Total
<u>Cost</u>				
Balance as at 1 January 2018	-	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
Additions	-	267,530	14,816	282,347
Disposals	-	-	-	-
Balance as at 31 December 2019	1,510	355,029	505,083	861,622
<u>Depreciation and impairment</u>				
Balance as at 1 January 2018	-	52,618	393,544	446,162
Depreciation	378	4,584	19,587	24,548
Impairment	-	-	-	-
Balance as at 31 December 2018	378	57,202	413,131	470,710
Depreciation	566	6,164	20,747	27,477
Impairment	-	-	-	-
Balance as at 31 December 2019	944	63,366	433,877	498,187
<u>Net book values</u>				
Balance as at 31 December 2018	1,133	30,297	77,101	108,565
Balance as at 31 December 2019	566	291,663	71,206	363,435

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2019

Parent

<i>In New Zealand Dollars</i>	Software	Leasehold improvements	Research, Office equipment and furniture	Total
Cost				
Balance as at 1 January 2018	-	7,019	70,287	77,306
Additions	-	-	4,661	4,661
Disposals	-	-	-	-
Balance as at 31 December 2018	-	7,019	74,947	81,966
Additions	-	-	8,363	8,363
Disposals	-	-	-	-
Balance as at 31 December 2019	-	7,019	83,310	90,329
Depreciation and Amortisation				
Balance as at 1 January 2018	-	6,769	65,236	72,005
Depreciation	-	32	2,374	2,406
Amortisation	-	-	-	-
Balance as at 31 December 2018	-	6,801	67,610	74,411
Depreciation	-	27	4,070	4,097
Amortisation	-	-	-	-
Balance as at 31 December 2019	-	6,828	71,680	78,507
Net book values				
Balance as at 31 December 2018	-	218	7,337	7,556
Balance as at 31 December 2019	-	191	11,631	11,822

Note 7 Intangible assets

	Group	Parent
<i>In New Zealand Dollars</i>	Website	Website
Cost		
Balance as at 1 January 2018	-	-
Additions	-	-
Disposals	-	-
Balance as at 31 December 2018	-	-
Additions	103,782	84,057
Disposals	-	-
Balance as at 31 December 2019	103,782	84,057
Depreciation and Amortisation		
Balance as at 1 January 2018	-	-
Depreciation	-	-
Amortisation	-	-
Balance as at 31 December 2018	-	-
Depreciation	10,507	10,507
Amortisation	-	-
Balance as at 31 December 2019	10,507	10,507
Net book values		
Balance as at 31 December 2018	-	-
Balance as at 31 December 2019	93,275	73,550

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2019

Note 8 Contingent liabilities

There were no contingent liabilities at 31 December 2019. (2018: nil)

Note 9 Capital commitments

There were no capital commitments at 31 December 2019. (2018: nil)

Note 10 Financial instruments

(a) Categories of financial assets and liabilities In New Zealand Dollars		Group		Parent	
	Note	2019	2018	2019	2018
Financial assets					
Available for sale financial assets					
Craigs Investment Partners portfolio - general fund investments		15,301,947	13,755,040	14,095,922	12,570,458
Craigs Investment Partners portfolio - specific fund investments		1,983,428	2,171,799	1,983,428	2,171,799
		17,285,376	15,926,839	16,079,350	14,742,257
Loans and receivables					
Cash and cash equivalents		69,124	133,996	43,572	30,186
Receivables		109,660	182,610	89,472	119,103
		178,783	316,606	133,044	149,289
Total financial assets		17,464,159	16,243,445	16,212,394	14,891,547
Financial liabilities					
Financial liabilities measured at amortised cost					
Payables		22,428	40,125	79,257	103,024
Unexpended project grants		1,770,443	1,516,827	1,770,443	1,516,827
Inter-entity advance		-	-	2,466	959
Total financial liabilities		1,792,871	1,556,952	1,852,167	1,620,811

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 11 Operating lease commitments

	Group		Parent	
	2019	2018	2019	2018
Non-cancellable operating lease commitments				
Current portion	215,604	339,835	20,055	28,255
Non-current portion - 1- 5 years	143,319	358,923	4,569	24,624
Total operating lease commitments	358,923	698,758	24,624	52,879

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 12). 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 12). 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.

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Note 12 Related parties

Key management personnel

The senior management group consists of the General Manager. 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:

	2019	2018
Total remuneration	140,000	106,055
Full use of lease vehicle	6,783	6,261 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, Michael Stenhouse and Ivan Donaldson who are members of the executive committees.

Value of transactions with:	2019	2018
Craigs Investment Partners - Ross Hutton	35,828	34,708
Sheffield South Island Limited - Michael Stenhouse	-	24,002
Strategy Creative Christchurch - Geoff Cranko	81,527	52,371
Donaldson Family Limited - Ivan Donaldson (NZBRI)	5,000	-

The Canterbury Medical Research Foundation Incorporated and New Zealand Brain Research Limited lease premises from Stewart Street Holdings Limited which is partly owned by interests associated with Ross Hutton who is a member of the executive committee. Rental payments made during the year to Stewart Street Holdings Limited amounted to \$185,000 (2018: \$186,590).

Note 13 Reconciliation of net cash flows from operating activities to surplus/(deficit)

In New Zealand Dollars	Note	Group 2019	2018	Parent 2019	2018
Surplus/(deficit) for the year		(675,721)	(119,242)	(715,786)	(4,765)
Non-cash movements					
Depreciation		27,478	24,583	4,097	2,406
Amortisation		10,507	-	10,507	-
Change in fair value of available for sale financial assets		(425,690)	(150,523)	(425,690)	(150,523)
Add/(deduct) movements in working capital					
Increase/(decrease) in payables		(125,369)	9,731	(23,767)	100,012
Increase/(decrease) in accrued expenses		(54,377)	92,022	8,848	(8,459)
Increase/(decrease) in project grants		253,616	258,053	253,616	258,053
(Increase)/decrease in receivables		229,718	(18,591)	49,359	(42,728)
Increase/(decrease) in revenue received in advance		(30,866)	2,184	-	(5,000)
(Increase)/decrease in other current assets		(40,284)	11,830	(18,221)	9,520
Less items classified as investing					
Investment income		(536,933)	(576,747)	(495,709)	(533,561)
(Gain)/loss on investment proceeds		6,726	-	-	-
Net cash flows from operating activities		(1,361,194)	(466,700)	(1,352,745)	(375,044)

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Note 14 Subsequent events

Colin McDougall resigned as General Manager with his last day being 19 June 2020.

In May 2020 the Craigs Investment Partners portfolio – specific fund held by the Society for specific use for New Zealand Brain Research Limited, as detailed in note 10 (with a balance of \$1,983,428 as at 31/12/2019), was formally transferred over to the subsidiary (New Zealand Brain Research Limited). This reallocation of investments will have no impact on the group as a whole but will result in a shift of portfolio funds showing as 'available for sale' from the parent to the group. While this formal transfer is not reflected in the financial statements until the 2020 financial year, the impact (using 31/12/2019 values) would be as follows:

	Group	Parent
Craigs Investments Partners portfolio – general fund investments	17,285,376	14,095,922
Craigs Investments Partners portfolio – specific fund investments	-	-
Total available for sale financial assets	17,285,376	14,095,922

Subsequent to the end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The actions by governments and communities in response to the pandemic have impacted the Society's operations, and consequently its asset base. While it is expected the impact will be temporary, there is uncertainty around its duration and the full effect it will have on the group. It is not possible to estimate the impact of the pandemic's effect on the organisations at this time. The financial statements as of 31 December 2019 are not adjusted for the impacts of COVID-19. The value of the Craigs Investments Partners portfolio – general fund has decreased to \$13,400,818 for the parent as at 31 May 2020. The general fund for the Group is now the total available for sales financial assets of the group and has decreased to \$16,373,561 (compared to \$17,285,376).

Other than the events above, there have been no significant events.