

Canterbury Medical Research Foundation Incorporated

Financial Statements
for the year ended 31 December 2020

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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 2020.

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: 19 May 2021

Canterbury Medical Research Foundation Incorporated

Financial Statements for the year ending 31 December 2020

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 Simon Carey Nichola Hiatt Mark Jordan Cameron Lacey	Chairman Treasurer

Statement of comprehensive revenue and expense

For the year ended 31 December 2020

in New Zealand Dollars	Note	Group		Parent	
		2020	2019	2020	2019
Revenue					
Revenue from exchange transactions					
Subscriptions		2,817	2,713	2,817	2,713
Interest received		174,552	228,763	159,980	219,852
Dividends received		236,747	308,632	204,532	276,319
Event income		56,340	195,409	-	91,820
Grant income		-	125,000	-	125,000
Rent received		109,821	158,496	-	(27)
Research income		723,143	484,126	-	-
Management fees		-	-	34,783	80,000
Sundry income		141,231	134,378	45,111	129,952
Realised gains/(losses)		66,046	425,690	(16,178)	425,690
		1,510,697	2,063,207	431,044	1,351,320
Revenue from non-exchange transactions					
Bequests		152,008	393,321	152,008	313,841
Donations received		56,352	50,861	49,715	47,502
		208,361	444,182	201,724	361,343
Total revenue		1,719,058	2,507,389	632,768	1,712,663
Expenditure					
Administration expenses					
Accounting fees		23,027	19,934	11,842	9,789
Audit fees		12,102	10,983	8,068	7,325
Communication costs		21,207	8,196	5,382	3,990
Depreciation expense		51,334	27,478	6,386	4,097
Loss on disposal of fixed assets		48	-	48	-
Information technology support		46,388	44,721	6,888	14,228
Amortisation of intangibles		36,775	10,507	36,775	10,507
Lease of premises		233,062	358,401	28,663	28,676
Legal expenses		1,478	1,800	1,478	1,800
Occupancy costs		37,197	61,701	7,820	9,658
Marketing, publicity and functions		62,548	98,412	43,444	48,526
Portfolio management fees		38,609	38,883	32,962	35,828
Salaries - administration		442,366	456,334	226,827	279,180
Other expenses		122,146	165,916	47,664	85,068
Total Administration expenses		1,128,287	1,303,265	464,246	538,672

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 2020

	Group		Parent	
	2020	2019	2020	2019
Research expenses				
Project grants	1,079,330	1,182,775	1,079,330	1,182,775
Project grants to New Zealand Brain Research Limited	-	-	1,432,906	707,000
Research costs	8,579	27,277	-	-
Salaries - research	787,310	604,791	-	-
Scholarships	-	65,000	-	-
Total research expenses	1,875,219	1,879,844	2,512,236	1,889,775
Total expenditure	3,003,506	3,183,109	2,976,482	2,428,447
Surplus/(deficit) for the year	(1,284,448)	(675,721)	(2,343,714)	(715,785)
Other comprehensive revenue and expense				
Net change in fair value of available-for-sale financial assets	993,219	2,095,850	395,427	1,876,153
Other comprehensive revenue and expense for the year	993,219	2,095,850	395,427	1,876,153
Total comprehensive revenue and expense for the year	(291,230)	1,420,129	(1,948,287)	1,160,368

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 2020

Statement of financial position

As at 31 December 2020

		Group		Parent	
	Note	December 2020	December 2019	December 2020	December 2019
<i>In New Zealand Dollars</i>					
Assets					
Cash and cash equivalents		210,561	69,123	79,610	43,572
Receivables and prepayments		231,967	109,660	67,365	89,472
Current assets		442,528	178,783	146,975	133,044
Property, plant and equipment	5	325,995	363,436	11,063	11,822
Intangible assets	6	56,500	93,275	36,775	73,550
Available-for-sale financial assets	9	17,152,428	17,285,376	14,230,891	16,079,350
Life insurance policies		90,926	90,776	90,926	90,776
Non-current assets		17,625,850	17,832,863	14,369,655	16,255,498
Total assets		18,068,378	18,011,646	14,516,630	16,388,542
Liabilities					
Payables		48,318	22,428	8,784	79,257
Unexpended project grants		1,919,315	1,770,443	1,919,315	1,770,443
Accrued expenses		256,200	83,001	22,144	24,168
Inter-entity advance		-	-	2,466	2,466
Current liabilities		2,223,833	1,875,872	1,952,709	1,876,335
Total liabilities		2,223,833	1,875,872	1,952,709	1,876,335
Equity					
Accumulated comprehensive revenue and expense		9,525,963	10,810,410	7,135,227	9,478,941
Available-for-sale financial assets fair value reserve		6,023,987	5,030,768	5,134,099	4,738,672
General reserve fund		294,595	294,595	294,595	294,595
Total equity		15,844,545	16,135,773	12,563,921	14,512,208
Total equity and liabilities		18,068,377	18,011,646	14,516,630	16,388,542

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 2020

	Group				Parent				
	Note	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
in New Zealand Dollars									
Balance at 2018		11,486,131	2,934,918	294,595	14,715,644	10,194,727	2,862,519	294,595	13,351,841
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		-	2,095,850	-	2,095,850	-	1,876,153	-	1,876,153
Total comprehensive revenue and expense for the year		(675,721)	2,095,850	-	1,420,129	(715,786)	1,876,153	-	1,160,367
Transfers between reserves		-	-	-	-	-	-	-	-
Balance at 31 December 2019		10,810,410	5,030,768	294,595	16,135,773	9,478,941	4,738,672	294,595	14,512,208
Changes in equity for 2020									
Surplus/(deficit) for the year		(1,284,448)	-	-	(1,284,448)	(2,343,714)	-	-	(2,343,714)
Other comprehensive revenue and expense									
Net change in fair value of available-for-sale financial assets		-	993,219	-	993,219	-	395,427	-	395,427
Total comprehensive revenue and expense for the year		(1,284,448)	993,219	-	(291,229)	(2,343,714)	395,427	-	(1,948,287)
Transfers between reserves		-	-	-	-	-	-	-	-
Balance at 31 December 2020		9,525,963	6,023,987	294,595	15,844,545	7,135,227	5,134,099	294,595	12,563,921

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

Statement of cash flows

For the year ended 31 December 2020

In New Zealand Dollars	Note	Group		Parent	
		2020	2019	2020	2019
Cash flows from operating activities					
Cash receipts from:					
Donations and bequests		208,211	444,182	201,574	361,342
Event income		73,365	159,494	17,153	91,820
Grants		-	125,000	-	125,000
Members subscriptions		2,817	2,713	2,817	2,713
Services provided		723,143	529,632	-	130,000
Rent received		109,949	157,501	-	-
Sundry income		123,553	129,925	62,216	129,925
Net GST proceeds		3,455	-	(1,409)	-
Cash paid to:					
Grants		(875,471)	(794,160)	(2,308,377)	(1,536,160)
Cash paid to suppliers and employees		(1,834,130)	(2,075,659)	(545,496)	(638,121)
Net GST paid		-	(39,822)	-	(19,265)
Net cash from (used in) operating activities	12	(1,465,108)	(1,361,194)	(2,571,523)	(1,352,745)
Cash flows from investing activities					
Cash receipts from:					
Investment income		428,274	537,537	385,527	495,709
Net disposal/(acquisition) of fund investments		1,192,212	1,154,370	2,227,708	962,843
Cash paid to:					
Acquisition of property, plant and equipment		(13,941)	(395,622)	(5,674)	(92,420)
Net cash from (used in) investing activities		1,606,545	1,296,285	2,607,561	1,366,132
Net (decrease)/increase in cash and cash equivalents		141,438	(64,909)	36,038	13,386
Cash and cash equivalents at 1 January		69,123	134,032	43,572	30,186
Cash and cash equivalents at 31 December		210,561	69,123	79,610	43,572

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 2020 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 _____.

(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 2020 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 2020.

(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 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.

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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	12.0% - 48.0% diminishing value
· Research equipment and furniture	11.4% - 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.

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 2020

Note 5 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 2019	1,510	87,499	490,267	579,276
Additions		267,530	14,816	282,346
Disposals	-	-	-	-
Balance as at 31 December 2019	1,510	355,029	505,083	861,622
Additions	588	-	13,441	14,029
Disposals	-	-	135	-
Balance as at 31 December 2020	2,098	355,029	518,390	875,516
Depreciation and impairment				
Balance as at 1 January 2019	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	433,878	498,187
Depreciation	577	29,920	20,838	51,334
Impairment	-	-	-	-
Balance as at 31 December 2020	1,521	93,286	454,716	549,521
Net book values				
Balance as at 31 December 2019	566	291,663	71,206	363,436
Balance as at 31 December 2020	577	261,743	63,674	325,995

Parent

Cost				
Balance as at 1 January 2019	-	7,019	74,947	81,966
Additions	-	-	8,363	8,363
Disposals	-	-	-	-
Balance as at 31 December 2019	0.00	7,019	83,310	90,329
Additions	-	-	5,762	5,762
Disposals	-	-	(135)	-
Balance as at 31 December 2020	0.00	7,019	88,937	96,091
Depreciation and Amortisation				
Balance as at 1 January 2019	-	6,801	67,610	74,411
Depreciation	-	23	6,363	6,386
Amortisation	-	-	-	-
Balance as at 31 December 2019	0.00	6,824	73,973	80,797
Depreciation	-	27	4,070	4,097
Amortisation	-	-	-	-
Balance as at 31 December 2020	0.00	6,852	78,042	84,893
Net book values				
Balance as at 31 December 2019	-	191	11,631	11,822
Balance as at 31 December 2020	-	167	10,895	11,063

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Note 6 Intangible assets

	Group	Parent
<i>In New Zealand Dollars</i>	Website	Website
<u>Cost</u>		
Balance as at 1 January 2019	-	-
Additions	103,782	84,057
Disposals	-	-
Balance as at 31 December 2019	103,782	84,057
Additions		
Disposals	-	-
Balance as at 31 December 2020	103,782	84,057
<u>Amortisation</u>		
Balance as at 1 January 2019	-	-
Amortisation	10,507	10,507
Balance as at 31 December 2019	10,507	10,507
Amortisation	36,775	36,775
Balance as at 31 December 2020	47,282	47,282
<u>Net book values</u>		
Balance as at 31 December 2019	93,275	73,550
Balance as at 31 December 2020	56,500	36,775

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Note 7 Contingent liabilities

There were no contingent liabilities at 31 December 2020. (2019: nil)

Note 8 Capital commitments

There were no capital commitments at 31 December 2020. (2019: nil)

Note 9 Financial instruments

(a) Categories of financial assets and liabilities In New Zealand Dollars		Group		Parent	
	Note	2020	2019	2020	2019
Financial assets					
Available for sale financial assets					
Craigs Investment Partners portfolio - general fund investments		17,152,428	15,301,947	14,230,891	14,095,922
Craigs Investment Partners portfolio - specific fund investments		-	1,983,428	-	1,983,428
		17,152,428	17,285,376	14,230,891	16,079,350
Loans and receivables					
Cash and cash equivalents		210,561	69,124	79,610	43,572
Receivables		231,967	109,660	67,365	89,472
		442,528	178,784	146,975	133,044
Total financial assets		17,594,956	17,464,160	14,377,866	16,212,394
Financial liabilities					
Financial liabilities measured at amortised cost					
Payables		48,318	22,428	8,784	79,257
Unexpended project grants		1,919,315	1,770,443	1,919,315	1,770,443
Inter-entity advance		-	-	2,466	2,466
Total financial liabilities		1,967,633	1,792,871	1,930,565	1,852,166

In May 2020 the Craigs Investment Partners portfolio – the specific fund investments held by the Society for specific use for New Zealand Brain Research Limited (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.

(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	
	2020	2019	2020	2019
Non-cancellable operating lease commitments				
Current portion	347,162	215,604	31,433	20,055
Non-current portion - 1- 5 years	576,508	143,319	47,435	4,569
Total operating lease commitments	923,670	358,923	78,868	24,624

New Zealand Brain Research Limited lease 16-18 St Asaph Street and 66 Stewart Street from Stewart Street Holdings Limited, a related party (see note 11). This lease was renewed for a term of 3 years to expire on 14 September 2024.

The lease of 40 Stewart Street from Ontario Breeding Limited ceased in January 2020.

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 2020. They also lease a printer from Sharp.

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Note 11 Related parties

Key management personnel

The senior management group consists of the General Manager Colin McDougall (who voluntarily resigned in the first half 2020) and Mark Jordan who was appointed as Acting General Manager upon Colin's departure. 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:

	2020	2019
Total remuneration	87,539	140,000
Full use of lease vehicle	3,391	6,783
Number of persons	2	1

Other transactions

The Canterbury Medical Research Foundation Incorporated also has transactions with entities associated with Ross Hutton, Geoff Cranko, Mark Jordan and Ivan Donaldson who are members of the executive committees.

Value of transactions with:	2020	2019
Craigs Investment Partners - Ross Hutton	36,417	35,828
Strategy Creative Christchurch - Geoff Cranko	16,111	81,527
Donaldson Family Limited - Ivan Donaldson (NZBRI)	3,000	5,000
Mark Jordan	11,250	-

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 (2019: \$185,000).

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

In New Zealand Dollars	Note	Group 2020	Group 2019	Parent 2020	Parent 2019
Surplus/(deficit) for the year		(1,284,448)	(675,721)	(2,343,714)	(715,786)
Non-cash movements					
Depreciation		51,335	27,478	6,386	-
Amortisation		36,775	10,507	36,775	-
Loss on disposal of fixed assets		48		48	
Change in fair value of available for sale financial assets		16,178	(425,690)	16,178	(425,690)
Add/(deduct) movements in working capital					
Increase/(decrease) in payables		(69,754)	(125,369)	(70,474)	(23,767)
Increase/(decrease) in accrued expenses		161,175	(54,377)	(2,024)	8,848
Increase/(decrease) in project grants		148,872	253,616	148,872	253,616
(Increase)/decrease in receivables		(35,071)	229,718	2,501	49,359
Increase/(decrease) in revenue received in advance		-	(30,866)	-	-
(Increase)/decrease in other current assets		20,279	(40,284)	19,456	(18,221)
Less items classified as investing					
Investment income		(428,274)	(536,933)	(385,527)	(495,709)
(Gain)/loss on investment proceeds		(82,224)	6,726	-	14,604
Net cash flows from operating activities		(1,465,108)	(1,361,194)	(2,571,523)	(1,352,745)

Note 13 COVID-19

On 11 March 2020, the World Health Organization (WHO) declared the outbreak of COVID-19 a pandemic. The actions by governments and communities in response to the pandemic have impacted the Society's operation, and consequently its asset base. COVID-19 will not impact the ability of Canterbury Medical Research Foundation Incorporated to continue operating. The event and grant income has declined and the major impact with a year on year comparison is the reduction of investment income "realised gain".

Note 14 Subsequent events

Mark Jordan resigned from his role as Acting General Manager and Melissa Haberfield has been appointed as the new General Manager.