

**The SPCA Trust
Financial Statements
For the Year Ended 30 June 2021**

**The SPCA Trust
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For the Year Ended 30 June 2021**

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**The SPCA Trust
Statement of Comprehensive Revenue and Expense
For the Year Ended 30 June 2021**

	Note	2021	2020
Revenue from Non Exchange Transactions			
Donations and Bequests		2,100	61,581
Finance Income			
Dividends received		346,355	391,378
Interest received on available for sale financial assets		305,977	556,914
Realised gains on available for sale financial assets		2,478,140	259,479
Total Revenue		<u>3,132,572</u>	<u>1,269,352</u>
Expenditure			
Accountancy fees		8,913	4,313
Audit fees		6,003	4,888
Distributions	5(i)	34,628,429	1,000,000
Legal fees		13,863	9,522
Portfolio advisory fees		81,573	71,325
Other expenses		173	141
Total expenditure		<u>34,738,954</u>	<u>1,090,189</u>
(Deficit)/Surplus for the year		<u>(31,606,382)</u>	<u>179,163</u>
Other comprehensive revenue and expense			
Gain on revaluation of available for sale financial assets		-	679,118
Other comprehensive revenue and expense for the year		<u>-</u>	<u>679,118</u>
Total comprehensive revenue and expense for the year		<u>(31,606,382)</u>	<u>858,281</u>

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

The SPCA Trust
Statement of Changes in Net Assets/Equity
For the Year Ended 30 June 2021

	Note	Accumulated revenue and expense	Available for sale asset fair value reserve	Total net accumulated funds
Balance as at 1 July 2020		25,073,277	6,536,349	31,609,626
Total comprehensive income for the year		(31,606,382)	-	(31,606,382)
Transfer - Available for sale asset fair value reserve		6,536,349	(6,536,349)	-
Balance at 30 June 2021		3,244	-	3,244
Balance as at 1 July 2019		24,894,114	5,857,231	30,751,345
Total comprehensive income for the year		179,163	679,118	858,281
Balance at 30 June 2020		25,073,277	6,536,349	31,609,626

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

**The SPCA Trust
Statement of Financial Position
As at 30 June 2021**

	Note	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	4	13,882	21,707
Cash investments		-	791,973
Available for sale financial assets - current	4	-	7,784,719
		<u>13,882</u>	<u>8,598,399</u>
Non-current assets			
Available for sale financial assets - term	4	-	23,012,837
TOTAL ASSETS		<u><u>13,882</u></u>	<u><u>31,611,236</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and accruals	4	10,638	1,610
TOTAL LIABILITIES		<u><u>10,638</u></u>	<u><u>1,610</u></u>
NET ASSETS / EQUITY			
Accumulated revenue and expense		3,244	25,073,277
Available for sale asset fair value reserve		-	6,536,349
Net Accumulated funds		<u><u>3,244</u></u>	<u><u>31,609,626</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>13,882</u></u>	<u><u>31,611,236</u></u>

For and on behalf of the Board on 16 November 2021.

Trustee

Trustee

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

**The SPCA Trust
Statement of Cash Flows
For the Year Ended 30 June 2021**

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Proceeds from:</i>			
Donations, Fundraising & Other Similar		2,100	353,581
Dividends received		346,355	391,378
Interest received		436,571	541,347
<i>Proceeds to:</i>			
Cash to suppliers		(99,888)	(89,730)
Donations Paid		(750,000)	(1,000,000)
Net cash (outflow)/inflow from operating activities		(64,862)	196,576
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Proceeds from:</i>			
Available for Sale financial assets and cash investments (Net)		57,037	-
<i>Proceeds to:</i>			
Available for Purchase financial assets and cash investments (Net)		-	(186,369)
Net cash inflow/(outflow) from investing activities		57,037	(186,369)
Net (decrease)/increase in cash and cash equivalents		(7,825)	10,207
Cash and cash equivalents at beginning of year		21,707	11,500
Cash and cash equivalents at the end of year	4	13,882	21,707

The above statements should be read in conjunction with the notes to and forming part of the financial statements

The SPCA Trust

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2021

Note 1 - Reporting entity

The SPCA Trust is a Charitable Trust incorporated under the Charitable Trust Act 1957.

(a) Following the amalgamation of the various New Zealand SPCA entities the Trust changed its name from The Auckland SPCA Trust to The SPCA Trust and added the Royal New Zealand Society for the Prevention of Cruelty to Animals Incorporated as a beneficiary of the Trust.

(b) During the year the trustees resolved to distribute the funds of the trust to its beneficiary, RNZSPCA. These funds have subsequently been invested by RNZSPCA into a subsidiary company, SPCA Investments Limited. The SPCA Trust will continue to operate to the extent that it shall receive donations and bequests. Any such funds received in the future will be distributed to RNZSPCA for utilisation in accordance with the terms of the donation or bequest.

Note 2 - Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with *Public Benefit Entity Standards Reduced Disclosure Regime* ("PBE Standards RDR"), as appropriate for Tier 2 not-for-profit public benefit entities.

The Trust qualifies as a Tier 2 reporting entity as it has opted to comply with this framework and for the prior periods it had less than \$30m operating expenditure.

These financial statements were authorised for issue by the Board of Trustees on 16 November 2021.

(b) Measurement basis

The financial statements have been prepared on the historical cost basis except for Available for Sale financial instruments which are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the Trust's presentation and functional currency.

Note 3 - Use of judgements and estimates

The preparation of the financial statements 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 those 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.

(a) Changes in accounting estimates

There have been no changes in accounting estimates during the year.

The SPCA Trust
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2021

Note 4 - Financial instruments

(i) Classification and fair values of financial instruments

The tables below show the carrying amount of the Trust's financial assets and financial liabilities.

30 June 2021

	Carrying amount			Total
	Financial assets		Financial liabilities	
	Loans and receivables	Available for sale	Amortised cost	
Cash and cash equivalents	13,882	-	-	13,882
Accounts payable	-	-	(10,638)	(10,638)
	13,882	-	(10,638)	3,244

30 June 2020

Cash and cash equivalents	21,707	-	-	21,707
Cash investments	791,973	-	-	791,973
<i>Available for sale financial instruments</i>				
Fixed interest investments - New Zealand	-	14,497,826	-	14,497,826
Equity securities - New Zealand	-	6,230,682	-	6,230,682
Equity securities - Australia	-	4,283,233	-	4,283,233
Equity securities - International	-	5,785,815	-	5,785,815
Accounts payable	-	-	(1,610)	(1,610)
	813,680	30,797,556	(1,610)	31,609,626

The SPCA Trust
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2021

Note 4 - Financial instruments (continued)

(ii) Fair values

Fair value determination for available for sale financial assets are as follows:

(a) Fixed interest securities (listed) and Equity securities (listed)

Fair values are based on the quoted market price in the active market of the security at reporting date.

The Trust initially recognises financial instruments when the Trust becomes a party to the contractual provisions of the instrument.

The Trust derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Trust is recognised as a separate asset or liability.

The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Trust also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Trust classifies financial assets into the following categories: *loans and receivables* and *available-for-sale*.

The Trust classifies financial liabilities as *amortised cost*.

Financial instruments are initially measured at fair value or amortised cost.

Subsequent measurement is dependent on the classification of the financial instrument and is specifically detailed in the accounting policies below.

i. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

The SPCA Trust
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2021

Note 4 - Financial instruments (continued)

Loans and receivables comprise cash and cash equivalents and cash investments which is uninvested cash held in the Trust's investment portfolio.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

ii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any other category of financial assets.

Available-for-sale financial assets are subsequently measured at fair value with gains or losses (other than foreign exchange gains or losses) recognised in other comprehensive revenue and expense and presented in the Available for Sale fair value reserve within net assets/equity, less impairment.

Upon de-recognition, the accumulated gain or loss within net assets/equity is reclassified to surplus or deficit.

Available-for-sale financial assets comprise equity and debt securities externally managed and not highly liquid.

iii. Amortised cost financial liabilities

Financial liabilities classified as *amortised cost* are non-derivative financial liabilities that are not classified as *fair value through surplus or deficit* financial liabilities.

Financial liabilities classified as *amortised cost* are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as *amortised cost* comprise trade and other payables.

Note 5 - Related party transactions

(i) Beneficiary transactions

Distributions made during the year ended 30 June 2021 totalled \$34,628,429. (2020: \$1,000,000).

During the year the trustees resolved to distribute the funds of the trust to its beneficiary, RNZSPCA. These funds have subsequently been invested by RNZSPCA into a subsidiary company, SPCA Investments Limited. The SPCA Trust will continue to operate to the extent that it shall receive donations and bequests. Any such funds received in the future will be distributed to RNZSPCA for utilisation in accordance with the terms of the donation or bequest.

(ii) Other related party transactions

One of the Trustees of the Trust, Mr G Trainer, is also a Director of the SPCA Auckland Incorporated and the Royal New Zealand Society for the Prevention of Cruelty to Animals Incorporated.

Accounting services were provided by Bendall and Cant Limited. Mr D B Bendall is a consultant of Bendall and Cant Limited and is a Trustee of the Trust. The value of services provided during the year by Bendall and Cant was \$8,913 (2020: \$4,313).

The SPCA Trust
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2021

Note 6 - Events after reporting date

There were no other significant events after the reporting date which are required to be or which have been included in the financial results for the year ended 30 June 2021 (2020: Nil).

The Trustees note that Covid-19 is unlikely to have any material adverse impact on the Trust.

Note 7 - Other accounting policies

The accounting policies set out below have been applied consistently in the preparation of the financial statements.

The accounting policies of the Trust are detailed below:

- (a) Foreign currency
- (b) Revenue
- (c) Finance income and finance costs
- (d) Impairment of non-derivative financial assets

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

(b) Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Trust and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Trust's revenue streams must also be met before revenue is recognised.

i. Revenue from non-exchange transactions

Non-exchange transactions are those where the Trust receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

Inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value is reliably measurable.

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.

The SPCA Trust
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2021

Note 7 - Other accounting policies (continued)

(b) Revenue (continued)

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 reliably estimated.

The following specific recognition criteria in relation to the Trust's non-exchange transaction revenue streams must also be met before revenue is recognised.

Stipulations that are 'restrictions' do not specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a *non-exchange liability*, which results in the immediate recognition of *non-exchange revenue*.

Grants and Donations

Grants and donations income is recognised when it becomes receivable unless the Trust has a liability to repay the grant or donation if the requirements of the grant or donation are not fulfilled. A liability is recognised to the extent that such conditions are unfulfilled at the end of the reporting period.

Stipulations that are 'conditions' specifically require the Trust to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a *non-exchange liability* that is subsequently recognised as *non-exchange revenue* as and when the 'conditions' are satisfied.

(c) Finance income and finance costs

Finance income comprises dividend income, interest income on financial assets available for sale and gains on the disposal of available-for-sale financial assets.

Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

Dividends are recognised when the Trust's right to receive payment is established, and the amount can be reliably measured.

Finance costs comprise interest expense on financial liabilities, unwinding of the discount on provisions, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through surplus or deficit, impairment losses recognised on financial assets, and fair value adjustments on concessionary loans issued.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

The SPCA Trust
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2021

Note 7 - Other accounting policies (continued)

(d) Impairment of non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

For an equity security classified as an *available-for-sale* financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

i. Financial assets classified as loans and receivables

The Trust considers evidence of impairment for financial assets measured at amortised cost (*loans and receivables*) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Trust uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against *loans and receivables*. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

ii. Financial assets classified as available-for-sale

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in net assets/equity to surplus or deficit.

The cumulative loss that is reclassified from net assets/equity to surplus or deficit is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in surplus or deficit.

Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired *available-for-sale* debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit. However, any subsequent recovery in the fair value of an impaired *available-for-sale* equity security is recognised in other comprehensive revenue and expense.

The SPCA Trust
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2021

Note 8 - Capital Commitments

The entity had no capital commitments at balance date (30 June 2020: \$0).

Note 9 - Contingent Liabilities

At balance date there are no known contingent liabilities (30 June 2020: \$0). The SPCA Trust has not granted any securities in respect of liabilities payable by any other party whatsoever.

Note 10 - Contingent Assets

At balance date there are no known contingent assets (30 June 2020: \$0).

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SPCA TRUST

Opinion

We have audited the financial statements of The SPCA Trust ("the Trust"), which comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Trust's Trustees, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Auckland

BDO Auckland
Auckland
New Zealand
16 November 2021