

SPIRIT OF ADVENTURE TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

SPIRIT OF ADVENTURE TRUST

Contents

	Page
<hr/>	
Trust Directory	1
Statement of Comprehensive Revenue and Expenses	2
Statement of Changes in Equity	3
Statement of Financial Position	4
Cash Flow Statement	5
Notes to the Financial Statements	6
Independent Auditor's Report	17

SPIRIT OF ADVENTURE TRUST

Trust Directory

BOARD OF TRUSTEES

Stephen Fisher
Brooke Archbold
Susan Blakely
Jeffrey Morrison
Jerry Norman
Catherine Mason
Aaron Bethune
Chris Jewell

REGISTERED OFFICE

Spencers Chartered Accountants & Advisers Limited
Level 6
12 Viaduct Harbour Avenue
Auckland 1010

BANKERS

Bank of New Zealand
Auckland

SOLICITORS

Russell McVeagh
48 Shortland Street
Auckland 1010

ACCOUNTANTS

Spencers Chartered Accountants & Advisers Limited
Level 6
12 Viaduct Harbour Avenue
Auckland 1010

CHARITIES COMMISSION

Registration Number: CC22151

INDEPENDENT AUDITOR

PricewaterhouseCoopers
15 Customs Street West
Auckland 1010

SPIRIT OF ADVENTURE TRUST

Statement of Comprehensive Revenue and Expenses
For the Year Ended 31 March 2022

Notes	2022			2021		
	Operations \$	Foundation, Bequests and Endowments \$	Total \$	Operations \$	Foundation, Bequests and Endowments \$	Total \$
Revenue from Non-Exchange Transactions						
Spirit Supporters	-	-	-	-	-	-
Public Donations & Grants	1,403,807	-	1,403,807	712,082	-	712,082
Other Income	244,908	-	244,908	257,752	-	257,752
Bequests & Endowments		850,528	850,528			
Rendering of Services - Voyage Fees	1,952,454	-	1,952,454	1,761,937	-	1,761,937
Total Revenue from Non-Exchange Transactions	3,601,169	850,528	4,451,697	2,731,771	-	2,731,771
Revenue from Exchange Transactions						
Investment	5,020	185,260	190,280	18,238	156,678	174,916
Sponsorship & Other Income	70,463	-	70,463	5,364	-	5,364
Total Revenue from Exchange Transactions	75,483	185,260	260,743	23,602	156,678	180,280
Total Revenue	3,676,652	1,035,788	4,712,440	2,755,373	156,678	2,912,051
Other Gains / Losses						
Foreign Currency Gain / (Losses)	-	(2,691)	(2,691)	-	(663)	(663)
Fair Value Changes in Investments	-	154,392	154,392	-	1,571,019	1,571,019
Total Other Gains / Losses	-	151,701	151,701	-	1,570,356	1,570,356
Total Revenue and Other Gains / (Losses)	3,676,652	1,187,489	4,864,141	2,755,373	1,727,034	4,482,407
Less Expenditure						
Administration	1,277,968	29,869	1,307,837	1,173,630	14,829	1,188,459
Public Relations/Marketing	74,222	-	74,222	13,687	-	13,687
Voyage Costs	2,553,505	-	2,553,505	1,516,373	-	1,516,373
	3,905,695	29,869	3,935,564	2,703,690	14,829	2,718,519
Total Surplus (Deficit) for the Year	(229,043)	1,157,620	928,577	51,683	1,712,205	1,763,888
Other Comprehensive Revenue and Expenses						
Revaluation of Property, Plant & Equipment	-	-	-	1,532,800	-	1,532,800
Total Comprehensive Revenue and Expenses for the Year	(229,043)	1,157,620	928,577	1,584,483	1,712,205	3,296,688

SPIRIT OF ADVENTURE TRUST

Statement of Changes in Equity
For the Year Ended 31 March 2022

Notes	2022					2021				
	Operations		Foundation		Total	Operations		Foundation		Total
	Operations	Asset Revaluation Reserve	Operations Income Reserve	Bequests and Endowments		Operations	Asset Revaluation Reserve	Operations Income Reserve	Bequests and Endowments	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Equity as at 1 April	815,886	4,756,647	427,299	9,329,884	15,329,716	898,476	3,223,847	281,591	7,629,114	12,033,028
Total Surplus (Deficit) for the Year	(229,043)	-	-	1,157,620	928,577	51,683	-	-	1,712,205	1,763,888
Transfer (to) / from Reserves	(41,153)	-	41,153	-	-	(145,708)	-	145,708	-	-
Revaluation of Property Plant & Equipment	-	-	-	-	-	-	1,532,800	-	-	1,532,800
Foundation transfer to operations as per bequest accountabilities	-	-	-	-	-	11,435	-	-	(11,435)	-
Equity as at 31 March	545,690	4,756,647	468,452	10,487,504	16,258,293	815,886	4,756,647	427,299	9,329,884	15,329,716

Equity
As at 31 March

	2022					2021				
	Operations		Foundation		Total	Operations		Foundation		Total
	Operations	Asset Revaluation Reserve	Operations Income Reserve	Bequests and Endowments		Operations	Revaluation Reserve	Operations Income Reserve	Bequests and Endowments	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Operational Reserves for Life Enhancement Fund	545,690	4,756,647	468,452	-	5,770,789	815,886	4,756,647	427,299	-	5,999,832
Committed Funds for Vessel Replacement Fund	-	-	-	10,487,504	10,487,504	-	-	-	9,329,884	9,329,884
Total Cash in Bank Accounts and Investments and Total Committed Equity as at 31 March	545,690	4,756,647	468,452	10,487,504	16,258,293	815,886	4,756,647	427,299	9,329,884	15,329,716

SPIRIT OF ADVENTURE TRUST

Statement of Financial Position
As at 31 March 2022

	Notes	2022			2021		
		Operations	Foundation, Bequests and Endowments	Total	Operations	Foundation, Bequests and Endowments	Total
		\$	\$	\$	\$	\$	\$
Equity	7	5,770,789	10,487,504	16,258,293	5,999,832	9,329,884	15,329,716
Represented By:							
Current Assets							
Cash & Cash Equivalents		2,039,728	1,298,927	3,338,655	1,619,506	1,239,465	2,858,971
Receivables - Exchange Transactions		302	27,116	27,418	-	26,490	26,490
Receivables - Non Exchange Transactions		4,000	850,528	854,528	56,592	-	56,592
Inventory on Hand		-	-	-	5,688	-	5,688
Inventory in Transit		-	-	(0)	-	-	-
Investments	8	-	8,088,466	8,088,466	-	7,892,642	7,892,642
Internal Loan		-	-	-	-	-	-
Advances for Working Capital		(222,810)	222,810	-	(171,287)	171,287	-
		1,821,220	10,487,847	12,309,067	1,510,499	9,329,884	10,840,383
Non Current Assets							
Property Plant & Equipment	9	4,947,873	-	4,947,873	5,140,426	-	5,140,426
Intangible Assets	10	15,363	-	15,363	24,787	-	24,787
		4,963,236	-	4,963,236	5,165,213	-	5,165,213
Total Assets		6,784,456	10,487,847	17,272,303	6,675,712	9,329,884	16,005,596
Less Current Liabilities							
Accounts Payable & Accruals		217,465	343	217,808	240,789	-	240,789
Fees & Income in Advance		796,202	-	796,202	435,091	-	435,091
		1,013,667	343	1,014,010	675,880	-	675,880
Total Net Assets		5,770,789	10,487,502	16,258,293	5,999,832	9,329,884	15,329,716

On behalf of the Board

STEPHEN FISHER - TRUSTEE



AARON BETHUNE - TRUSTEE



DATE: 27 September 2022

Cash Flow Statement
For the Year Ended 31 March 2022

	Operations	Foundation, Bequests and Endowments	2022 Total	Operations	Foundation, Bequests and Endowments	2021 Total
	\$	\$	\$	\$	\$	\$
Receipts from Non-Exchange Transactions	3,769,964		3,769,964	2,418,538		2,418,538
Receipts from Exchange Transactions	77,240		77,240	5,364		5,364
Covid-19 Wage Subsidy	244,908		244,908	93,728		93,728
Payments to Suppliers & Employees	(3,748,845)		(3,748,845)	(2,457,878)		(2,457,878)
Working Capital Advance	80,455	(80,455)	-	(3,483)	3,483	-
Net Cash Flows from Operating Activities	423,722	(80,455)	343,267	56,269	3,483	59,752
Cash Flows from Investing Activities						
Interest Received	5,020	57,404	62,424	18,238	47,902	66,140
Dividends Received		62,386	62,386		27,244	27,244
PIE Income Received		52,687	52,687		62,373	62,373
Sale of Investments		1,454,482	1,454,482		1,633,975	1,633,975
Purchase of Property, Plant and Equipment	(2,035)		(2,035)	(9,200)		(9,200)
Purchase of Intangibles	-		-	(5,938)		(5,938)
Purchase of Investments		(1,493,527)	(1,493,527)		(1,199,750)	(1,199,750)
Net Cash Flows from Investing Activities	2,985	133,432	136,417	3,100	571,744	574,844
Net Cash Flows from Financing Activities				-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	426,707	52,977	479,684	59,369	575,227	634,596
Cash and Cash Equivalents as at 1 April	1,619,506	1,239,465	2,858,971	1,560,137	664,238	2,224,375
Cash and Cash Equivalents as at 31 March	2,039,728	1,298,927	3,338,655	1,619,506	1,239,465	2,858,971

SPIRIT OF ADVENTURE TRUST

Notes to the Financial Statements For the Year Ended 31 March 2022

1. GENERAL INFORMATION

(a) Reporting Entity

The reporting entity for these financial statements is The Spirit of Adventure Trust (the Trust). The Trust provides young New Zealanders with access to a character development programme conducted in a maritime environment on board its ship the "Spirit of New Zealand". These financial statements present two divisions of the Trust being the ship and its operations (Operations) and an investment structure established for the long-term replacement of the vessel and for specific support activities (Foundation).

The Trust is domiciled in New Zealand and is a charitable organisation registered under the Charities Act 2005.

As a charity registered under the Charities Act 2005 the Trust is exempt from income tax.

These financial statements of the Trust are for the year ended 31 March 2022. The financial statements were authorised for issue by the Board of Trustees on 27 September 2022.

The Trustees have the power to amend the financial statements after issue.

(b) Statutory Base

The financial statements have been prepared in accordance with the requirements of the Charities Act 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements as set out below.

(a) Basis of Preparation

The Trust financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). They comply with Public Benefit Entity Accounting Standards (PBE Standards) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with GAAP, the Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE Standards Reduced Disclosure Regime (PBE Standards RDR) on the basis that it does not have public accountability and is not large.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Standards RDR and in doing so has taken advantage of all applicable RDR disclosure concessions.

(b) Basis of Measurement

These financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of investments, except for the vessel which has been revalued to fair value.

The financial statements are presented in New Zealand dollars (\$), which is the Trust's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

(c) Revenue

Revenue transactions are classified either as "exchange" transactions or "non-exchange" transactions:

Revenue from Exchange Transactions

Exchange transactions are transactions in which the Trust receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Revenue from exchange transactions is accounted for when it is probable that the economic benefits or service potential associated with the transaction will flow to the Trust and the amount of the revenue can be measured reliably.

The exchange revenue transactions for the Trust are interest and dividend income received on its investments as well as sponsorship.

SPIRIT OF ADVENTURE TRUST

Notes to the Financial Statements For the Year Ended 31 March 2022

Interest revenue

Interest revenue is recognised on a time proportion basis that takes into account the effective yield on the underlying asset.

Dividend income

Dividend income is recognised when the right to receive the payment is established.

PIE income

PIE income is recognised when the right to receive the payment is established

Sponsorship & other income

Income from sponsorship is recognised when the funds are received unless there are specific conditions attached. If there are such conditions the sponsorship is initially recorded as income in advance and recognised as revenue when the conditions are satisfied.

Revenue from Non-Exchange Transactions

In a non-exchange transaction, the Trust either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. The Trust's non-exchange revenue transactions include donations, grants, endowments and bequests as the Trust does not provide value in exchange. Voyage fees are also accounted for as non-exchange revenue transactions as the voyage fees on their own do not cover the direct or indirect costs of operating the voyages; the balance of these costs is covered by sponsorships and donations.

Donations, grants, endowments and bequests

Fund received are recognised as revenue when they are received unless there is an obligation in substance to return the funds if conditions of the funding are not met. If there is such an obligation, the grants are initially recorded as income in advance and recognised as revenue when the conditions are satisfied.

Voyage fees

Voyage fees paid in advance contain conditions that may require these to be repaid, therefore the revenue from these transactions are recognised when the voyage takes place.

Donated services

Volunteer services and pro bono services received by the Trust are not recognised as revenue or expenditure. These donated services are described in Note 14.

A separate reserve, the Operational Income Reserve, has been created in equity for non-exchange revenue receipts that do not have obligations in substance to return funds subject to conditions (and are therefore recognised as revenue immediately) but have stipulations for requested use of those funds (note 7). These funds are expected to be spent in future periods in accordance with the directions in the related grants/donations.

Bequests and Endowments are received on behalf of the Foundation unless the donor has specified the operational use of the funds, or the Board allocates amounts received for operational purposes.

Other Income

For the year ended 31 March 2022, Other Income includes \$244,908 received from the New Zealand government under the Covid-19 Wage Subsidy Scheme. The income has been accounted for in accordance with PBE IPSAS 23. The amount received has been presented as revenue from non-exchange transactions. The income is further described in Note 15.

(d) Employee Benefit Costs

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits), annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee rendered the related services and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

SPIRIT OF ADVENTURE TRUST

Notes to the Financial Statements For the Year Ended 31 March 2022

(e) Financial Instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

The Trust derecognises a financial asset or, where applicable, a part of a financial asset or part of a Trust of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Trust has transferred substantially all the risks and rewards of the asset; or
- the Trust has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial Assets

Financial assets within the scope of NFP PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* are either classified as loans and receivables, financial assets at fair value through surplus or deficit, or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition. The Trust's financial assets are

- cash and cash equivalents, short-term deposits, bank term deposits and receivables from non-exchange transactions, which are classified as loans and receivables
- investments in shares, bonds and other tradable securities, which are classified as fair value through surplus or deficit.

The Trust does not presently have any financial assets that are classified as available-for-sale.

The category determines subsequent measurement and whether any resulting income and expense is recognised in other comprehensive revenue and expenses (i.e. available-for-sale financial assets) or in surplus or deficit (all other financial assets).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment.

The effective interest rate amortisation is included in finance income in the statement of comprehensive revenue and expenses.

Financial assets at fair value through surplus or deficit

Investments in shares, bonds and other tradable securities are designed as at fair value through surplus or deficit on initial recognition. After initial recognition, these investments are measured at their fair value with movements recognised in fair value changes in the statement of comprehensive revenue and expenses.

Impairment of financial assets

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. A financial asset or a Trust of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment. The amount of the loss (or subsequent reversal) is recognised in the surplus or deficit for the reporting period.

Financial liabilities

The Trust's financial liabilities include trade and other creditors, and employee entitlements.

All financial liabilities are initially recognised at fair value plus transaction costs and are measured subsequently at amortised cost using the effective interest method.

(f) Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

SPIRIT OF ADVENTURE TRUST

Notes to the Financial Statements For the Year Ended 31 March 2022

(g) Accounts Receivable

Accounts Receivable are stated at expected realisable value after due allowance for bad and doubtful debts.

(h) Inventories

Inventories primarily consist of merchandise and are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis.

(i) Foreign Transactions

Transactions in foreign currencies are converted at the rate of exchange at the date of the transaction. The figures shown in the financial statements are stated in New Zealand Dollars.

At balance date any foreign currency monetary assets and liabilities are translated at the exchange rate at that date and any resulting exchange variations are included in surplus or deficit.

(j) Property Plant & Equipment

Items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent to initial recognition items of property, plant and equipment except for the vessel are measured at cost less accumulated depreciation and impairment losses. The vessel is measured at fair value. The vessel will be revalued with sufficient regularity at least every four years to ensure that its carrying amount does not differ materially from fair value. The carrying value of revalued asset is assessed annually to ensure that it does not differ materially from its fair value. If there is a material difference, then an off-cycle revaluation will be performed.

Depreciation is charged either on a straight line or diminishing value basis over the useful life of the asset to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Plant & Equipment	6.0% - 40% DV
Furniture & Fittings	20% - 25% DV
Vessel	30 years
Leasehold Improvements	23 years
Computer Equipment	50% DV

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each year end.

(k) Intangible Assets

The Trust's intangible assets are software. These are initially recognised at cost. The cost of intangible assets acquired in a non-exchange transaction is measured at its fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Software is amortised on a 50% diminishing value basis over the useful economic life of the asset and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period is reviewed at least at the end of each reporting period.

(l) Impairment of Non-Financial Non-Cash Generating Assets

Cash generating assets are assets that are held with the primary objective of generating a commercial return. All of the Trust's property, plant and equipment and intangible assets are considered to be non-cash generating assets.

Trust assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated.

Impairment losses are recognised immediately in surplus or deficit.

SPIRIT OF ADVENTURE TRUST

Notes to the Financial Statements For the Year Ended 31 March 2022

(m) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to ownership of the asset are transferred to the Trust, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease assets under a specified lease for the purposes of the Income Tax Legislation are capitalised and depreciated.

Lease payments under operating leases are charged as expenses in the periods in which they are incurred.

(n) Goods and Services Taxation

These financial statements have been prepared on a GST exclusive basis except for accounts receivable and accounts payable which are stated GST inclusive.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(o) Significant Judgements and Estimates

In preparing the financial statements, the Board of Trustees is required to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The uncertainty from these assumptions and estimates could result in outcomes that may result in a material adjustment to the carrying amount of the asset or liability.

The Trust bases its assumptions and estimates on parameters available when the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Trust. Such changes are reflected in the assumptions when they occur. The key significant judgements and estimates used in the preparation of these financial statements are as follows:

Fair value of Spirit of New Zealand

There were significant judgements involved in determining the fair value of the vessel as described in Note 9.

The carrying value of the Spirit of New Zealand is \$4,866,800 at 31 March 2022 (2021: \$5,000,000). The vessel is depreciated over its estimated useful life. The useful life and residual value of the asset is assessed using the following indicators:

- The condition of the asset
- The nature of the asset
- The nature of the use of the asset
- Changes in the market in relation to the asset

3. CAPITAL COMMITMENTS

The Trust had capital commitments of \$Nil at 31 March 2022 (2021: \$Nil).

4. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Trust had contingent liabilities of \$58,500 as at 31 March 2022 relating to a letter of credit with the BNZ bank (2021: \$58,500).

The Trust is subject to a number of laws and regulations in its normal operations. The Trust's compliance with these laws and regulations is monitored by management and the Trustees, however there can be differences in interpretations that can come from regulator reviews and/or other issues. It is the Trust's practice to obtain legal advice regarding the impact of any new legislation applicable to the Trust and where potential non-compliance is identified to assist the Trust in determining the most appropriate course of action. As at the date of these financial statements, the Trust is not aware

SPIRIT OF ADVENTURE TRUST

Notes to the Financial Statements For the Year Ended 31 March 2022

of any disputes or actions from any regulator and there are currently no material litigations against the Trust.

5. INCOME AND EXPENDITURE

	2022	2021
	\$	\$
Included in Investment income for the year is:		
Dividends Received	66,871	27,244
Interest Received	65,701	67,061
PIE received	52,687	62,373
Endowment & Fund Distributions (Interest Received)	5,020	18,238
	<u>190,280</u>	<u>174,916</u>
Included in Administration expenditure for the year is:		
Amortisation		
Software	9,424	18,847
Depreciation		
Vessels	166,667	133,200
Plant and Equipment	9,515	13,484
Furniture and Fittings	690	864
Computer Equipment	8,294	10,189
Leasehold Improvements	9,422	9,422
	<u>204,012</u>	<u>186,006</u>
Operating Lease Expense	24,691	28,911
Employee Benefit Expense		
Salaries & Wages	1,860,423	1,615,392
Defined Contribution Plans (KiwiSaver)	50,703	45,708
	<u>1,911,126</u>	<u>1,661,100</u>
Trustees' Fees	-	-
Fees paid to auditors – PricewaterhouseCoopers (PwC)		
Audit of the annual financial statements	-	-
	<u>-</u>	<u>-</u>

PwC performs the audit and the grant compliance assurance engagements on a pro bono basis. In recognition of this service for the current year the Trust is providing a complimentary half day sailing on the Spirit of Adventure for a group of partners and staff of PwC.

6. VOYAGE INCOME

	2022	2021
	\$	\$
Voyage Fees	1,952,454	1,761,937
Voyage Direct Costs	<u>(2,553,505)</u>	<u>(1,516,373)</u>
	(601,051)	245,564

SPIRIT OF ADVENTURE TRUST

Notes to the Financial Statements For the Year Ended 31 March 2022

7. EQUITY

	2022	2021
	\$	\$
Included in equity at balance date are the following Funds:		
The Roy and Val Allen Endowment	200,000	200,000
The Elaine Gurr Endowment	50,000	50,000
The Gavin Wylie Endowment	80,000	80,000
The Peter Reid Estate Endowment	125,000	125,000
The Colin Anderson Endowment	20,000	20,000
The John McKenzie Team New Zealand Fund	384,342	384,342
The Pauline Fraser Endowment Fund	342,577	342,577
The Estate of Andrew Robert Hart	850,528	-
Foundation Investment Fund	<u>8,435,057</u>	<u>8,039,400</u>
Total Foundation Reserves (Vessel Replacement Reserve)	10,487,504	9,329,884
Operational Income Reserves	468,452	427,299
Asset Revaluation Reserve	4,756,647	4,756,647
Operational Fund	<u>545,690</u>	<u>815,866</u>
Total Operations Reserves	5,770,789	5,999,832
Total Equity	<u>16,258,293</u>	<u>15,329,716</u>

The Trustees have the following policies:

- i) to accumulate sufficient funds in the Operational Fund for operations to meet ongoing vessel refit and life enhancement commitments by recognising the income received as the work is completed.
- ii) to accumulate sufficient funds in the Foundation Investment Fund, represented by various investments held in the Foundation, in order to make a substantial long-term contribution towards the cost of the replacement of the "Spirit of New Zealand" in 2036.

Foundation Reserves

The Trustees have been advised that the vessel "Spirit of New Zealand" could reach the end of its useful life by 2036 so long as an active life enhancement program is maintained. The current estimated replacement cost, at that time, is \$44.5 million.

Operations Reserves

The accumulated revenues and expenses are recognised in the Operations Reserves.

A separate Income Reserve was created for Operations in the 31 March 2017 year. The amount in the Income Reserve at year end is equal to donations and grants subject to restrictions which have been recognised as non-exchange revenue in the current year (note 2(c)), but the intended expenditure has not yet take place in accordance with directions in the related grants/donations.

8. INVESTMENTS

	2022	2021
	\$	\$
Loans and receivables		
Bank Term Deposits	1,251,496	814,784
Fair value through surplus or deficit		
Shares	5,306,985	6,263,408
Bonds	<u>1,529,985</u>	<u>814,450</u>
Total Investments	<u>8,088,466</u>	<u>7,892,642</u>

SPIRIT OF ADVENTURE TRUST

Notes to the Financial Statements For the Year Ended 31 March 2022

The fair values of financial assets at fair value through surplus or deficit are determined using quoted prices at the end of the year in active markets for those securities, without any deduction for transaction costs.

9. PROPERTY PLANT & EQUIPMENT

	31 March 2022			31 March 2021		
	Cost/Fair Value	Accum. Depn	Book Value	Cost/Fair Value	Accum. Depn	Book Value
	\$	\$	\$	\$	\$	\$
Spirit of New Zealand	5,000,000	166,667	4,833,333	5,000,000	-	5,000,000
Plant & Equipment	292,798	241,622	51,176	292,798	232,107	60,691
Furniture & Fittings	40,764	38,016	2,748	40,764	37,326	3,438
Leasehold Improvements	216,587	165,621	50,966	216,587	156,199	60,388
Computer Equipment	55,526	45,876	9,649	53,491	37,582	15,909
	5,605,675	657,802	4,947,873	5,603,640	463,214	5,140,426

Reconciliation of carrying amount at the beginning and end of the period:

	1 April 2021					31 March 2022
	Opening Balance	Additions	Disposals	Revaluations	Depreciation	Closing Balance
	\$	\$	\$		\$	\$
Spirit of New Zealand	5,000,000	-	-	-	(166,667)	4,833,333
Plant & Equipment	60,691	-	-	-	(9,515)	51,176
Furniture & Fittings	3,438	-	-	-	(690)	2,748
Leasehold Improvements	60,388	-	-	-	(9,422)	50,966
Computer Equipment	15,909	2,035	-	-	(8,294)	9,650
	5,140,426	2,035	-	-	(194,588)	4,947,873

The "Spirit of New Zealand" was commissioned in July 1986 and is recorded in the Financial Statements at depreciated market value.

The vessel was revalued to \$5 million as determined by an independent valuer with an effective date of 31 March 2021. In determining the revalued amount comparisons were made to similar vessels and the current marine market was also taken into account.

The Trustees intend to review the valuation position every 4 years, in line with the accounting policy Note 2(j), the next valuation is due to occur in late 2024 to early 2025 for inclusion in the 2025 financial statements.

SPIRIT OF ADVENTURE TRUST

Notes to the Financial Statements For the Year Ended 31 March 2022

10. INTANGIBLE ASSETS

	31 March 2022			31 March 2021		
	Cost	Accum. Amort	Book Value	Cost	Accum. Amort	Book Value
	\$	\$	\$	\$	\$	\$
Software	143,693	128,330	15,363	143,693	118,906	24,787
	143,693	128,330	15,363	143,693	118,906	24,787

Reconciliation of carrying amount at the beginning and end of the year:

	1 April 2021			31 March 2022	
	Opening Balance	Additions	Disposals	Amortisation	Closing Balance
	\$				\$
Software	24,787	-	-	(9,424)	15,363
	24,787	-	-	(9,424)	15,363

11. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

	31 March 2022			31 March 2021		
	Loans and receivables	Fair value through surplus or deficit	Total	Loans and receivables	Fair value through surplus or deficit	Total
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	2,039,728	-	2,039,728	1,619,506	-	1,619,506
Receivables - non-exchange	4,000	-	4,000	56,592	-	56,592
Receivables - exchange	302	-	302	26,490	-	26,490
Investments	-	8,088,466	8,088,466	814,784	7,077,858	7,892,642
	2,044,030	8,088,466	10,132,496	2,517,372	7,077,858	9,595,230

Prepayment and GST receivable do not meet the definition of a financial asset and have been excluded from the table above.

SPIRIT OF ADVENTURE TRUST

Notes to the Financial Statements For the Year Ended 31 March 2022

Financial liabilities

	31 March 2022		31 March 2021	
	Amortised cost	Total	Amortised cost	Total
	\$	\$	\$	\$
Accounts Payable & Accruals	217,808	217,808	228,645	228,645
Fees & Income in Advance	796,202	796,202	435,091	435,091
	<u>1,014,010</u>	<u>1,014,010</u>	<u>663,736</u>	<u>663,736</u>

GST payable and employee entitlements do not meet the definition of a financial liability and have been excluded from the table above.

12. LEASE COMMITMENTS

Lease commitments under non-cancellable operating leases at balance date were:

	2022	2021
	\$	\$
No later than one year	41,115	46,200
Later than one year and no later than five years	145,285	142,861
Later than five years	-	32,739
Total non-cancellable leases	<u>186,400</u>	<u>221,800</u>

The Trust leases office equipment and the office space on Princes Wharf in Auckland.

The office lease expires in February 2027. There are no contingent rent arrangements or significant escalation clauses in this lease agreement.

13. RELATED PARTIES

Key management personnel

The Board considers key personnel to include the CEO, Marine Manager and three active Masters.

The aggregate remuneration of key management personnel groups during the year were:

	Full Time Equivalent	2022	Full Time Equivalent	2021
		\$		\$
Trustees	8	-	7	-
Employees	5	641,635	7	737,145
Total		<u>641,635</u>		<u>737,145</u>

Trustees perform their roles on an honorary basis.

Other transactions with related parties

SPIRIT OF ADVENTURE TRUST

Notes to the Financial Statements For the Year Ended 31 March 2022

The following transactions between the Trust and related parties took place during the year:

Related party	Nature of transactions	Relationship with the Trust	Transactions during the year 2022 \$	Accounts payable at year end 2022 \$	Transactions during the year 2021 \$	Accounts payable at year end 2021 \$
Fisher International Limited	Office and secretarial services	Associated with Mr Stephen Fisher, a Trustee	4,348	-	3,986	-
Spencers Chartered Accountants & Advisers Limited	Accounting services	Associated with Mr Andrew Spencer, a Trustee. Retired 31 March 2021	-	-	6,733	-

All transactions were at normal commercial rates.

No related party debts have been written off or forgiven during the year.

14. SERVICES IN KIND

The Spirit of Adventure Trust has received services or consumable goods donated but not recognised in the financial statements to an estimated value of \$687,001 (2021: \$527,406). In this figure was \$464,775. (2021: \$309,800) of estimated value of volunteer time which was for the delivery of the Youth Programs on board the Spirit of New Zealand and the balance of \$222,236 (2021: \$ 217,606) was for professional services or consumable goods supplied.

15. SIGNIFICANT EVENTS – COVID-19

The impact of Covid-19 throughout the 2022 financial year had cancelled voyages and sailings out of Tauranga with reduced trainees and revenue.

The Trust met the eligibility requirements of the New Zealand government Wage Subsidy scheme. During the year, the Trust received \$244,908 in total relating to the Wage Subsidy, Wage Subsidy Extension and the Wage Subsidy Resurgence for the period March 2021 to March 2022 to mitigate employee-related costs. The Trust has recognised the income at gross when received. The income has been used for offsetting payroll expenses that it relates to.

The Trust also claimed and received a rent holiday of \$9,387 to help mitigate the impact of Covid-19.

The Trustees have reviewed the financial position and outlook of the Trust and consider that the Trust will continue as a going concern.



Independent auditor's report

To the Trustees of Spirit of Adventure Trust

Our opinion

In our opinion, the accompanying financial statements of Spirit of Adventure Trust (the Trust), present fairly, in all material respects, the financial position of the Trust as at 31 March 2022, its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

What we have audited

The Trust's financial statements comprise:

- the statement of financial position as at 31 March 2022;
- the statement of comprehensive revenue and expenses for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We perform the audit engagement on a pro bono basis. In recognition of this service in the current year, the Trust provided complimentary half day sailings on the *Spirit of New Zealand* for a group of partners and staff of PwC. This has not impacted our independence as auditors.

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



Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Trustees and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Trustees 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 Public Benefit Entity Standards Reduced Disclosure Regime, 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 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) and ISAs 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 economic 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 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 Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Troy Florence.

For and on behalf of:

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written over a faint, illegible printed name.

Chartered Accountants
27 September 2022

Auckland