

What's our work?

To help identify the potential in every one of the people we serve, then lend a hand to help them realise it.



Annual report **2020**

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Chair report

Looking back over the 2019-20 financial year, I can't help but reflect on the sporting cliché that it was very much a 'game of two halves.' The latter half of 2019 seems a dim and distant memory now, since the emergence of COVID-19 in New Zealand.



Garry Smith
Chair Spectrum Care Board of Trustees





It has, undoubtedly, been a challenging year.

What's also undoubtedly true is that we've risen to the myriad challenges and faced them together with wholehearted optimism. The strength of our commitment to the people we support and their whānau has shone through, despite the tumult of the pandemic, and we've been united by the power of kindness.

Our Chief Executive, Sean Stowers, will talk more of Spectrum Care's pragmatic and person-centred pandemic response in his report.

While weathering the storm of a global pandemic, the disability support sector has also faced ongoing fiscal headwinds due to continued underfunding and a fragmented, inconsistent approach to contract funding.

Hopes were high with a wide-ranging review of health and disability services which was aimed at ensuring the system balanced wellness, access, equity and sustainability.

Key among the review's findings was a clear acknowledgement that disabled people are not being well served by the existing health and disability system. In short, disabled New Zealanders experience worse health outcomes and are forced to navigate a disability support system that is both complex and confusing.

The recommendations have yet to be accepted by government. There has also been widespread reticence within the disability sector at the proposed devolution of disability support into DHBs, with the clear message being that disability is not a health issue. We look forward to seeing how the recommendations are considered from the incoming government post-election.

Predictably, funding also compounds uncertainty in relation to the overarching governance of our sector.

For thousands of people living with disability, a life of one's own can only be achieved with support.

We're aware that around 15,000 disabled people in our communities don't receive the supports to which they're entitled – because the system doesn't have capacity and has to ration supply, services aren't available where people live, or services don't meet people's needs.

The Board recognises that the current Government has made a commitment to the disability sector and delivered an important catch-up on the long-term underfunding. However, it remains clear that disability support services have been underfunded for the past decade and require significant further investment if we are to realise the Enabling Good Lives principles that will shape a vision where disabled people and their whānau can choose to increase choice and control in their lives and the support they receive.

While the challenges we face in providing high-quality support to disabled people and their whānau will continue into the foreseeable future, we look forward to working with the government to address unmet need and to maximise the potential of disabled New Zealanders, because every person with a disability deserves a life of choice, freedom and independence.

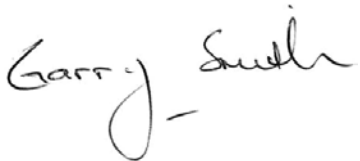
Our pursuit of better life outcomes for people in need continues to be supported by our wholly owned subsidiary Homes of Choice. We thank the Homes of Choice Board for its diligence, responsiveness and ongoing commitment to realising housing possibilities alongside the people we support.

The relationship between Spectrum Care Trust Board and our subsidiaries has been a significant focus over the past year, and will be ongoing over the year ahead. The focus of this work is to create a clearer contributory structure between our parent entity, Spectrum Care Trust Board, and the operational subsidiaries which support it. The coming year will see our services arm 'Spectrum Care' restructured into a wholly owned subsidiary, alongside our property arm Homes of Choice, and relaunched as a refreshed, standalone brand – watch this space! We have also been exploring how Spectrum Care Trust Board could further strengthen its commitment to the objects of our trust deed through philanthropy and fundraising initiatives.

Our Board of Trustees continues to benefit from an outstanding working relationship between Spectrum's Chief Executive Sean Stowers, myself and the Trustees. On behalf of the Board, I thank Sean and his Executive Team for their professionalism and dedication.

To all staff who have worked so hard to keep the people in our communities safe, I thank you for your courage and your kindness. I also thank my fellow Trustees for their contributions to their Board and Committee responsibilities.

I remain confident that Spectrum Care Trust Board remains well-placed to support lives of choice, freedom and independence for people with disabilities and their whānau.



Garry Smith

Chair Spectrum Care Board of Trustees

Our mission

'Realising possibilities'

'Whakatinana ana I ngā wawata'

- We believe in lives of choice
- We believe in inclusive communities
- We believe in daring to dream

Our values

- Empowering informed decision-making
- Being a trusted partner
- Building connections to communities of choice
- Facilitating solutions for people and their whānau

Our strategic domains

Right voice

Partnering with people, whānau and stakeholders in developing solutions

Right support

Growing the voice of people and their whānau

Right people

Creating career pathways and valued roles

Right focus

Embedding a customer-centric model into the DNA of the organisation

Right path

Achieving sustainable, long-term prosperity

We're in partnership with people at all ages and stages of their lives.

Chief Executive's report

While the 2019-20 financial year has seen a number of key milestones achieved the past year will largely be remembered only for the emergence and impact of the global pandemic, COVID-19. It appears we may remain in its shadow for some time yet.



Sean Stowers
Chief Executive



COVID-19 has certainly challenged our organisational capacity, not only in terms of planning to ensure the people we support and their staff are safe, but also in the ways we delivered supports for individuals and whānau who required additional support. Compounding this were challenges that included new approaches to remote working and service delivery, reconfiguring staffing resources, providing people we support with timely access to groceries and household items during the Level Four 'lockdown', accessing and distributing Personal Protective Equipment, and engaging in daily welfare checks with the people we support and our more than 1300 staff.

It was great to see people we support within the 'A-Team' kick into action with an initiative that saw them phoning around all our homes to connect with peers who just wanted someone to talk with. These calls became regular features in peoples' calendars over the lockdown period. It was a nice example of innovation, working outside the box and showing kindness. Something we all needed over this period.

To all the people we support, whānau and Spectrum Care staff, I say thank you, thank you, thank you. Despite the significant challenges we've faced, I'm pleased that we've been able to offer continuity of support, where possible, within the limitations of the various alert levels. We've also had the opportunity to contribute to Government and ministry forums throughout the pandemic, and worked hard to ensure the appropriate resources have been available to support disabled people, their whānau and our staff.

As noted on our Chair Report, funding constraints also continue to compound access and support delivery issues. While we recognise that the current Government has made a commitment to our sector and delivered an important catch-up on this long-term underfunding, it remains clear that disability support services have been underfunded for the past decade and require significant further investment to avoid a crisis.

Overall, nearly 80 per cent of people we support and 90 per cent of whānau were satisfied with their experience of the support we provide. Opportunities for improvement are, of course, the real gold and the survey results indicated that communication between staff, people we support and whānau is an area on which we need to focus. Communication is key to all relationships so, as a result of your feedback, we've established a Communication Improvement Project and action plans are underway to improve our responsiveness.

Our strategic domain of 'Right support' has seen significant activity over the past financial year. The big news within the priority 'Partnering with people, whānau and stakeholders in developing solutions' was that Spectrum Care became the provider of out-of-home planned breaks for adults with physical disability and their whānau who previously accessed services through the Laura Fergusson Trust. We were glad to play a part in ensuring continuity of service for Laura Fergusson Trust customers and whānau while also being fortunate to have access to a number of support staff from the Laura Fergusson Trust

While rising values and increasing demand for affordable housing continue to impact the ability of people with disabilities and their whānau to gain a foothold on the property ladder, the many successful outcomes Homes of Choice has achieved over the past financial year signify important steps towards their strategic objectives of 'housing people better', 'housing more people' and 'growing and diversifying'. This includes a property purchase in Wellington for specialist 'planned breaks' support and three two-bedroom bespoke builds in Auckland. Partnering in developing solutions has also seen us take over two homes on behalf of whānau to support their adult child, along with flatmates, in the former family home. Examples such as these demonstrate what 'walking alongside and working together' looks like in terms of truly partnering with whānau and realising possibilities for the people we support.

Many of us have experienced the challenges in maintaining 'whanaungatanga' (connection) with the people and activities that mean the most to us. For people who have communication difficulties, this can be even harder.



We know that 70 per cent of the people we support have significant communication difficulties and around 40 per cent do not use speech to communicate.

Finding other ways to connect, build relationships and develop a sense of belonging are ongoing priorities for our Speech-Language Therapists, within our specialist Clinical Team, that have become all the more important in maintaining 'whanaungatanga' over 2020.

Within our strategic domain of 'Right people - Creating career pathways and valued roles', our focus has been on providing a healthy and safe working environment for our people, staff and visitors.



To validate the work we're doing in these areas, we conducted a health and safety audit aimed at ensuring safe practices are part of our culture at Spectrum Care. The resulting report acknowledged the strength of our management systems, and also outlined a series of recommendations in terms of Leadership, Planning and Worker Engagement which are now underway within our Health and Safety Strategy and our Staff Engagement, Participation and Representation Programme. Another key driver of the aforementioned Health and Safety Strategy is our biennial Safety Culture Survey, also completed in FY2019-20.

Our work within the strategic domain of 'Right focus' has been 'embedding a customer-centric model into the DNA of the organisation'. This is not a goal that can be achieved rapidly or with ease but, following two years of commitment from all levels of our organisation, the first half of 2020 has finally seen the delivery of some of our new enterprise IT infrastructure, including new Document Management, Intranet and Customer Relationship Management systems which are all founded on customer-centric, enablement-focused principles.

This customer-centric approach has also been a key driver of our two-year brand journey and subsequent rebrand, which we're currently rolling out. The time taken to refresh our brand includes a new vision, purpose, daily inspiration, behaviours we value and logo that reflect a more inclusive approach to telling our story than we've ever seen before.

Over the latter part of 2019, we undertook a series of workshops around the North Island in which our staff settled on four new 'Behaviours we value' and a series of 'We will...' and 'We won't...' statements for each behaviour, that help us stay focused on what's important. I'm really excited to see these roll out over the coming year, as it's these 'behaviours we value' that define how we do things.

It's been pleasing to weave this new brand story into our powhiri process, welcoming new staff aboard our waka at

Spectrum Care and explaining the kaupapa of our roopu as 'maximising the potential of people we support'. The destination of our waka was a New Zealand 'where every person with a disability has the opportunity to live a life of choice, freedom and independence'. Our paddle technique is 'wholehearted optimism every day' and our waka chants are 'do the right thing, listen completely, bounce back and kindness is catching'.

Also of significance in this space is the work undertaken over recent months on the structure of legal entities within Spectrum Care and the role philanthropy will play in our future. The outcome of this work will signify a pivotal moment for Spectrum Care Trust Board and change not only the course we chart over the next 25 years, but also the impact we have for the people we support and their whānau.

Through achievements and milestones such as these, we continue to take significant strides towards our strategic intent of 'growing towards being a trusted partner of 1700 people and whānau by 2023, and appealing to diverse cultural groups through the provision of differentiated and customer-led support options in five North Island centres'.

In closing, I wish to thank the people we support and their whānau for allowing us to be a part of their lives. I also wish to thank our Board for their commitment to ensuring we're focused on what matters - sustainable pathways for the people we support and whānau. Thanks also to the Executive Team and our staff for the work they do to ensure people are supported to achieve lives of their choice in their own communities.

Sean Stowers
Chief Executive Spectrum Care

Our strategic intent

To grow towards being a **trusted partner of 1700 people and whānau** by 2023 appealing to **diverse cultural groups** through the provision of **differentiated** and **customer-led support options** in **five North Island centres**.

2018

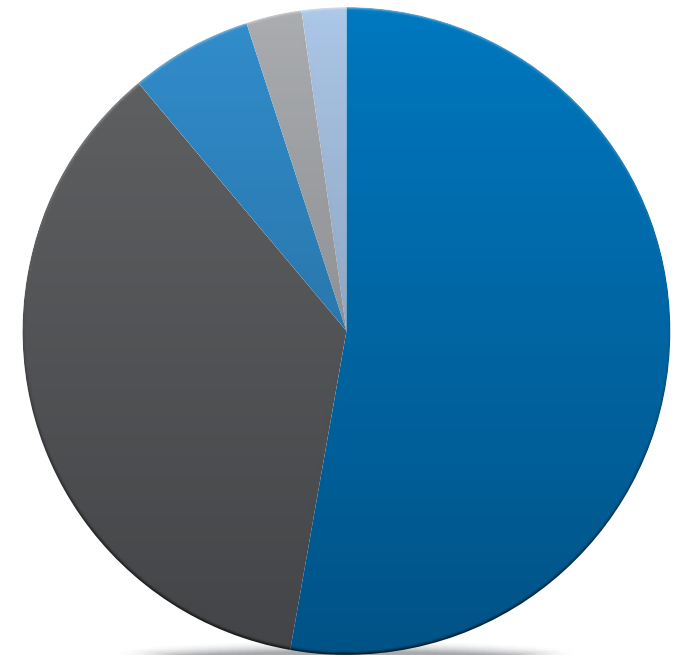
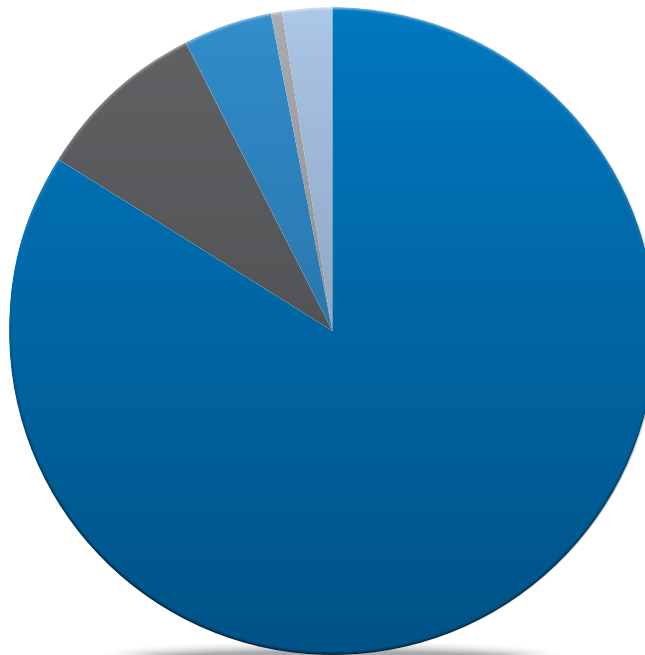
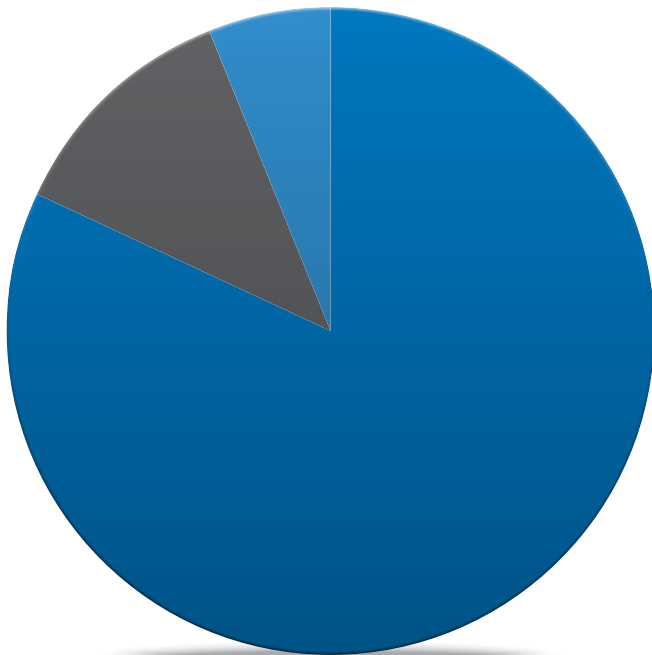
People and whānau supported	1300
■ Ministry of Health	82%
■ Fee for Service	12%
■ Ministry of Social Development	6%
■ Accident Compensation Corporation	-
■ Oranga Tamariki	-

2020

People and whānau supported	1605
■ Ministry of Health	84.0%
■ Fee for Service	8.6%
■ Ministry of Social Development	4.5%
■ Accident Compensation Corporation	0.4%
■ Oranga Tamariki	2.5%

2023

People and whānau supported	1700
■ Ministry of Health	53%
■ Fee for Service	36%
■ Ministry of Social Development	6%
■ Accident Compensation Corporation	3%
■ Oranga Tamariki	2%

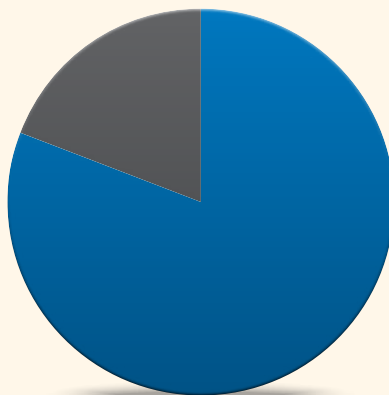




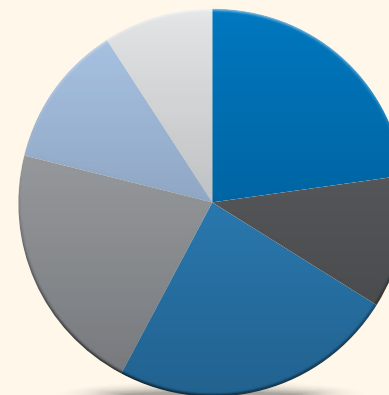
Financial overview

No matter how complex someone's challenges may be, they are worthy and they are of immense value.

Spectrum Group [aka Spectrum Care Trust Board]

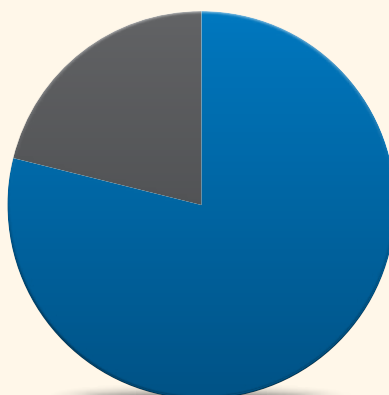


Expenditure	\$000	%
■ Employee costs	56,894	81
■ Supplies	12,945	19
Total expenditure	69,839	100

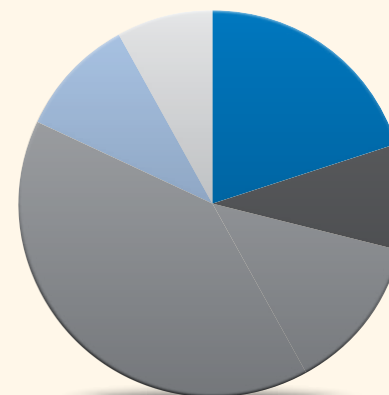


Breakdown of Supplies	\$000	%
■ Administration	2,984	23
■ Transport	1,374	11
■ Property repairs and maintenance	3,082	24
■ Utilities, rates, rent	2,742	21
■ Household food	1,577	12
■ Depreciation	1,186	9
Total supplies	12,945	100

Spectrum Care



Expenditure	\$000	%
■ Employee costs	56,413	79
■ Supplies	15,117	21
Total expenditure	71,530	100



Breakdown of Supplies	\$000	%
■ Administration	3,079	20
■ Transport	1,357	9
■ Property repairs and maintenance	1,964	13
■ Utilities, rates, rent	5,996	40
■ Household food	1,577	10
■ Depreciation	1,144	8
Total supplies	15,117	100

This financial information has not been audited.
It is a summary of financial information extracted
from full audited financial statements starting on
page 7.

Corporate **information**

It's the strength of our commitment to the people we support that we're most proud of.



Trustees

G R Smith Chair
C D Theyers
A B Hudson
V Lee
J Bawden
R Nicholson
J Farrar

Registered Office

270 Neilson Street
Onehunga
Auckland 1061
New Zealand

Principal place of business

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Auckland 1061
New Zealand

Phone: +64 9 634 3790

Website: www.spectrumcare.org.nz

Bankers

ASB Bank Limited
17 Ronwood Avenue
Manukau City
New Zealand

ANZ National Bank Limited
23-29 Albert Street
Auckland
New Zealand

Westpac
PO Box 934
Shortland Street
Auckland 1140

Kiwibank Limited
151 Victoria Street West
Auckland
New Zealand

Bank of New Zealand
Auckland Store
80 Queen Street
Auckland 1010
New Zealand

Auditor

Grant Thornton New Zealand Audit Partnership
152 Fanshawe Street
Auckland
New Zealand



We face challenges together
and empower capabilities.

Trustees

The names and details of Spectrum Care's Trustees in office at the end of the financial year and at the date of this report are as follows. Trustees were in office for this entire period unless otherwise stated.





Garry Smith BMS, CA
(Non-executive Chair)

Garry joined the Spectrum Care Trust Board in June 2013 and was appointed Board Chair in November 2015.

Garry is CEO of The Selwyn Foundation and has more than 20 years' experience at a senior level with healthcare organisations throughout New Zealand. Prior to his appointment to The Selwyn Foundation in 2012, Garry spent nine years as CEO of Auckland District Health Board.

A qualified accountant, Garry has expertise at both a governance and a leadership/management level. Garry is passionate about ethical and values-based leadership, ensuring integrity, warmth and respect.



Aroha Hudson ACA, MBA
(Trustee)

Aroha joined Spectrum Care Trust Board in June 2013. Her current role is the Chief Executive Officer of HealthWEST, a non-government organisation, and is also a chartered accountant with a Masters of Business Administration.

Aroha holds other governance positions on the boards of the Heart Foundation and Te Hononga o Tamaki me Hoturoa, and is currently chair of Auckland PHO.



Colin Theyers CA, GDip (Finance), FInstD
(Trustee)

Colin joined the Spectrum Care Trust Board in June 2013 and is currently Chair of the Finance and Audit Committee.

Colin is professional director and business strategist, and sits on eight other boards in professional services, property, finance, investment and logistic companies. Colin also serves as a Director of Homes of Choice.



Jane Bawden LLM
(Trustee)

Jane joined the Spectrum Care Trust Board in November 2015 and currently chairs the Service Design and Continuous Improvement Committee.

Jane is a lawyer and Chartered Member of the Institute of Directors, and is currently CEO of Parent to Parent.

Jane has long-term experience in medico-legal, compliance and risk management, and is an experienced health and disability sector adviser.

We are one of the largest providers of services for people who live with disability.



Vicki Lee (Trustee)

Vicki joined the Spectrum Care Trust board in November 2015.

Vicki is an experienced business women having held CEO positions on both sides of the Tasman and Internationally, in advertising, marketing, health research and healthcare communications. She is passionate about using her skills gained throughout her career to give back to the community in which she lives and was a NZ women of Influence finalist for her work in the Social Enterprise Sector.

Vicki is a member of the Institute of Directors, she is currently CEO of Supporting Families in Mental Illness New Zealand and her other board positions include the New Zealand Standards Approval Board (NZ Govt appointment), and Deputy Chair of the Wairarapa Bush Rugby Union.



Red Nicholson (Trustee)

Red joined the Spectrum Care Trust Board in June 2018.

Red brings to the Board experience of working alongside young people in the education sector, as well as a background in social marketing and advertising.

He also has lived experience of disability, as a wheelchair-user with cerebral palsy, and currently serves on the Board of the Cerebral Palsy Society of NZ.

Red is passionate about creating a more inclusive Aotearoa, where disabled people are respected, empowered and well supported to live great lives.



Jade Farrar (Trustee)

Jade joined Spectrum Care Trust Board in June 2018, and brings a vision of a prosperous and abundant society where all people succeed regardless of ability or background.

Jade is passionate about the power of social media and what it can do to promote a more positive and realistic perspective of everyday disabled people.

Currently a director of a communications and strategic advice consultancy, Jade has previously served as Community Engagement Advisor for Manawanui Support, and contributed to the advancement of disabled people and their whānau as a member of Auckland Council's Disability Advisory Panel, and the Disabled Person's Assembly's National Executive Committee. Jade is also a member of the Enabling Good Lives national leadership group.

Human potential is in everyone. Some people just need more support to realise it.



Financial statements

There is no greater disability than the inability to see more in a human being.

Statement of Comprehensive Revenue and Expenses

For the year ended 30 June 2020

	Note	Group 2020 \$000	2019 \$000	Spectrum Care 2020 \$000	2019 \$000
Contract revenue		66,700	61,111	66,542	61,142
Other service revenue		5,610	5,137	5,554	5,784
Interest revenue		168	263	665	696
Other revenue		32	110	353	363
Revenue		72,510	66,621	73,114	67,985
Cost of Services provided		(61,233)	(57,116)	(62,827)	(59,471)
Operating Surplus		11,277	9,505	10,287	8,514
Administrative expenses	17	(7,419)	(7,460)	(7,558)	(7,502)
Depreciation and amortisation expense		(1,187)	(1,416)	(1,144)	(1,297)
Write-down of assets	9,16	-	(293)	-	-
Total expenses		(8,606)	(9,169)	(8,702)	(8,799)
Surplus/(Deficit) for the year		2,671	336	1,585	(285)
Other comprehensive revenue and expenses					
Gain/(loss) on revaluation of land and buildings	9,16	-	(1,253)	-	-
Total comprehensive revenue and expenses for the year		2,671	(917)	1,585	(285)
Surplus attributable to the owners of the controlling entity		2,671	336	1,585	(285)
Total comprehensive revenue and expenses attributable to the owners of the controlling entity		2,671	(917)	1,585	(285)

The above statement of comprehensive revenue and expenses should be read in conjunction with the accompanying notes.

Statement of Changes in Net Assets

For the year ended 30 June 2020

Group	Trust settlement funds \$000	Asset revaluation reserve \$000	Accumulated surplus \$000	Systems Transformation Reserve \$000	Total equity \$000
Balance as at 1 July 2019	1,857	45,552	33,016	500	80,925
Surplus for the year	-	-	2,671	-	2,671
Other comprehensive revenue and expenses	-	-	-	-	-
Total comprehensive revenue and expenses for the year	-	-	2,671	-	2,671
Derecognition of property revaluation on sale	-	(139)	139	-	-
Balance as at 30 June 2020	1,857	45,413	35,826	500	83,596
Balance as at 1 July 2018	1,857	46,860	32,625	500	81,842
Surplus for the year	-	-	336	-	336
Other comprehensive revenue and expenses	-	(1,253)	-	-	(1,253)
Total comprehensive revenue and expenses for the year	-	(1,253)	336	-	(917)
Derecognition of property revaluation on sale	-	(55)	55	-	-
Balance as at 30 June 2019	1,857	45,552	33,016	500	80,925

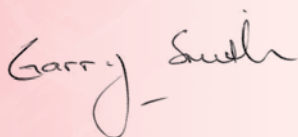
Spectrum Care	Trust settlement funds \$000	Asset revaluation reserve \$000	Accumulated surplus \$000	Systems Transformation Reserve \$000	Total equity \$000
Balance as at 1 July 2019	1,857	-	69,250	500	71,607
Surplus for the year	-	-	1,585	-	1,585
Other comprehensive revenue and expenses	-	-	-	-	-
Total comprehensive revenue and expenses for the year	-	-	1,585	-	1,585
Derecognition of property revaluation on sale	-	-	-	-	-
Balance as at 30 June 2020	1,857	-	70,835	500	73,192
Balance as at 1 July 2018	1,857	-	69,535	500	71,892
Surplus for the year	-	-	(285)	-	(285)
Other comprehensive revenue and expenses	-	-	-	-	-
Total comprehensive revenue and expenses for the year	-	-	(285)	-	(285)
Derecognition of property revaluation on sale	-	-	-	-	-
Balance as at 30 June 2019	1,857	-	69,250	500	71,607

The above statement of changes in net assets should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2020

For and on behalf of the Board, who authorised the issue of these financial statements on 25 August 2020.



Garry Smith
Board Chairman



Colin Theyers
Chair, Finance and Audit Committee

	Note	Group 2020 \$000	2019 \$000	Spectrum Care 2020 \$000	2019 \$000
ASSETS					
Current assets					
Cash and cash equivalents	6	10,546	5,017	10,539	4,002
Investments	7	7,124	6,238	7,124	6,238
Receivables from exchange transactions	8	2,226	6,964	2,247	9,141
Loans and borrowings	19	-	-	-	15,000
Other current assets		198	222	185	217
Total current assets		20,094	18,441	20,095	34,598
Non-current assets					
Property, plant and equipment	9	72,252	71,007	1,772	2,046
Loans and borrowings	19	-	-	15,000	-
Investment in subsidiary	14	-	-	45,000	45,000
Intangible assets	10	2,378	1,169	2,378	1,169
Total non-current assets		74,630	72,176	64,150	48,215
TOTAL ASSETS		94,724	90,617	84,245	82,813
LIABILITIES					
Current liabilities					
Trade and other payables	11	1,534	1,042	1,494	797
GST and PAYE payable		1,484	1,350	1,517	1,386
Employee entitlements	12	8,037	6,633	7,969	6,557
Provisions	13	73	346	73	346
Sleepover allowance		-	96	-	96
Related party payable	19	-	-	-	1,800
Funding Received in Advance	20	-	225	-	224
Total current liabilities		11,128	9,692	11,053	11,206
TOTAL LIABILITIES		11,128	9,692	11,053	11,206
NET ASSETS		83,596	80,925	73,192	71,607
EQUITY					
Trust settlement funds	15	1,857	1,857	1,857	1,857
Accumulated Surplus		35,826	33,016	70,835	69,250
Systems Transformation Reserves	22	500	500	500	500
Asset Revaluation Reserve	15	45,413	45,552	-	-
TOTAL EQUITY		83,596	80,925	73,192	71,607

The above statement of financial position should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June 2020

		Group		Spectrum Care	
	Note	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Cash flows from operating activities					
Receipts for services performed		77,036	65,064	77,174	65,746
Payments to suppliers and employees		(67,194)	(62,976)	(68,717)	(65,460)
Interest received/(paid)		168	-	665	-
Net cash flows from/(used in) operating activities	16	10,010	2,088	9,122	286
Cash flows from investing activities					
Proceeds from sale of fixed assets		824	535	-	-
Purchase of property, plant and equipment and intangible assets		(4,419)	(5,166)	(2,055)	(1,164)
Investment in term deposits		(886)	3,967	(886)	3,467
Net cash flows from/(used in) investing activities		(4,481)	(664)	(2,941)	2,303
Cash flows from financing activities					
Cash advances from/(to) subsidiary		-	-	(1,800)	(1,700)
Repayment of interest-bearing loans and borrowings		-	-	2,156	-
Net cash flows from/(used in) financing activities		-	-	356	(1,700)
Net increase/(decrease) in cash during the year		5,529	1,424	6,537	889
Cash balances at beginning of year		5,017	3,593	4,002	3,113
Cash balances at end of year	6	10,546	5,017	10,539	4,002

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

Support, guidance and
wholehearted optimism with
every step.



1. General information

The reporting entity is Spectrum Care Trust Board (“Spectrum Care” or the “Trust”). It is a public benefit entity, incorporated and domiciled in New Zealand. The “Group” comprise Spectrum Care and its wholly-owned subsidiary Homes of Choice Limited.

The Trust was registered as an incorporated society in 1994 and with the Charities Commission under the Charities Act 2005 in 2007. Homes of Choice Limited (“Homes of Choice”) was registered as an independent limited liability company on 10 April 2014 to manage and grow the Trust’s residential housing portfolio, providing quality accommodation for people with disabilities. Homes of Choice had not commenced its operations until 1 April 2015 when the assets were transferred from the Trust and share capital was accordingly issued. Homes of Choice is also a registered charity under the Charities Act 2005.

Spectrum Group provides a wide range of support options for children, young people and adults with disabilities and their whānau.

Spectrum services include a wide array of personalised and flexible support options for people of all ages and stages in the Northland, Auckland, Waikato, Bay of Plenty and Wellington regions, from 24-hour residential support, to a variety of flexible respite support options, and specialised Home Support, Transitions and Aspirations support. Spectrum’ School Holiday, After-school and Weekend programmes of activities for children are available in Whangarei, Auckland, Hamilton and Wellington. Spectrum’s independent living support is specifically focused on empowering people to their lives of choice – lives like any other – in the community, and our Specialist Clinical Team supports health, behaviour and speech-language outcomes. Spectrum also offer a Business Enterprises programme, aimed at supporting people towards their employment goals.

Spectrum Care’s services are primarily funded by the Ministry of Health, Ministry of Social Development, Oranga Tamariki, the Accident Compensation Corporation and direct payments from people with disabilities and their whānau.

Spectrum Care’s mission is: ‘Realising possibilities’ – ‘Whakatinana ana i ngā wawata’

- We believe in lives of choice
- We believe in inclusive communities
- We believe in daring to dream

Our values are:

1. Empowering informed decision-making
2. Being a trusted partner
3. Building connections to communities of choice
4. Facilitating solutions for people and their whānau

Our approach is based on five key domains:

1. Right voice – Growing the voice of people and their whānau
2. Right support – Partnering with people, whānau and stakeholders in developing solutions
3. Right people – Creating career pathways and valued roles
4. Right focus – Embedding a customer-centric model into the DNA of the organisation
5. Right path – Achieving sustainable, long-term prosperity

We support people with...

- Lifestyle choices
- Opportunities to maximise personal development and community inclusion
- Living options and homes of choice
- Flexibility in person-directed support

We empower people through...

- **Self-determination** – Disabled people are in control of their lives.
- **Beginning early** – Invest early in families and whānau to support them; to be aspirational for their disabled child; to build community and natural supports; and to support disabled children to become independent, rather than waiting for a crisis before support is available.
- **Person-centred** – Disabled people have supports that are tailored to their individual needs and goals, and that take a whole life approach rather than being split across programmes.
- **Ordinary life outcomes** – Disabled people are supported to live an everyday life in everyday places; and are regarded as citizens with opportunities for learning, employment, having a home and family, and social participation - like others at similar stages of life.
- **Mainstream first** – Disabled people are supported to access mainstream services before specialist disability services.
- **Mana enhancing** – The abilities and contributions of disabled people and their families are recognised and respected.
- **Easy to use** – Disabled people have supports that are simple to use and flexible.
- **Relationship building** – Supports build and strengthen relationships between disabled people, their whānau and community.

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Trustees on 25 August 2020.

2. Statement of compliance

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”) and the Financial Reporting Act 2013. They comply with Public Benefit Entity International Public Sector Accounting Standards (“PBE IPSAS”) 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 NZ GAAP, the Group is a public benefit not-for-profit entity and is applying Tier 1 Not-For-Profit PBE IPSAS as it has expenditure of more than \$30 million.

The Board of Trustees has also elected to present the Spectrum Care financial statements in addition to the consolidated financial statements. The Spectrum Care financial statements are prepared following the same standards and framework as the Group.

3. Summary of significant accounting policies

a) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for land and buildings which have been measured at fair value.

b) Functional and presentation currency

The financial statements are presented in New Zealand dollars which is the Spectrum Care and Group’s functional currency. All values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

The financial statements for the Group are the consolidated financial statements of the Spectrum Care and Homes of Choice. The financial statements of the Spectrum Care are for the Spectrum Care Trust Board as a separate legal entity.

c) Basis of consolidation

The Group financial statement incorporates the assets and liabilities of Spectrum Care and its controlled entities as at 30 June. Controlled entities are all entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities.

The controlled entities are consolidated from the date on which control is transferred and are deconsolidated from the date that control ceases. In preparing the consolidated financial statements, all inter-entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entities are consistent with the policies adopted by the Group and have a 30 June reporting date.

d) Changes in accounting policies

There were no changes in accounting policies during the year.

e) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand, and short-term deposits with an original maturity of six months or less that are readily convertible to known amounts of cash. These are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow statement, cash and cash equivalents consist of cash and cash equivalents and are defined above.

f) Investments

Investments comprise term deposits which have a term of greater than six months and therefore do not fall into the category of cash and cash equivalents. Investments are held with registered trading banks and are classified as current assets if they have maturities of less than one year from reporting date. Those with maturities greater than 12 months after the reporting date are classified as non-current assets. After initial recognition, investments are measured at amortised cost using the effective interest method less impairment.

g) Property, plant and equipment

Plant and equipment is measured at historical cost less accumulated depreciation and any accumulated impairment losses. 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.

Land and buildings are carried at revalued amounts which are the fair values at the date of the revaluation. The fair value of land and buildings is estimated using the revaluation process on a two yearly basis with the last revaluation performed in March 2019. Land and buildings are generally not depreciated as their residual values are not expected to be less than the current carrying value. Building improvements are depreciated.

Any revaluation deficit is recognised in Other Comprehensive Revenue and Expense and credited to the asset revaluation reserve in equity to the extent of the revaluation reserve balance accumulated from previous year gains. When no revaluation reserve balance is available to offset a revaluation loss the revaluation deficit is reported in the surplus or deficit for the reporting period.

Revaluation surplus and deficit are offset for assets within the same class of asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is reclassified to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Land – zero rated
- Buildings – depreciation is zero-rated as the future residual value of property is not expected to be less than carrying value
- Building improvements – costs are presented together with the revalued buildings and are depreciated at three to ten years
- Plant and equipment – three to four years.
- Motor vehicles – five years.

Depreciation is charged at rates calculated to allocate the cost of the asset less any estimated residual value. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date, and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Comprehensive Revenue and Expense.

h) Intangible assets

Intangible assets include acquired software used in administration. It is accounted for using the cost model whereby capitalised costs are amortised on a straight line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. The following useful lives are applied:

- Software – three to eight years.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the surplus or deficit when incurred.

i) Leases

Operating lease payments where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense in the Statement of Comprehensive Revenue and Expenses on a straight-line basis over the lease term.

j) Impairment

Assets are checked for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group and Trust revalue its land and buildings on a periodic basis with sufficient frequency to ensure the current carrying value is not significantly different to fair values and monitors its plant and equipment and intangible assets for indications of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

k) Payables under exchange transactions

Trade and other payables are carried at amortised cost; however, due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group and Trust prior to the end of the financial year that are unpaid and arise when the Group and Trust becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

l) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred as there are no material qualifying assets.

m) Employee entitlements**Wages, salaries, annual leave and sick leave**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They 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.

Long service leave and gratuities

The liability for long service leave and gratuities are recognised and measured as the present value of expected future payments to be made. This is in respect to services provided by employees up to the reporting date using the projected unit credit method. The liability for long service leave is recognised for staff with service periods from the time they started employment, and provision for the liability is based on a probability of employment continuity to 10, 15 and 20 years. The liability for gratuity payment only applies to staff that commenced employment prior to 1996, and this reward is subject to CEO discretion. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that matches, as closely as possible, the estimated future cash outflows.

n) Revenue

Revenue is recognised to the extent that it is probable that an economic benefit will flow to the Group and Trust and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions

Revenue from non-exchange transactions is recognised in the period when the Group provides services to children, young people and adults with disabilities, and their families. The majority of the consideration for these services is received as funding from the Ministry of Health, Ministry of Social Development and Oranga Tamariki – Ministry for Children.

Contract revenue is earned from the provision of 24-hour support for people living in residential homes throughout the Auckland, Wellington and Waikato regions, respite care for adults in the Auckland, Waikato, Wellington and Bay of Plenty, and respite care for children in Auckland and Wellington. Revenue is recognised either for the number of hours of services rendered or bulk funded according to the service contracts.

Other service revenue is earned in respect to other services provided by the Group which includes Very High Needs care and support, Behavioural Support, Transitions and Aspirations services, as well as the provision of accommodation and living cost assistance for people in the greater Auckland region. The Group also receives funding for running a School Holiday Programme of activities for children.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method.

o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Statement of Financial Position.

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 IRD is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the IRD.

p) Financial instruments

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or are waived, or the Group 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 Group has transferred substantially all the risks and rewards of the asset; or
- the Group 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 classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The category determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Group's financial assets include loans and receivables. The Trust's financial assets include: loans and receivables and available -for-sale 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. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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. Cash and cash equivalents, term deposit investments, receivables from exchange transactions and loans and borrowings fall into this category of financial instruments.

Available for sale financial assets: are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Spectrum Care's available-for-sale financial assets include its investment in subsidiary.

Impairment of financial assets: The Group assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Group first assesses whether there are objective evidence of impairment for financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Group determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

Financial liabilities

The Group and Trust's financial liabilities include payables under exchange transactions and employee entitlements.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

q) Income tax

The Trust and Homes of Choice are registered charities and are therefore exempt from income tax.

r) Operating expenses

Operating expenses are recognised in the Statement of Comprehensive Revenue and Expenses upon utilisation of the service or at the date of their origin.

s) Cash flow Statement

The Cash flow Statement has been prepared using the direct approach already defined in the cash policy.

Operating activities included are the principal revenue-producing activities and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the equity and borrowings of the Trust and Group.

t) Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and Trust and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group and Trust can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the Group and Trust that do not yet meet the recognition criteria of an asset are considered contingent assets.

u) Equity

Accumulated surplus include all current and prior period retained surplus/(deficit).

The Asset revaluation reserve within equity is used to record increases and decreases in the fair value of land and buildings only to the extent that they offset each other.

4. Financial risk management objectives and policies

The Group and Trust's principal financial instruments comprise receivables, payables, cash and short-term deposits and interest-bearing loans and borrowings. The Trust also has investments in a subsidiary.

Primary responsibility for identification and control of financial risks rests with the Chief Executive under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including interest rate risk and future cash flow forecast projections.

The carrying amounts of financial instruments presented in the Statement of Financial Position relate to the following categories of assets and liabilities:

Group 2020	Weighted Average Effective Interest Rate %	0-6 Months \$000	7-12 Months \$000	1-2 Years \$000	3-5 Years \$000	5+ Years \$000	Total Carrying Amount \$000
Financial assets (loans and receivables)							
Cash and cash equivalents	0.00	10,546	-	-	-	-	10,546
Investments	2.73	7,124	-	-	-	-	7,124
Receivables from non-exchange transactions	0.00	2,226	-	-	-	-	2,226
		19,896	-	-	-	-	19,896
Financial liabilities (at amortised cost)							
Payables under exchange transactions	0.00	1,534	-	-	-	-	1,534
	0.00	1,534	-	-	-	-	1,534
Group 2019							
Financial assets (loans and receivables)							
Cash and cash equivalents	0.25	5,017	-	-	-	-	5,017
Investments	3.21	6,238	-	-	-	-	6,238
Receivables from non-exchange transactions	0.00	6,964	-	-	-	-	6,964
		18,219	-	-	-	-	18,219
Financial liabilities (at amortised cost)							
Payables under exchange transactions	0.00	1,042	-	-	-	-	1,042
		1,042	-	-	-	-	1,042

Spectrum Care 2020	Weighted Average Effective Interest Rate %	0-6 Months \$000	7-12 Months \$000	1-2 Years \$000	3-5 Years \$000	5+ Years \$000	Total Carrying Amount \$000
Financial assets (loans and receivables)							
Cash and cash equivalents	0.00	10,539	-	-	-	-	10,539
Investments	2.73	7,124	-	-	-	-	7,124
Loan and borrowings	3.30	-	-	15,000	-	-	15,000
Receivables from non-exchange transactions	0.00	2,247	-	-	-	-	2,247
Available-for-sale							
Investment in subsidiary		-	-	-	-	45,000	45,000
		19,910	-	15,000	-	45,000	79,910
Financial liabilities (at amortised cost)							
Payables under exchange transactions	0.00	1,494	-	-	-	-	1,494
		1,494	-	-	-	-	1,494
Spectrum Care 2019							
Financial assets (loans and receivables)							
Cash and cash equivalents	0.32	4,002	-	-	-	-	4,002
Investments	3.21	6,238	-	-	-	-	6,238
Loan and borrowings	3.40	-	15,000	-	-	-	15,000
Receivables from non-exchange transactions	0.00	9,141	-	-	-	-	9,141
Available-for-sale							
Investment in subsidiary		-	-	-	-	45,000	45,000
		19,381	15,000	-	-	45,000	79,381
Financial liabilities (at amortised cost)							
Payables under exchange transactions	0.00	797	-	-	-	-	797
		797	-	-	-	-	797

Interest rate risk

Interest rate risk is not material as the Group and the Trust's cash and cash equivalents as well as the investments are all held at market rates.

Credit risk

Credit risk arises from the financial assets of the Group and Trust, which comprise cash and cash equivalents, investments and receivables from exchange transactions. The Group and Trust's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting date is addressed in each applicable note. The Group and Trust trades only with New Zealand registered banks that have a Standard and Poor rating of A or better, as published by the Reserve Bank of New Zealand and as such collateral is not requested.

In addition, receivable balances are monitored on an on-going basis with the result that the Group and Trust's exposure to bad debts is not significant. Management considers that all financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

Maximum credit risk	Group		Spectrum Care	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Financial assets				
Loans and Borrowings				
Cash and cash equivalents	10,546	5,017	10,539	4,002
Investments	7,124	6,238	7,124	6,238
Loans and borrowings	-	-	15,000	15,000
Receivables from non-exchange transactions				
Not more than 3 months	2,226	6,964	2,247	9,141
More than 3 months but not more than 6 months	-	-	-	-

Concentration risk

There is usually a significant concentration of credit risk with respect to receivables of which a major amount is owed by the Group and Trust's principal funder, the Ministry of Health. However, during COVID 19 restrictions, MOH changed their payment scheduling to support providers through a scheme known as Surety of Funding. This scheme was put in place to ease the burden of invoicing and processing for all parties. The amount to be paid providers is based on the amount MOH paid providers in February 2020, pro-rated up to 30 or 31 days. This is paid in the first third of the month of activity, not to usual payment terms and provides an easing of cash flow pressures. Because of this treatment, as at 30 June 2020, MOH receivables are significantly lower at \$1,905,416 when compared to the prior year (2019: \$5,618,955).

Another significant concentration of credit risk is the Group and Trust's bank balances and short term deposits with its principal operating bank, the ASB Bank Limited. Some diversity in credit risk has been achieved by holding short term investments with the Group and Trust's other bankers, ANZ, BNZ, Kiwibank and Westpac.

Liquidity risk

The Group and Trust's objective is to maintain a balance between continuity of operations from internal cash reserves. The actual cash flows will include interest based on the contractual interest rates applicable to each financial asset/liability. The interest earned is compounded to the principal upon maturity for renewal. The interest expenses are recognised in the surplus or deficit.

The risk implied from the values reflects a balanced view of cash inflows and outflows. The Board continuously monitors and reviews the investment position.

Group 2020	0-6 Months \$000	7-12 Months \$000	1-2 Years \$000	3-5 Years \$000	5+ Years \$000	Total Gross Amount \$000	Total Carrying Amount \$000
Financial assets (loans and receivables)							
Cash and cash equivalents	10,546	-	-	-	-	10,546	10,546
Investments	7,124	-	-	-	-	7,124	7,124
Receivables from non-exchange transactions	2,226	-	-	-	-	2,226	2,226
	19,896	-	-	-	-	19,896	19,896
Financial liabilities (at amortised cost)							
Payables under exchange transactions	1,534	-	-	-	-	1,534	1,534
	1,534	-	-	-	-	1,534	1,534
Group 2019	0-6 Months \$000	7-12 Months \$000	1-2 Years \$000	3-5 Years \$000	5+ Years \$000	Total Gross Amount \$000	Total Carrying Amount \$000
Financial assets (loans and receivables)							
Cash and cash equivalents	5,017	-	-	-	-	5,017	5,017
Investments	6,238	-	-	-	-	6,238	6,238
Receivables from non-exchange transactions	6,964	-	-	-	-	6,964	6,964
	18,219	-				18,219	18,219
Financial liabilities (at amortised cost)							
Payables under exchange transactions	1,042	-	-	-	-	1,042	1,042
	1,042	-	-	-	-	1,042	1,042

Spectrum Care 2020	0-6 Months \$000	7-12 Months \$000	1-2 Years \$000	3-5 Years \$000	5+ Years \$000	Total Gross Amount \$000	Total Carrying Amount \$000
Financial assets (loans and receivables)							
Cash and cash equivalents	10,539	-	-	-	-	10,539	10,539
Investments	7,124	-	-	-	-	7,124	7,124
Loan to subsidiary	-	-	15,000	-	-	15,000	15,000
Receivables from non-exchange transactions	2,247	-	-	-	-	2,247	2,247
Available-for-sale							
Investment in subsidiary	-	-	-	-	45,000	45,000	45,000
	19,910	-	15,000	-	45,000	79,910	79,910
Financial liabilities (at amortised cost)							
Payables under exchange transactions	1,494	-	-	-	-	1,494	1,494
	1,494	-	-	-	-	1,494	1,494
Spectrum Care 2019	0-6 Months \$000	7-12 Months \$000	1-2 Years \$000	3-5 Years \$000	5+ Years \$000	Total Gross Amount \$000	Total Carrying Amount \$000
Financial assets (loans and receivables)							
Cash and cash equivalents	4,002	-	-	-	-	4,002	4,002
Investments	6,238	-	-	-	-	6,238	6,238
Loan to subsidiary	-	15,000	-	-	-	15,000	15,000
Receivables from non-exchange transactions	9,141	-	-	-	-	9,141	9,141
Available-for-sale							
Investment in subsidiary	-	-	-	-	45,000	45,000	45,000
	19,381	15,000	-	-	45,000	79,381	79,381
Financial liabilities (at amortised cost)							
Payables under exchange transactions	797	-	-	-	-	797	797
	797	-	-	-	-	797	797

Fair value risk

Group 2020	Loans and Receivables \$000	Other Amortised Cost \$000	Total Carrying Amount \$000	Fair Value \$000
Financial assets (loans and receivables)				
Cash and cash equivalents	10,546	-	10,546	10,546
Investments	7,124	-	7,124	7,124
Receivables from non-exchange transactions	2,226	-	2,226	2,226
	19,896	-	19,896	19,896
Financial liabilities (at amortised cost)				
Payables under exchange transactions	-	1,534	1,534	1,534
	-	1,534	1,534	1,534
Group 2019	Loans and Receivables \$000	Other Amortised Cost \$000	Total Carrying Amount \$000	Fair Value \$000
Financial assets (loans and receivables)				
Cash and cash equivalents	5,017	-	5,017	5,017
Investments	6,238	-	6,238	6,238
Receivables from non-exchange transactions	6,964	-	6,964	6,964
	18,219	-	18,219	18,219
Financial liabilities (at amortised cost)				
Payables under exchange transactions	-	1,042	1,042	1,042
	-	1,042	1,042	1,042

Spectrum Care 2020	Loans and Receivables \$000	Other Amortised Cost \$000	Total Carrying Amount \$000	Fair Value \$000
Financial assets (loans and receivables)				
Financial assets	10,539	-	10,539	10,539
Loans and receivables	7,124	-	7,124	7,124
Loan to subsidiary	15,000	-	15,000	15,000
Receivables from non-exchange transactions	2,247	-	2,247	2,247
Available-for-sale				
Investment in subsidiary	45,000	-	45,000	45,000
	79,910	-	79,910	79,910
Financial liabilities				
Payables under exchange transactions	-	1,494	1,494	1,494
	-	1,494	1,494	1,494
Spectrum Care 2019	Loans and Receivables \$000	Other Amortised Cost \$000	Total Carrying Amount \$000	Fair Value \$000
Financial assets (loans and receivables)				
Cash and cash equivalents	4,002	-	4,002	4,002
Investments	6,238	-	6,238	6,238
Loan to subsidiary	15,000	-	15,000	15,000
Receivables from non-exchange transactions	9,141	-	9,141	9,141
Available-for-sale				
Investment in subsidiary	45,000	-	45,000	45,000
	79,381	-	79,381	79,381
Financial liabilities				
Payables under exchange transactions	-	797	797	797
	-	797	797	797

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial assets and financial liabilities reflected in the tables above.

Cash and cash equivalents and receivables from non exchange transactions

Due to their relatively short term nature, the carrying amounts of these items are considered a reasonable approximation of fair value.

Payables from exchange transactions

Due to their relatively short term nature, the carrying amounts of these items are considered a reasonable approximation of fair value.

Loans and borrowings

Loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the loans and borrowings. After initial recognition loans and borrowings are subsequently measured at amortised cost using the effective interest method. The loan interest rate is reviewed on an annual basis to ensure it is aligned to market rates.

Investments

Due to their relatively short term nature, less than 12 months, the carrying amounts of these items are considered a reasonable approximation of fair value.

Investments in subsidiary

The investment in subsidiary was initially recognised at the fair value of the transfer of assets to the Homes of Choice subsidiary. In assessing the current value of the investment in subsidiary management consider whether the value of the land and buildings is still reasonable and how the subsidiary is performing financially. The Group and Trust reviews its investment on a periodic basis with sufficient frequency to ensure the current carrying value is not significantly different to fair values and monitors its plant and equipment and intangible assets for indication of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amounts is calculated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to see and value in use.

5. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires Management and the Board of Trustees to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The Group and Trust based its assumptions and estimates on information 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 Group and 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:

Impairment of non-financial assets

The Group and Trust assesses impairment of its non-financial assets on a regular basis by evaluating conditions specific to its use in terms of age, safety and efficiency. For instance, its fleet of vehicles is subject to a replacement policy according to set criteria. The performance of plant and equipment and software is monitored for operating efficiency and effectiveness and upgraded or replaced as appropriate. Houses are subject to a schedule of maintenance and upgrade to meet safety and building standards and residents' outcomes and goals.

Estimation of useful lives of assets

The estimate of the useful lives of assets has been based on historical experience and turnover policies (for motor vehicles). In addition, the retention of the assets is regularly assessed against the remaining useful life, cost of on-going maintenance and replacement. Adjustments to useful lives are made when considered necessary.

Revenue

During the year, the Trust received \$63,228,927 from the Ministry of Health, which comprises 87.2 per cent of the total revenue the Trust received. The revenue received from the Ministry of Health primarily relates to the services the Ministry purchased from the Trust for providing residential, respite care and other related services to the people in our services. Management acknowledges that continuous engagement with the Ministry is fundamental in achieving both the Trust and the Ministry's objectives in entering into the service contracts.

It is worth noting the Surety of Funding scheme mentioned above has been in place since April 2020 and is guaranteed to continue until at least 30 September 2020.

Provisions

The amounts recognised as provisions are for anticipated sick leave entitlements and doubtful debts.

Fair value of land and buildings

The land and buildings are measured at fair value for financial reporting purposes. In March 2019 the company engaged with third party qualified valuers to perform the valuation. The fair value of the assets were determined using either the market approach or the income approach, both of which uses market-observable data for similar properties adjusted to recognise specific circumstances surrounding the properties ie date of sale, size, location, quality, condition, and marketability among other factors, which requires judgement and estimates. Further information on the valuation of land and buildings are disclosed on Note 9. It is the judgement of the Directors that the revaluation of property is performed with sufficient regularity to ensure carrying values of property do not differ materially from a fair value undertaken at reporting date.

Liability for long-service leave and gratuities

Management estimates the liabilities annually and the actual outcome may vary due to estimation uncertainties. The liability is based on standard rates of inflation and employee turnover trends. It also takes into account the Group's anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to employee turnover, which may vary significantly in future appraisals of the Group's obligations.

6. Cash and cash equivalents

	Group		Spectrum Care	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Cash at bank and in hand	10,546	5,017	10,539	4,002
	10,546	5,017	10,539	4,002

7. Investments

	Group		Spectrum Care	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Term deposits of six months or less	7,008	6,238	7,008	6,238
Term deposits over six months	116	-	116	-
	7,124	6,238	7,124	6,238

8. Receivables from non-exchange transactions

	Group		Spectrum Care	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Trade receivables	2,106	7,018	2,102	7,009
Provision for doubtful debt	(169)	(119)	(169)	(119)
Related party receivable	-	-	28	30
Related party interest receivable	-	-	-	2,156
Other receivables	290	65	286	65
	2,226	6,964	2,247	9,141

Allowance for impairment loss

Receivables from non-exchange transactions balance contain impaired assets.

9. Property, plant and equipment

Group	Freehold Land*	Freehold Buildings*	Plant and equipment	Motor vehicles	Total
	\$000	\$000	\$000	\$000	\$000
At 1 July 2019 net of accumulated depreciation	45,026	23,929	247	1,805	71,007
Additions	396	2,013	94	489	2,992
Disposals	(470)	(233)	(2,432)	(424)	(3,559)
Revaluations	-	-	-	-	-
Depreciation on disposal	-	-	2,333	424	2,757
Depreciation charge for the year	-	(134)	(108)	(703)	(945)
At 30 June 2020 net of accumulated depreciation	44,953	25,575	133	1,591	72,252
At 30 June 2020					
Cost or fair value	44,953	27,085	1,559	7,667	81,262
Accumulated depreciation	-	(1,510)	(1,425)	(6,076)	(9,011)
Net carrying amount after revaluation	44,953	25,575	133	1,591	72,252

Group	Freehold Land* \$000	Freehold Buildings* \$000	Plant and equipment \$000	Motor vehicles \$000	Total \$000
At 1 July 2018 net of accumulated depreciation	44,308	22,773	1,064	1,971	70,116
Additions	636	3,494	23	663	4,816
Disposals	(186)	(293)	(699)	(244)	(1,422)
Revaluations	268	(1,814)	-	-	(1,546)
Depreciation on disposal	-	-	-	244	244
Depreciation charge for the year	-	(138)	(234)	(829)	(1,201)
At 30 June 2019 net of accumulated depreciation	45,026	24,022	154	1,805	71,007

At 30 June 2019

Cost or fair value	45,026	25,397	3,723	7,602	81,748
Accumulated depreciation	-	(1,375)	(3,569)	(5,797)	(10,741)
Net carrying amount after revaluation	45,026	24,022	154	1,805	71,007

Spectrum Care	Freehold Land* \$000	Freehold Buildings* \$000	Plant and equipment \$000	Motor vehicles \$000	Total \$000
At 1 July 2019 net of accumulated depreciation	-	143	98	1,805	2,046
Additions	-	47	94	489	630
Disposals	-	-	(2,250)	(424)	(2,674)
Revaluations	-	-	-	-	-
Depreciation on disposal	-	-	2,250	424	2,674
Depreciation charge for the year	-	(135)	(66)	(703)	(903)
At 30 June 2020 net of accumulated depreciation	-	55	126	1,591	1,772
At 30 June 2020					
Cost or fair value	-	1,565	1,096	7,667	10,328
Accumulated depreciation	-	(1,510)	(970)	(6,076)	(8,556)
Net carrying amount after revaluation	-	55	126	1,591	1,772

Spectrum Care	Freehold Land* \$000	Freehold Buildings* \$000	Plant and equipment \$000	Motor vehicles \$000	Total \$000
At 1 July 2018 net of accumulated depreciation	-	246	800	1,971	3,017
Additions	-	35	18	663	716
Disposals	-	-	(699)	(244)	(943)
Revaluations	-	-	-	-	-
Depreciation on disposal	-	-	-	244	244
Depreciation charge for the year	-	(138)	(21)	(829)	(988)
At 30 June 2019 net of accumulated depreciation	-	143	98	1,805	2,046

At 30 June 2019

Cost or fair value	-	1,518	3,170	7,602	12,290
Accumulated depreciation	-	(1,375)	(3,072)	(5,797)	(10,244)
Net carrying amount after revaluation	-	143	98	1,805	2,046

*The Group engages Prendos New Zealand Limited, an accredited independent valuer to determine the fair value of all freehold land and building. A revaluation was performed in March 2019. This was the most recent revaluation of the land and buildings.

10. Intangible assets

	Group		Spectrum Care	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
At 1 July net of amortisation	1,169	1,035	1,169	1,035
Additions	1,425	423	1,425	423
Write down	0	-	0	-
Amortisation for the year	(216)	(289)	(216)	(289)
At 30 June net of amortisation	2,378	1,169	2,378	1,169
At 30 June				
Cost or fair value	3,172	1,747	3,172	1,747
Amortisation	(794)	(578)	(794)	(578)
Net carrying amount	2,378	1,169	2,378	1,169

11. Payables under exchange transactions

	Group		Spectrum Care	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Trade payables	644	156	537	68
Related party payables	-	-	440	438
Other payables	890	886	517	291
	1,534	1,042	1,494	797

12. Employee entitlements

	Group		Spectrum Care	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
ACC levy	266	344	262	336
Accrued salaries and wages	2,155	1,618	2,142	1,609
Lieu days	908	875	908	875
Gratuities	518	224	518	224
Long service leave	572	572	572	572
Annual leave	3,428	2,821	3,379	2,764
Other	190	179	188	177
	8,037	6,633	7,969	6,557

During the year defined contributions totalling Group: \$1,041,105 (2019: \$1,003,547); Spectrum Care: \$1,028,110 (2019: \$990,402) were made to the Government Superannuation Fund (KiwiSaver).

13. Provisions

	Group		Spectrum Care	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Opening balance 1 July	346	709	346	561
Additional provisions	-	411	-	411
Amounts used during the year	(273)	(774)	(273)	(626)
Balance 30 June	73	346	73	346

14. Investment in subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the following significant subsidiary in accordance with the accounting policy.

Name of entity	Principle activity	Equity Holding	
		2020	2019
Homes of Choice	Property rental	100%	100%

All investments in subsidiary are carried at cost and eliminated on consolidation.

15. Equity

Reserves	Group		Spectrum Care	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Net revaluations for the year				
Land	-	268	-	-
Buildings	-	(1,814)	-	-
Net change for the year	-	(1,546)	-	-
Closing Balance				
Land	38,002	38,002	-	-
Buildings	7,411	7,550	-	-
Total at the year end	45,413	45,552	-	-

Asset revaluation reserve

On the Spectrum Care's stand-alone financial statements, the revaluation reserve is transferred back to retained earnings following the asset sale to Homes of Choice. However, at a Group level the cumulative fair value of land and buildings is retained as a separate reserve within equity.

Systems transformation reserve

The government has signalled changes to the way the disability support sector will be contracted and funded. This change is known as Systems Transformation. The change will impact Spectrum Care and will influence the way business will be done in the future. To adapt and prepare for these changes the organisation has put aside some reserves to fund the anticipated organisational changes required.

Capital management

The Group and Trust's capital includes trust settlement funds, accumulated surplus and reserves. When managing capital, the Board and Management's objective is to ensure the entity continues as a going concern as well as to maintain optimal benefits for its stakeholders. The Board and Management monitor capital through the gearing ratio (total liability/equity) and working capital ratio. There are no externally imposed covenants or other such requirements.

The Group and Trust's policies in respect of capital management and allocation are reviewed regularly by the Board of Trustees.

There have been no material changes in the Group management of capital during the year. The Group and Trust uses annual cash flow to fund its activities and achieve its annual objectives. Any surplus cash flow may be carried over to the next year to facilitate future activities.

Trust settlement funds

	Group		Spectrum Care	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Net assets of the Auckland Home Options Trust Board (AHOT)	1,568	1,568	1,568	1,568
Net assets of Services for People with ID Ltd (SPID)	(111)	(111)	(111)	(111)
Surplus on purchase by Spectrum Care	400	400	400	400
Opening equity of trust funds settled at 1 July 1994	1,857	1,857	1,857	1,857

Spectrum Care was established on 1 July 1994 with a settlement of \$1,857,000 comprising:

- the transfer to Spectrum Care of the entire AHOT balance sheet of \$1,568,000
- the write back of SPID's negative equity of \$111,000
- a surplus on purchase by Spectrum Care of \$400,000.

16.Statement of cash flows reconciliation

	Group		Spectrum Care	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Reconciliation of net surplus to net cash flows from operations				
Net surplus for the year	2,671	335	1,585	(284)
Adjustments for:				
Depreciation and Amortization	1,187	1,416	1,144	1,297
Provision for Long term maintenance	-	(148)	-	-
Provision for Sick Leave	239	228	239	228
Provision for Doubtful debts	50	119	50	119
Loss on revaluations	-	293	-	-
(Gain)/Loss on sale of assets	(36)	571	(12)	640
Related parties interest	-	-	-	(510)
Changes in assets and liabilities				
(Increase)/decrease in trade and other receivables	4,767	(2,206)	4,768	(2,308)
(Decrease)/increase in trade and other payables	1,132	1,480	1,348	1,104
Net cash from operating activities	10,010	2,088	9,122	286

17. Administration expenses

	Group		Spectrum Care	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Management fees service level agreement	-	-	324	324
Business Development	15	10	14	8
Occupancy Expenses	146	272	199	152
Employee Costs	4,698	4,430	4,658	4,430
Software expenses	260	262	255	259
General office expenses	315	205	312	201
Contractor and consultant expense	478	364	427	352
Advertising and marketing expense	49	74	41	65
Recruitment and training expense	661	565	627	564
Insurance	58	57	56	57
Computer maintenance	178	87	178	87
Vehicle	98	120	96	100
Travel and accommodation	74	63	62	54
Loss on disposal of fixed assets	-	680	-	680
Trustee costs	279	268	225	213
Other Expenses	110	3	84	(44)
	7,419	7,460	7,558	7,502

18. Operating lease commitments

The Head Office of the Trust at 270 Neilson Street, Onehunga, Auckland, was leased from Brett Morris & Sons Auckland. The nine year lease which commenced in October 2002 provided for a 12 month rent free incentive at the start of the lease which is recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability. The lease renewed in October 2017 and the Trust has extended the lease by another three years which expires on 30 September 2020. Brett Morris Property Trust was purchased by Sahara Limited on 21st June 2019 and is now lessor. Spectrum is, as of 30 June 2020, in lease negotiations.

The Trust entered into a lease with Milena Holding Limited for a six and a half year term commencing in April 2012 and this was extended until October 2020. The premises are located at 1/11 Woodruffe Avenue, Henderson and the venue is used as an Activity Centre. An incentive of a six month rent free period was offered, which was recognised as a liability and subsequently released equally across the length of the lease.

The Trust entered into a lease with Aspire Limited for a four year term commencing in February 2015 with a renewal for two years, ending in 2021. This has subsequently been extended for another 2 years. The premises are located at 103 Tawa Street, Hamilton and it is used as a Regional Office. An incentive of a four and half month rent free period was offered, which was recognised as a liability and subsequently released equally across the length of the lease.

The Trust also has agreements to lease twenty-five residential properties with third parties. All leases except one are periodic and do not have a fixed maturity date. However the Trust must give one month's notice when it wishes to terminate the lease. The Trust expects to continue leasing these properties for as long as it is able to, and therefore have included the amount in the table below under "less than one year".

The Trust entered into a lease with Self Help Ltd for a 74 month term commencing in November 2017. The premises are located at 250 Cuba Street, Wellington and used as an activity centre. An incentive of one month rent free period was offered, which was recognised as a liability and subsequently released equally across the length of the lease.

The trust entered into a lease agreement with Church Bay Trust for a six years lease commencing on November 2019. The premises is located at 4/310 Onehunga Mall, Onehunga, an incentive of \$115,800.01 bond was setup over the term of lease, renewal every year. The trust also entered into a lease agreement with Ismut Ara Khan and Salahuddin Khan for the premises at 24/18 Lambie Drive, Papatoetoe, Auckland. The trust also entered into a lease with Autism Charitable trust for two years for the premises at 20 Sydney Street, Petone, Wellington and the site is used as an office for Wellington staff.

Minimum lease payments for the leases are as follows:

	Group		Spectrum Care	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Less than one year	1,416	1,486	1,211	1,369
Between one to two years	328	338	297	307
Between two to five years	606	488	575	426
More than five years	56	51	56	51
Total minimum lease payments	2,406	2,363	2,139	2,153

19. Related party transactions

The Trust's related parties include controlled entities and key management personnel. No amounts owed by related parties have been written off or forgiven during the year (2019: nil).

Homes of Choice is a wholly owned entity of Spectrum Care Trust Board.

In 2019/20 Homes of Choice leased 85 (2019: 89) of its residential properties to Spectrum Care Trust Board. The agreed rental cost is \$252,012 (2019: \$249,419) per month. Total rent paid during the period amounted to \$3,063,368 (2019: \$3,089,420). The Trust's payable in relation to the above arrangement at 30 June 2020 amounted to \$252,012 (2019: \$249,419).

A Service Level Agreement exists between the two entities for administrative services provided by the Trust to Homes of Choice for which a monthly fee of \$27,000 (2019: \$27,000) was agreed. Total revenue during the period in relation to this agreement is \$324,000 (2019: \$324,000). The Trust's receivable in relation to the above arrangement at 30 June 2020 amounted to \$27,000 (2019: \$27,000).

A Service Level Agreement also exists between the two entities for administrative services and property service provided by Homes of Choice to the Trust, a monthly fee of \$63,371 (2019: \$62,309) is charged, total for the year \$760,453 (2019: \$747,708). The Trust's payable in relation to the above arrangement at 30 June 2020 amounted to \$57,988 (2019: \$63,418).

In the past, Trust received cash transfer from Homes of Choice for investment purposes. During the year this balance has been repaid leaving a nil balance outstanding (2019: \$1,800,000).

A loan amounting to \$15,000,000 was provided by the Trust to Homes of Choice in April 2015. The loan was long term for a period of five years and during the year has been extended until 30 April 2022 and will only be called upon agreement of both parties. The loan earns interest of 3.30% (2019: 3.40%) which is reviewed annually. Spectrum care earned interest of \$496,356 (2019: \$510,000) from the loan, with a total of nil receivable at year end (2019: \$2,155,751).

During the year Home of Choice managed repairs for the Trust. For the year this amounted to \$895,812 (2019: \$713,437). The Trust provided a lawn mowing service to Homes of Choice and the costs of this were \$19,380 (2019:\$20,938).

Spectrum Care Trust Board have one trustee who is also Homes of Choice director. Spectrum Care Trust Board trustee fees for the year ended 30 June 2020 were \$225,023 (2019: \$212,929).

Compensation to Key Management Personnel for the Group in the form of short term employee benefits or external contract costs totalled \$1,363,169 (2018: \$1,339,471). There are Eight General Managers of the organisation who are considered Key management personnel. Seven are employed by Spectrum Care for the Group (2019: seven) and one is employed under 12 month external contract commencing June 2020 (2019: nil).

20. Funding received in advance

	Group		Spectrum Care	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Funding Received in Advance	-	225	-	224
	-	225	-	224

21. Auditor's remuneration

	Group		Spectrum Care	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Amounts paid or payable to Grant Thornton New Zealand Audit Partnership for:				
Audit of the financial statements	58	58	36	35
Other consultancy services	33	20	32	20
	91	78	68	55

Other consultancy services relate to a Grant Thornton review of Spectrum Care Trust Board's balance sheet reconciliations and process recommendations. There was also further work around potential balance sheet changes in 2020/21, involving the separation of the service delivery element of Spectrum Care.

22. Contingent liabilities and contingent assets

There is a contingent liability of \$500,000 as at 30 June 2020 (2019: \$500,000). The parent is recognising a contingent liability as the organisation prepares for a fundamental change that is occurring in the core business due to changes in Government practice and policy, known as Systems Transformation.

There are no contingent assets as at 30 June 2020 (2019: Nil).

23. Capital commitments

During the year the Group entered into several construction contracts with unrelated parties. Due to COVID 19 lockdown and the subsequent delays, there is work still to be completed on some of these contracts. There are also capital commitments at year end for the purchase of 3 vehicles and a new server. As at 30 June 2020, total capital commitments are \$520,154 (2019: \$160,060).

24.Events after the reporting period

There were no events subsequent to the reporting period that would materially affect the financial statements (2019: nil).

25.COVID-19 impact

Since 30th June 2020, the spread of COVID-19 has continued to severely impact many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

In April 2020, Ministry of Health (MOH) announced a change to their payment scheduling to support providers during COVID-19. This scheme, known as Surety of Funding, was put in place to ease the burden of invoicing, processing and payments for all parties. The amount to be paid was based on the amount MOH paid providers in February 2020, pro-rated up to 30 or 31 days. This is paid in the first third of the month of activity (not to usual payment terms), with the aim of providing an easing of cash flow pressures and to ensure trained staff were retained during the 8 week lock down period. In the vast majority of cases, these staff were re-deployed to other essential services within Spectrum Care. This regime is forecasted to remain in operation until 30 September 2020, where it will then be reviewed by MOH as to the risk New Zealand is facing around on-going COVID-19 cases.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 30 June 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods. Note: this disclosure assumes there is no significant doubt about the entity's ability to continue as a going concern.

Independent auditor's report

To the Trustees of Spectrum Care
Trust Board.

Report on the Audit of the
Consolidated Financial Statements.

Opinion

We have audited the consolidated financial statements of Spectrum Care Trust Board (the “Trust”) and its controlled entities (the “Group”) on pages 7 to 38 which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with Public Benefit International Sector Accounting Standards (Not For Profit) 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)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners 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.

Our firm carries out other assignments for Group in the area of business accounting advisory. The firm has no other interest in the Group.

Other information

The Trustees are responsible for the other information. The other information comprises 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 after the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we do 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 identified above when it becomes available 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.

Trustees’ responsibilities for the Consolidated Financial Statements

The Trustees’ are responsible on behalf of the Group for the preparation and fair presentation of these consolidated financial statements in accordance with Public Benefit International Sector Accounting Standards (Not For Profit) issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, those charged with governance on behalf of the entity are responsible for assessing the Group’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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor’s responsibilities for the audit of the financial statements is located on the External Reporting Board’s website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/>

Restriction on use of our report

This report is made solely to the Trustees, as a collective body. Our audit work has been undertaken so that we might state to the Group's Trustees, as a collective body, 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 Group and the Trustees, as a collective body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton

Grant Thornton New Zealand Audit Partnership

Auckland, New Zealand

25 August 2020



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Our mission

'Realising possibilities'

'Whakatinana ana I ngā wawata'

- We believe in lives of choice
- We believe in inclusive communities
- We believe in daring to dream

Our values

- Empowering informed decision-making
- Being a trusted partner
- Building connections to communities of choice
- Facilitating solutions for people and their whānau

Our strategic domains

Right voice

Partnering with people, whānau and stakeholders in developing solutions

Right support

Growing the voice of people and their whānau

Right people

Creating career pathways and valued roles

Right focus

Embedding a customer-centric model into the DNA of the organisation

Right path

Achieving sustainable, long-term prosperity