



FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

EAST HEALTH TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Contents

Trust Directory	1
Auditors' Report	2 -3
Statement of Financial Performance	4
Statement of Movements in Equity	5
Statement of Financial Position	6
Notes to the Accounts	7 -10

East Health Trust

Trust Directory As at 30 June 2015

Business Address	260 Botany Road Howick Auckland
Trustees	J H Betteridge D P Bryant K Chiu R J Coleman B C A Hyland D Lee S Alexander
Bank	ASB Bank Limited Auckland
Business Activity	Primary Health Organisation
Registered Charity No.	CC21764
Auditors	RSM Hayes Audit Auckland
Solicitors	Malloy Goodwin Harford Auckland

RSM Hayes Audit

PO Box 9588
Newmarket, Auckland 1149
Level 1, 1 Broadway
Newmarket, Auckland 1023

T +64 (9) 367 1656
www.rsmnz.co.nz

Independent Auditor's Report

To the trustees of East Health Trust

We have audited the special purpose financial statements of East Health Trust on pages 4 to 10 which comprise the statement of financial position as at 30 June 2015, and the statement of financial performance, statement of movements in equity and a summary of significant accounting policies and other explanatory information.

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

Trustees' Responsibility for the Special Purpose Financial Statements

The trustees are responsible for the preparation of these special purpose financial statements in accordance with the accounting policies set out on page 7 and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the special purpose financial statements of East Health Trust as at 30 June 2015 on pages 4 to 10 are prepared, in all material respects, in accordance with the accounting policies set out on page 7.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describe the basis of accounting. The financial statements are prepared solely for the purpose of giving information about East Health Trust to the trustees of East Health Trust. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the trustees of East Health Trust and should not be distributed to or used by parties other than East Health Trust.



RSM Hayes Audit

18 November 2015

Auckland.

East Health Trust

Statement of Financial Performance For the Year Ended 30 June 2015

	<u>Note</u>	<u>2015</u>	<u>2014</u>
<u>Revenue</u>			
Provider Funding		13,656,434	12,881,345
Health Projects		4,771,286	3,461,447
Management Fees		642,213	619,696
		<u>19,069,933</u>	<u>16,962,488</u>
<u>Less Direct Costs of Services</u>			
Provider Funding		13,656,434	12,881,345
Health Projects		4,603,923	3,306,370
Management Fees		526,615	508,346
		<u>18,786,972</u>	<u>16,696,061</u>
Gross Surplus		282,961	266,427
<u>Expenses</u>			
Administration		35,513	18,239
Audit Fees	2	5,267	6,438
Conference Expenses		22,193	14,414
Governance - Clinical & Community		65,963	67,991
Insurance		2,700	2,700
Subscriptions		40,156	39,886
Trustees Remuneration	9	93,484	81,492
		<u>265,276</u>	<u>231,160</u>
Operating Surplus		17,685	35,267
<u>Other Income</u>			
Dividends Received		7,522	12,896
Interest Received		89,761	47,745
Governance Contributions		8,075	10,125
		<u>105,358</u>	<u>70,766</u>
Net Surplus		<u>\$ 123,043</u>	<u>\$ 106,033</u>

East Health Trust

Statement of Movements in Equity For the Year Ended 30 June 2015

	<u>2015</u>	<u>2014</u>
<u>Trust Equity at the Beginning of the Year</u>	621,651	515,618
Surplus & Revaluations		
Net Surplus for the year	123,043	106,033
Total recognised revenue and expenses for the year	<u>123,043</u>	<u>106,033</u>
Trust Equity at the End of the Year	<u>\$ 744,694</u>	<u>\$ 621,651</u>

East Health Trust

Statement of Financial Position As at 30 June 2015

	Note	2015	2014
<u>Trustees Equity</u>			
Corpus	10		10
Trustees Account		744,684	621,641
Total Equity		<u>\$ 744,694</u>	<u>\$ 621,651</u>
<u>Current Assets</u>			
Cash and Bank		388,214	510,026
ASB Term Deposits		2,009,512	1,450,349
Accounts Receivable	4	933,993	827,104
Tax Refund Due		522	896
Total Current Assets		3,332,241	2,788,375
<u>Investments</u>			
Shares in unlisted Companies at cost	5	13,340	13,340
Total Non-Current Assets		13,340	13,340
Total Assets		<u>\$ 3,345,581</u>	<u>\$ 2,801,715</u>
<u>Current Liabilities</u>			
Accounts Payable	3	868,367	696,998
Accruals		2,000	5,000
Eastern Locality Partnership	11	62,984	404,915
Committed Funding	7	1,667,536	1,073,151
Total Current Liabilities		2,600,887	2,180,064
Total Liabilities		<u>\$ 2,600,887</u>	<u>\$ 2,180,064</u>
<u>Net Assets</u>		<u>\$ 744,694</u>	<u>\$ 621,651</u>

For and on behalf of the Board:

Trustee:

Date:

Trustee:

Date:

RSM

The accompanying notes form part of and should be read in conjunction with the Financial Statements.

East Health Trust

Notes to the Financial Statements For the Year Ended 30 June 2015

1. Statement of Accounting Policies

These are financial statements of East Health Trust.

East Health Trust is a charitable trust incorporated under the Charitable Trusts Act 1957.

Reporting Entity

East Health Trust was established by trust deed dated 17 June 2003. It is a registered charity under the Charities Act 2005. Registration no: CC21764.

The trustees have chosen to prepare special purpose financial statements. The special purpose financial statements are not prepared on a basis to comply with Financial Reporting Standards and Statements of Standard Accounting Practices. The special purpose financial statements are prepared specifically to meet the trustees internal reporting requirements for recording the investment in associates at cost rather than using the equity method of accounting. These are not a general purpose set of financial statements and therefore may not be suitable for other purposes.

Measurement Base

The measurement base adopted is that of historical cost unless otherwise stated.

Specific Accounting Policies

(a) Revenue

Contract income is recognised as revenue when received. Any unspent portion of the contracts that have conditions yet to be fulfilled at balance date are carried forward in the Statement of Financial Position. In this case costs are accrued in the Statement of Financial Performance to the extent necessary to fulfill those conditions.

Other revenue is recorded on an accrual basis in the period in which the services are provided.

(b) Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis with the exception of Accounts Receivable and Accounts Payable which are shown GST inclusive.

(c) Income Tax

The trust has charitable status and is therefore exempt from income tax.

(d) Investments

Investments are stated at cost. Where, in the opinion of the trustees, there has been a permanent diminution in the value of the investments, this has been recognised in the current period. The trustees have chosen not to adopt equity accounting.

(e) Receivables

Receivables are stated at expected realisable value. Bad debts are written off during the period in which they are identified. An estimate is made for doubtful debts on a review of all outstanding amounts at year end.

(f) Liabilities

Liabilities are stated at the estimated amounts payable and include all obligations that can be reliably estimated. Current liabilities include the amounts payable within twelve months of balance date.

(g) Changes in Accounting Policies

There have been no changes in accounting policies.

All policies have been applied on bases consistent with those used in the prior year.

 RSM

East Health Trust

Notes to the Financial Statements For the Year Ended 30 June 2015

		<u>2015</u>	<u>2014</u>
2.	Remuneration of Auditors		
	Amounts paid or payable to the auditors		
	Auditing the financial statements RSM Hayes Audit	5,267	6,438
		\$ 5,267	\$ 6,438
3.	Current Liabilities - Accounts Payable		
	Accounts Payable	276,726	304,511
	Related Party Accounts Payable	591,641	392,487
		\$ 868,367	\$ 696,998
4.	Current Assets - Receivables		
	Accounts Receivable	920,659	796,017
	Related Party Accounts Receivable	5,604	6,514
	GST Receivable	7,730	24,573
		\$ 933,993	\$ 827,104
5.	Non-Current Assets - Shares		
	East Health Services Limited	21.3%	Holding 1,000
		\$ 13,340	\$ 13,340

Equity accounting has not been applied to the investment in East Health Services Limited as the policy adopted is to record the investment at cost.

6. **Investment**

East Health Trust has a 21.3% share in East Health Services Limited, a management services organisation.

The share in the associate is:

	<u>2015</u>	<u>2014</u>
Current Assets	\$ 451,355	\$ 369,011
Non Current Assets	\$ 108,978	\$ 66,677
Current Liabilities	\$ 229,066	\$ 172,615
Non Current Liabilities	-	-
Net Surplus after Taxation	\$ 61,908	\$ 96,821

The above amounts have not been reflected in the financial statements of East Health Trust as the trustees have elected to record the investment at cost.

7. **Commitments for Expenditure**

Capital Commitments

There is no committed capital expenditure at balance date (Last Year \$nil)

Committed Funding

Funding is received from the Ministry of Health and the Counties Manukau District Health Board for specific ongoing health funding projects. Where all of the funding has not been used within the financial year it is carried over into the next financial year. The funding is all committed to be used for the contracted health projects.

8. **Contingent Liabilities**

At balance date there are no known contingent liabilities. (Last year \$nil)

East Health Trust

Notes to the Financial Statements For the Year Ended 30 June 2015

9.	Trustees Remuneration	<u>2015</u>	<u>2014</u>
	During the year the board approved the following remuneration for the trustees:		
	J H Betteridge	10,939	10,554
	D P Bryant	9,900	11,202
	K Chiu	9,000	8,735
	R J Coleman	10,890	8,435
	B C A Hyland	11,625	9,655
	D Lee	30,255	24,176
	S Alexander	10,875	8,735
		<u>\$ 93,484</u>	<u>\$ 81,492</u>

10. Related Party Transactions

- a) R Coleman, B Hyland and D Lee are trustees and also operate as General Practitioners. They received funding from the trust on the same terms and conditions as all other general practitioners, through their respective medical practices.
- b) East Health Services Limited is a related party as East Health Trust is a 21.3% shareholder. Management fees of \$526,615 and project funding of \$1,345,471 have been paid to East Health Services Limited during the year. (Last year \$508,346 and \$1,166,983)
- c) Botany Junction Medical Limited is a related party as D Lee is a director. The medical centre receives funding from the trust on the same terms and conditions as all other medical centres.
- d) Millhouse Medical Centre Limited is a related party as R Coleman is a director. The medical centre receives funding from the trust on the same terms and conditions as all other medical centres.
- e) Pakuranga Medical Centre Limited is a related party as D Lee is a shareholder. The medical centre receives funding from the trust on the same terms and conditions as all other medical centres.
- f) Highland Park Medical Centre Limited is a related party as B Hyland is a director. The medical centre receives funding from the trust on the same terms and conditions as all other medical centres.
- g) East Care Limited is a related party as B Hyland is a director and shareholder. R Coleman, D Lee and John Betteridge Medical Ltd are also shareholders in East Care Limited. No transactions have occurred with East Care Limited during the year.
- h) PHO Alliance is a related party as D Lee is an executive committee member. Membership fees of \$9,345 were paid during the year. (Last year \$9,000)
- i) J Betteridge, B Hyland and D Lee are directors of East Health Services Ltd.
J Betteridge, B Hyland, D Lee and R Coleman are shareholders of East Health Services Ltd.

East Health Trust

Notes to the Financial Statements For the Year Ended 30 June 2015

11. Eastern Locality Partnership

East Health Trust holds funds on behalf of the Eastern Localities Partnership. These funds are to facilitate the ministry directive for the provision of localities based health services. Funds received are held on behalf of the Eastern Locality Partnership and applied against locality related expenses as they are incurred. The criteria on which funds are to be utilised is set out in detail in the service specifications. The localities related services are scheduled to be completed by 30 June 2015.

Fees paid to trustees for work performed on behalf of the Eastern Localities Partnership are as follows. These are in addition to their normal trustees fees.

	<u>2015</u>	<u>2014</u>
J H Betteridge	50	900
D P Bryant	900	1,500
K Chiu	-	1,200
R J Coleman	-	900
B C A Hyland	2,175	1,725
D Lee	3,075	3,759
S Alexander	1,875	1,200
	<u>\$ 8,075</u>	<u>\$ 11,184</u>

At balance date the following balances related to the Eastern Localities Partnership have been recorded in the Statement of Financial Position of the Trust:

	<u>2015</u>	<u>2014</u>
-Accounts Receivable due from Counties Manukau District Health Board (including GST)	\$ 197,225	\$ 558,468
-Eastern Localities Partnership Liability (excluding GST)	\$ 62,984	\$ 404,915