

**Te Korowai Hauora O Hauraki Inc.
Financial statements
for the year ended 30 June 2022**

Te Korowai Hauora O Hauraki Inc.

Financial statements - 30 June 2022

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Directory

Trustees

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G Tupuhi

K Ngapo

D Taipari

S King

CEO

Tammy Dehar

Registered office

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Thames

Charities Registration

CC46558

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PricewaterhouseCoopers NZ

PO Box 191, Hamilton

Bankers

Bank of New Zealand

Thames

Website address

www.korowai.co.nz

Trustees' report

The Board of Trustees have pleasure in presenting the annual report of Te Korowai Hauora O Hauraki Inc., incorporating the financial statements and the auditors' report, for the year ended 30 June 2022.

The Board of Trustees' of Te Korowai Hauora O Hauraki Inc. authorised these financial statements presented on pages 4 to 21 for issue on 24 November 2022.

For and on behalf of the Board.



Harry Mikaere
Chairperson

24 November 2022



Glen Tupuhi
Deputy Chairperson

24 November 2022

Te Korowai Hauora O Hauraki Inc.
Statement of comprehensive revenue and expense
For the year ended 30 June 2022

Statement of comprehensive revenue and expense

For the year ended 30 June 2022

	Note	Actual 2022 \$'000	Actual 2021 \$'000
Revenue			
Government grants		45	206
Finance income	8	2	-
Service income	4	19,385	14,820
Other revenue	5	73	247
Total revenue		<u>19,505</u>	<u>15,273</u>
Expenditure			
Personel costs	7	(15,244)	(12,530)
Depreciation and amortisation expense	11,12	(409)	(295)
Finance costs	8	(2)	(5)
Other expenses	6	(2,742)	(2,144)
Total operating expenditure		<u>(18,397)</u>	<u>(14,974)</u>
Surplus for the year		<u>1,108</u>	<u>299</u>
Other comprehensive revenue and expense			
Total comprehensive revenue and expense		<u>1,108</u>	<u>299</u>
Total comprehensive revenue and expense attributable to:			
The beneficiaries of Te Korowai Hauora O Hauraki Inc.		<u>1,108</u>	<u>299</u>
		<u>1,108</u>	<u>299</u>

Statement of financial position
As at 30 June 2022

	Note	Actual 2022 \$'000	Actual 2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	2,979	1,020
Trade and other receivables	10	<u>2,102</u>	<u>1,160</u>
		<u>5,081</u>	<u>2,180</u>
Total current assets		<u>5,081</u>	<u>2,180</u>
Non-current assets			
Property, plant and equipment	11	3,262	2,911
Intangible assets	12	<u>85</u>	<u>121</u>
Total non-current assets		<u>3,347</u>	<u>3,032</u>
Total assets		<u>8,428</u>	<u>5,212</u>
LIABILITIES			
Current liabilities			
Trade and other payables	13	2,864	1,045
Interest bearing liabilities	14	14	-
Employee benefits liabilities		1,043	844
Current tax liabilities		<u>576</u>	<u>406</u>
		<u>4,497</u>	<u>2,295</u>
Total current liabilities		<u>4,497</u>	<u>2,295</u>
Non-current liabilities			
Interest bearing liabilities	15	-	<u>94</u>
Total non-current liabilities		<u>-</u>	<u>94</u>
Total liabilities		<u>4,497</u>	<u>2,389</u>
Net assets		<u>3,931</u>	<u>2,823</u>
EQUITY			
Accumulated funds	16	<u>3,931</u>	<u>2,823</u>
Total equity attributable to the Society		<u>3,931</u>	<u>2,823</u>
Total equity		<u>3,931</u>	<u>2,823</u>

Te Korowai Hauora O Hauraki Inc.
Statement of changes in equity
For the year ended 30 June 2022

Statement of changes in equity
For the year ended 30 June 2022

	Actual 2022 \$'000	Actual 2021 \$'000
Note		
Balance at 1 July 2021	<u>2,823</u>	<u>2,524</u>
Surplus/(deficit) for the year	<u>1,108</u>	<u>299</u>
Balance at 30 June 2022	<u>3,931</u>	<u>2,823</u>
	16	
Retained earnings		
Retained earnings at beginning of the year	<u>2,823</u>	<u>2,524</u>
Net surplus for the year	<u>1,108</u>	<u>299</u>
Retained earnings at end of the year	<u>3,931</u>	<u>2,823</u>
EQUITY AT END OF THE YEAR	<u>3,931</u>	<u>2,823</u>
Total comprehensive income attributable to:		
Te Korowai Hauora O Hauraki Inc.	<u>1,108</u>	<u>299</u>
Total comprehensive income	<u>1,108</u>	<u>299</u>

Statement of cash flows

For the year ended 30 June 2022

	Actual 2022 \$'000	Actual 2021 \$'000
Note		
Cash flows from operating activities		
Grants received	45	206
Receipts from Government funding	19,839	14,015
Receipts from other revenue	65	202
Payments to suppliers	(2,267)	(2,138)
Payments to employees	(15,045)	(11,915)
GST (net)	170	83
Net cash flow from operating activities	<u>2,807</u>	<u>453</u>
Cash flows from investing activities		
Receipts from sale of property, plant, and equipment	8	7
Purchase of property, plant and equipment	(756)	(347)
Purchase of intangible assets	(20)	(116)
Net cash flow from investing activities	<u>(768)</u>	<u>(456)</u>
Cash flows from financing activities		
Interest received	2	-
Repayment of borrowings	(80)	(76)
Interest paid	(2)	(5)
Net cash flow from financing activities	<u>(80)</u>	<u>(81)</u>
Net increase / (decrease) in cash, cash equivalents, and bank overdrafts	1,959	(84)
Cash, cash equivalents, and bank overdrafts at the beginning of the year	<u>1,020</u>	<u>1,104</u>
Cash, cash equivalents, and bank overdrafts at the end of the year	9 <u>2,979</u>	<u>1,020</u>

1 Statement of accounting policies for the year ended 30 June 2022

1.1 Reporting entity

Te Korowai Hauora o Hauraki Inc. (the Society) is an iwi-based, non-profit oriented society established by the Hauraki Maori Trust Board in May 1995 to provide quality health services.

The Society is incorporated and domiciled in New Zealand. The address of its registered office is 210 Richmond Street, Thames.

The Society has designated itself as a public benefit entity (PBEs) for purposes of complying with generally accepted accounting practice.

The financial statements of the Society are for the year ended 30 June 2022. The financial statements were authorised for issue by the Executive Committee on 24 November 2022.

The Executive Committee does not have the power to amend these general purpose financial statements once issued.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Society have been prepared in accordance with the requirements of the Charities Act 2005, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with Tier 2 PBE accounting standards reduced disclosure regime (PBE Standards RDR).

The criteria under which an entity is eligible to report in accordance with Tier 2 PBE Standards are that the Society has no public accountability and is not large as defined in XRB A1.

Measurement base

The financial statements have been prepared on a historical cost basis.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

Changes in accounting policies

There have been no changes in the Society's accounting policies since the date of the last audited financial statements.

2.2 Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

(i) Service income

Service income is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Any funds received for which the requirements under the contract agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

(ii) Finance income

Finance income is recognised using the effective interest method.

(iii) Rental income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

2 Summary of significant accounting policies (continued)

(iv) Grants income

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

(v) Other income

Other income is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Any funds received for which the requirements under the contract agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

2.3 Borrowing costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

2.4 Leases

(i) The Society is the lessee

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

(ii) The Society is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.6 Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

A receivable is considered uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

2.7 Financial assets and liabilities

From the group classifies its financial assets in the following measurement categories:

Financial liabilities comprise trade, other payables and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value less transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method. Amortisation is recognised in the statement of revenue and expenses, as is any gain or loss when the liability is settled. Financial liabilities entered into with duration of less than 12 months are recognised at their nominal value.

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Society commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all the risks and rewards of ownership.

2 Summary of significant accounting policies (continued)

Financial assets are classified into the following categories for the purpose of measurement:

- loans and receivables;

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any provision for impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

2.8 Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

(i) Loans and other receivables

Impairment is established when there is objective evidence that the Society will not be able to collect amounts due according to the original terms of the loan or receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, insolvency, receivership, or liquidation, and default in payments are considered to be indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

2.9 Property, plant and equipment

Property, plant, and equipment consists of the following asset classes: land, buildings, leasehold improvements, computer hardware, furniture and fittings, and motor vehicles.

Land is measured at fair value, and buildings and infrastructure are measured at fair value less accumulated depreciation and impairment losses. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

(i) Revaluation

The Society has elected not to revalue its assets. The assets are periodically reviewed to determine whether they have been impaired.

(ii) Additions

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Society and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

(iii) Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported gross in the surplus or deficit.

(iv) Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

2 Summary of significant accounting policies (continued)

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Class of asset depreciated	Estimated useful life	Depreciation rates
Buildings	3-50 years	2% - 33%
Plant & equipment	1.5-14.5 years	6%-67%
Leasehold improvements	6.5-8.5 years	12%-15.5%
Furniture and equipment	2-13 years	7%-50%
Computer hardware	1.5-5 years	21%-67%
Motor vehicles	1-10 years	10%-100%

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease or the estimated remaining useful lives of the improvements.

2.10 Intangible assets

Intangible assets are initially recorded at cost. Where acquired in a business combination, the cost is the fair value at the date of acquisition. The cost of an internally generated intangible asset represents expenditure incurred in the development phase.

Subsequent to initial recognition, intangible assets with finite useful lives are recorded at cost, less any amortisation and impairment losses and are reviewed annually for impairment losses. Amortisation of intangible assets is provided on a straight-line basis that will write off the cost of the intangible asset to estimated residual value over their useful lives. Assets with indefinite useful lives are not amortised but are tested, at least annually, for impairment and are carried at cost less accumulated impairment losses.

Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the software. Costs are amortised using the straight line method over their estimated useful lives (3 years).

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Staff training costs are recognised as an expense when incurred.

2.11 Trade and other payables

Short-term creditors and other payables are recorded at their face value and subsequently carried at amortised cost using the effective method.

2.12 Borrowings

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition all borrowings are subsequently carried at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Society has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

2 Summary of significant accounting policies (continued)

2.13 Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, and annual leave earned to, but not yet taken at balance date.

Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at rates paid or payable.

2.14 Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

2.15 Goods and services tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position .

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

2.16 Statement of cash flows

Included in the statement of cash flows is the year end balance - Cash and Cash Equivalents which consists of cash on hand, bank account balances plus call deposits or call loans that form part of the day to day cash management of the Society.

3 Financial instruments

(a) Financial instrument categories

Assets	Loans and receivables \$'000	Total \$'000
30 June 2022		
Cash and cash equivalent	2,979	2,979
Trade and other receivables	<u>2,102</u>	<u>2,102</u>
Total assets	<u>5,081</u>	<u>5,081</u>
30 June 2021		
Cash and cash equivalent	1,020	1,020
Trade and other receivables	<u>1,160</u>	<u>1,160</u>
Total assets	<u>2,180</u>	<u>2,180</u>
	Measured at amortised cost \$'000	Total \$'000
Liabilities		
30 June 2022		
Borrowings	14	14
Trade and other payables	<u>1,187</u>	<u>1,187</u>
Total liabilities	<u>1,201</u>	<u>1,201</u>
30 June 2021		
Borrowings	94	94
Trade and other payables	<u>749</u>	<u>749</u>
Total liabilities	<u>843</u>	<u>843</u>

4 Revenue from exchange and non-exchange transactions

	Actual 2022 \$'000	Actual 2021 \$'000
Service income	19,385	14,820
Other revenue	<u>74</u>	<u>248</u>
Total exchange	<u>19,459</u>	<u>15,068</u>
Government grants	45	206
Finance income	<u>2</u>	<u>-</u>
Total non-exchange	<u>47</u>	<u>206</u>
Total exchange and non-exchange	<u>19,506</u>	<u>15,274</u>

5 Other revenue

	Actual 2022 \$'000	Actual 2021 \$'000
Rental income	65	55
Other revenue	<u>8</u>	<u>192</u>
	<u>73</u>	<u>247</u>
Total other revenue	<u>73</u>	<u>247</u>

6 Other expenses

	Actual 2022 \$'000	Actual 2021 \$'000
Net gains and expenses		
Surplus includes the following specific expenses:		
Depreciation	<u>353</u>	<u>295</u>
Computer software	<u>56</u>	<u>-</u>
Audit fees for financial statements audit	<u>44</u>	<u>35</u>
Professional services fees / legal fees	<u>6</u>	<u>-</u>
Repairs and maintenance expenses	<u>129</u>	<u>55</u>
Utilities and occupancy expenses	<u>317</u>	<u>270</u>
Other operating expenses	<u>2,228</u>	<u>1,769</u>
Trustees' fees	<u>18</u>	<u>15</u>
Total other expenses	<u>2,742</u>	<u>2,144</u>

7 Personnel costs

	Actual 2022 \$'000	Actual 2021 \$'000
Salaries and wages	14,219	11,877
Direct personnel overheads	61	48
Other - Contracted Staff	<u>964</u>	<u>605</u>
Total personnel costs	<u>15,244</u>	<u>12,530</u>

The entity previously included contracted staff and locums in other expenses in the Statement of comprehensive revenue and expense. However, these costs are considered to be more correctly included as Personnel costs as the roles carried out by these staff would normally be filled by employees if those staff were available. Prior year comparatives as at 30 June 2021 have been restated by reclassifying \$605k from other expenses to personnel costs as at 30 June 2022.

8 Finance income and finance costs

	Actual 2022 \$'000	Actual 2021 \$'000
Finance income		
Interest income	<u>2</u>	<u>-</u>
Total finance income	<u>2</u>	<u>-</u>
Interest on bank borrowings	<u>2</u>	<u>5</u>
Total finance costs	<u>(2)</u>	<u>(5)</u>
Net finance costs	<u>-</u>	<u>(5)</u>

9 Cash and cash equivalents

	Actual 2022 \$'000	Actual 2021 \$'000
Cash at bank and in hand	2,979	1,017
Deposits held	<u>-</u>	<u>3</u>
Total cash and cash equivalents	<u>2,979</u>	<u>1,020</u>

(a) Reconciliation to cash at the end of the year

Cash, cash equivalents, and bank overdrafts include the following for the purposes of the statement of cash flows:

	Actual 2022 \$'000	Actual 2021 \$'000
Cash at bank and in hand	2,979	1,017
Deposits held	<u>-</u>	<u>3</u>
Total	<u>2,979</u>	<u>1,020</u>

(b) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

10 Current assets - Trade and other receivables

	Actual 2022 \$'000	Actual 2021 \$'000
Accounts receivable	<u>2,099</u>	<u>1,126</u>
Prepayments	<u>70</u>	<u>56</u>
Provision for impairment of receivables	<u>(67)</u>	<u>(22)</u>
Total trade and other receivables	<u>2,102</u>	<u>1,159</u>

11 Property, plant and equipment

As at 30 June 2022	Cost 1 Jul 2021 \$'000	Accumulated depreciation 1 Jul 2021 \$'000	Carrying amount 1 Jul 2021 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year depreciation \$'000	Cost 30 Jun 2022 \$'000	Accumulated depreciation 30 Jun 2022 \$'000	Carrying amount 30 Jun 2022 \$'000
Operating assets									
<i>At cost</i>									
Buildings	3,225	(931)	2,294	18	(1)	(60)	3,242	(991)	2,251
Motor Vehicles	564	(317)	247	222	(1)	(103)	775	(410)	365
Other plant and equipment	737	(570)	167	93	(6)	(38)	817	(601)	216
Office furniture and fittings	196	(146)	50	68	(13)	(11)	245	(151)	94
Capital work in progress	-	-	-	174	-	-	174	-	174
Leasehold improvements	-	-	-	23	-	(2)	23	(2)	21
Computer hardware	522	(369)	153	158	(29)	(141)	558	(417)	141
Total	5,244	(2,333)	2,911	756	(50)	(355)	5,834	(2,572)	3,262
As at 30 June 2021	Cost 1 Jul 2020 \$'000	Accumulated depreciation 1 Jul 2020 \$'000	Carrying amount 1 Jul 2020 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year depreciation \$'000	Cost 30 Jun 2021 \$'000	Accumulated depreciation 30 Jun 2021 \$'000	Carrying amount 30 Jun 2021 \$'000
Operating assets									
Buildings	3,211	(851)	2,360	14	-	(80)	3,225	(931)	2,294
Motor Vehicles	453	(244)	209	128	(10)	(80)	564	(317)	247
Other plant and equipment	656	(513)	143	81	-	(57)	737	(570)	167
Office furniture and fittings	180	(141)	39	16	-	(5)	196	(146)	50
Computer hardware	413	(312)	101	109	-	(57)	522	(369)	153
Total	4,913	(2,061)	2,852	348	(10)	(279)	5,244	(2,333)	2,911

12 Intangible assets

	Computer software \$'000	Total \$'000
At 1 July 2020		
Cost	192	192
Accumulated amortisation and impairment	<u>(170)</u>	<u>(170)</u>
Net book amount	<u>22</u>	<u>22</u>
Year ended 30 June 2021		
Opening net book amount	22	22
Additions	116	116
Amortisation charge	<u>(17)</u>	<u>(17)</u>
Closing net book amount	<u>121</u>	<u>121</u>
At 30 June 2021		
Cost	308	308
Accumulated amortisation and impairment	<u>(187)</u>	<u>(187)</u>
Net book amount	<u>121</u>	<u>121</u>
Year ended 30 June 2022		
Opening net book amount	121	121
Additions	20	20
Amortisation charge	<u>(56)</u>	<u>(56)</u>
Closing net book amount	<u>85</u>	<u>85</u>
At 30 June 2022		
Cost	327	327
Accumulated amortisation and impairment	<u>(242)</u>	<u>(242)</u>
Net book amount	<u>85</u>	<u>85</u>

(continued)

13 Trade and other payables

	Actual 2022 \$'000	Actual 2021 \$'000
Trade payables	1,188	749
Revenue in advance	<u>1,676</u>	<u>296</u>
Total creditors and other payables	<u>2,864</u>	<u>1,045</u>

14 Current liabilities - Interest bearing liabilities

	Actual 2022 \$'000	Actual 2021 \$'000
Current portion		
Bank loans	<u>14</u>	<u>-</u>
Total current portion	<u>14</u>	<u>-</u>

The bank loans are secured by a registered first mortgage over the Society's freehold land and buildings with a total carrying value of \$1.024 million for land and \$1.041 million for buildings.

The Society has a \$200,000 overdraft facility that is not currently drawn down (2021: \$200,000).

The loan is subject to an annual interest rate of 5.67% (2021: 3.6%).

(continued)

15 Non-current liabilities - Interest bearing liabilities

	Actual 2022 \$'000	Actual 2021 \$'000
Bank loans	-	94
Total non-current portion	<u>-</u>	<u>94</u>

The bank loans are secured by a registered first mortgage over the Society's freehold land and buildings with a total carrying value of \$2.151m (2021: \$1.255m).

16 Equity

	Actual 2022 \$'000	Actual 2021 \$'000
Balance at 1 July	2,823	2,524
Surplus for the year	1,108	299
Balance 30 June	<u>3,931</u>	<u>2,823</u>

17 Contingencies

As at 30 June 2022 the Society had no contingent liabilities or assets (2021: \$Nil).

18 Capital commitments and operating leases**Capital commitments**

	Actual 2022 \$'000	Actual 2021 \$'000
Capital commitments		
Leasehold improvements	125	-
Total capital commitments	<u>125</u>	<u>-</u>

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred. At 30 June \$125k already spent was included as work in progress.

Operating leases as lessee

The Society leases property, plant, and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Actual 2022 \$'000	Actual 2021 \$'000
Not later than one year	243	125
Later than one year and not later than five years	474	198
Total non-cancellable operating leases	<u>717</u>	<u>323</u>

(continued)

18 Capital commitments and operating leases (continued)**Operating leases as lessor**

Two properties owned by the Society are leased under operating leases. The leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Actual 2022 \$'000	Actual 2021 \$'000
Not later than one year	41	40
Later than one year and not later than five years	<u>45</u>	<u>98</u>
Total non-cancellable operating leases	<u>86</u>	<u>138</u>

(continued)

19 Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect that the Society would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with Government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements and undertaken on the normal terms and conditions for such transactions.

Transactions with key management personnel

Key management personnel compensation

	Actual 2022 \$'000	Actual 2021 \$'000
Trustees		
Full-time equivalent members	6	5
Remuneration	<u>18</u>	<u>15</u>
Executive Management Team, including the Chief Executive		
Full-time equivalent members	6	5
Remuneration	<u>920</u>	<u>660</u>
Total full-time equivalent personnel	<u>12</u>	<u>10</u>
Total key management personnel compensation	<u>938</u>	<u>675</u>

During the year the organisation had a change in CEO and 2 other executive management positions. An additional member was added to the executive team at the end of June 2022.

Other related party transactions

Primary health services in New Zealand are funded by Te Whatu Ora (Health NZ) via a network of Primary Health Organisations (PHO's) to which practices belong. The Society, through its Whanau Health Centres, is a member of the Hauraki PHO. Three of the Society's Trustees are also Trustees for the Hauraki PHO. As noted above all transactions with the Hauraki PHO have taken place within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect that the Society would have adopted in dealing with the party at arm's length in the same circumstances. Total funds received during the year \$4.39m (2021: \$2.95m) of which \$455k was outstanding at year end and is included in Trade and other receivables (2021: \$146k).

The Society also provided part-time Chief Executive services to the Hauraki PHO during the year. These services are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect that the Society would have adopted in dealing with the party at arm's length in the same circumstances. Funds received during the year \$104k (2021: \$23k), of which \$10k was outstanding at year end and is included in Trade and other receivables (2021: \$26k).

During the year 5 close family members of senior management were employed by the Society (2021: 6), with a total remuneration of \$485k (2021: \$372k). Of these staff members 3 began employment part way through the 2021 financial year. These employees are employed in a normal employee/employer relationship on terms and conditions no more or less favourable than those that are reasonable to expect that the Society would have adopted in dealing with the employee at arm's length in the same circumstances.

20 Events occurring after the balance date

There have been no events that occurred after 30 June 2022 that affect the financial position of the Society (2021: nil).



Independent auditor's report

To the members of Te Korowai Hauora O Hauraki Inc

Our opinion

In our opinion, the accompanying financial statements of Te Korowai Haurora O Hauraki Inc (the Society) present fairly, in all material respects, the financial position as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

What we have audited

The financial statements comprise:

- the statement of financial position as at 30 June 2022;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

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

Our firm carried out other services for the Society in the areas of consulting and advice on software selection. The provision of these other services has not impaired our independence as auditor of the Society.

Other information

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

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

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



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

Responsibilities of the Executive Committee for the financial statements

The Executive Committee are responsible, on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime], and for such internal control as the Executive Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee are responsible for assessing the Society'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 Executive Committee either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8>

This description forms part of our auditor's report.

Who we report to

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

The engagement executive director on the audit resulting in this independent auditor's report is Peter Sharp.

For and on behalf of:

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
28 November 2022

Hamilton