

# **General Purpose Financial Report**

**Rotorua Area Primary Health Services Limited**  
**For the year ended 30 June 2023**

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INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ROTORUA AREA PRIMARY HEALTH SERVICES

## Opinion

We have audited the general purpose financial report of Rotorua Area Primary Health Services Limited ("the Company"), which comprise the financial statements on pages 9 to 26, and the service performance information on page 8. The complete set of financial statements comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in net assets/equity, 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 general purpose financial report presents fairly, in all material respects:

- the financial position of the Company as at 30 June 2023, and (of) its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 30 June 2023, in accordance with the entity's service performance criteria,

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

## Basis for Opinion

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

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

## Directors' Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Company for:

- (a) the preparation and fair presentation of the financial statements and service performance information in accordance with Public Benefit Entity Standards RDR issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards RDR; and
- (c) such internal control as those charged with governance determine is necessary to enable the preparation of the financial statements and service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report those charged with governance are responsible for assessing the Company'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 those charged with governance either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the service performance information 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 NZ AS 1 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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

A further description of the auditor's responsibilities for the audit of the general purpose financial report is located at the XRB's website at <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14/>

This description forms part of our auditor's report.

#### Who we Report to

This report is made solely to the Company's Shareholders, 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 Company and the Company's Shareholders, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Rotorua Limited  
Rotorua  
New Zealand  
20 November 2024

# Directory

## Rotorua Area Primary Health Services Limited For the year ended 30 June 2023

### Capital

85 Shareholders

### Directors

G Matthews  
O Meyer  
K Penman  
C Picken  
E Turner

### Registered Office

1188 Whakaue Street  
Rotorua 3010

### Address

Level 1 1165 Tutanekai  
Street Rotorua 3010

### Company Number

580234

### IRD Number

062-495-913

### Bankers

Westpac Bank  
1228 Amohau Street  
Rotorua 3040

### Accountants

BFA Limited  
1188 Whakaue Street  
Rotorua 3010

### Auditors

BDO Rotorua Limited  
1130 Pukaki Street  
Rotorua 3010

# Directors Report

## Rotorua Area Primary Health Services Limited

### For the year ended 30 June 2023

The Board of Directors present their Annual Report including financial statements of the company for the year ended 30 June 2023.

The business of the Company is that of an Independent Practitioners Association contracting with members in various Primary Health Care funders for the provision of clinical services. The Company also holds the Primary Health Organisation (PHO) contract with Te Whatu Ora | Health NZ (formally Lakes District Health Board).

PHO's, as part of a government initiative to improve the Primary Health Care outcomes for patients were instructed to form alliances with local District Health Boards (DHB) and other key Primary Health Care Organisations. The Company has entered into such an alliance "Team Rotorua Alliance" and as part of the PHO agreement the Service to Improve Access (SIA) and Health Promotion (HP) funding, which is calculated by the Ministry of Health on a per Enrolled Service Users basis, is applied to providing Alliance Services in accordance with Schedule F2.1 of the PHO agreement.

#### As required by Section 211 of the Companies Act 1993, we disclose the following

##### information: Use of Company Information

The Board received no notices during the year from directors requesting to use company information received in their capacity as directors which would not have been otherwise available to them.

##### Share Dealing

No Director bought or sold any shares during the year.

##### Directors Interests

The Board received no notices during the year from directors that they had an interest in any transactions or proposed transactions by the company.

The following held office as directors during the year: G Matthews, O Meyer (appointed) K Penman, C Picken, E Turner and M Williams (resigned and appointed).

During the year ended 30 June 2023 a number of employees or former employees, not being Directors of the Company, received remuneration and other benefits that exceeded NZ\$100,000 in value as follows:

Remuneration	Number of Employees
\$100,000 - \$110,000	1
\$130,000 - \$140,000	1
\$150,000 - \$160,000	1
\$230,000 - \$240,000	1

Directors Remuneration paid during the year or due and payable as follows:

	2023
<b>Directors Remuneration</b>	
G Matthews	37,510
O Meyer	4,042
K Penman	4,568
C Picken	4,568
E Turner	7,371
M Williams	1,313

# Statement of Service Performance FY22-23

Where are we going?		How are we going to get there?			Monitoring								
Vision	Objectives	Critical Success Factors	Strategies	Key Operational Activities	Performance Expectations	Result							
						FY21/22				FY22/23			
<b>Our Vision</b> To be an exemplar of person focused, integrated health & wellbeing services; that improve health system outcomes & equity  <b>Underlying Values</b> He ora te whakapiri  Together, We Make it Better  <i>There is strength in unity - By working together we can do great things</i>  <b>Whakaaro nui</b> To show respect towards all others  <b>Matatika</b> Acting fairly, ethically and with accountability  <b>Underlying Behaviours</b> Relationships & partnerships as the foundation for all services  Ethical distribution of available resources (prioritised to need)  Respect for autonomy (self-determination)	<b>Constitutional Purpose</b> Improving the health status of the enrolled population of Rotorua.  Reducing disparities between the health of different groups within the enrolled population of Rotorua.  Promoting and developing a fully integrated health delivery system.  Promoting good health and the prevention of disease.  Supporting the delivery of quality health services through a skilled workforce.  Reducing barriers to access to primary health services.  Working with other health providers to co-ordinate around population needs	Deliver services for high needs patient groups including Deprivation Quintile 5, Māori and Pasifika	Identified community health need is prioritised in service planning and delivery. Support a culturally responsive system of care	Coordinate cultural competency and Te Reo training for service providers  Prioritise available funding to high need  Support development of models of care incorporating non-traditional workforce	Achieve equity in self-reported experience of Māori vs non-Māori service users via the national Patient Experience Survey	Questions in which RAPHS Māori results:		No. (%)		No. (%)			
						1. Positive responses were significantly higher than non-Māori, non-Pacific results		18 (37%)		4 (8%)			
						2. were not significantly different than non-Māori, non-Pacific results		27 (55%)		33 (69%)			
						3. were significantly lower than non-Māori, non-Pacific results		4 (8%)		11 (23%)			
		Measure (Total population)		Target	FY2122 Achieved	% change	FY2223 Achieved	% change					
		Diabetes Annual Review	Start of Year	90%	62.59%	↑	67.97%	↑ 9.05%					
					77.87%	15.28%	77.02%						
		Cervical Screening	Start of Year	80%	70.23%	↑	66.91%	↑ 4.31%					
					70.80%	0.57%	71.22%						
		CVDRA	Start of Year	90%	82.77%	↓	78.30%	↑ 2.27%					
					80.64%	2.13%	80.57%						
		LINC	Start of Year	90%	67.64%	↑	71.70%	↑					
					83.27%	15.81%	87.34%	15.64%					
		Quit Smoking	Start of Year	90%	67.41%	↑	68.92%	↑					
74.65%	7.24%				80.44%	11.52%							
RAPHS Clinical Services (delivered by providers) where calculated equity ratio for Māori ≥ 0.9 (No.) Calculated by [Total Service Delivered] / [Average Eligible Population]			4/20 <i>(does not include COVID, OST or Mental Health)</i>		11/22 <i>(does not include COVID, OST or Mental Health)</i>								
Accreditation Status achieved/maintained			Yes		Yes								
Organisation passes solvency test at year end.			Yes		Yes								



# Statement of Comprehensive Revenue & Expense

## Rotorua Area Primary Health Services Limited

For the year ended 30 June 2023

	NOTES	2023	2022
<b>Revenue</b>			
<b>Revenue From Non Exchange Transactions</b>			
PHO Contracts		17,240,475	16,378,704
COVID-19 Ministry of Health		2,451,471	3,092,762
<b>Total Revenue From Non Exchange Transactions</b>		<b>19,691,946</b>	<b>19,471,467</b>
<b>Revenue From Exchange Transactions</b>			
PHO Contracts		4,625,653	4,227,489
Health Contracts		4,049,397	3,708,342
Other Income	6	614,732	604,434
<b>Total Revenue From Exchange Transactions</b>		<b>9,289,782</b>	<b>8,540,264</b>
<b>Total Revenue</b>		<b>28,981,728</b>	<b>28,011,731</b>
<b>Expenses</b>			
Clinical Services		1,879,189	1,593,877
COVID-19 Provider Payments		2,451,396	3,092,642
Information Systems		1,440,321	1,690,950
Operations/Management		2,315,106	1,892,971
Provider Payments	6	20,435,380	19,345,672
Audit Fees	6	12,260	12,700
Depreciation and Amortisation	7	71,642	60,041
<b>Total Expenses</b>		<b>28,605,294</b>	<b>27,688,853</b>
<b>Surplus/(Deficit) Before Finance Activities</b>		<b>376,434</b>	<b>322,878</b>
<b>Investment Income</b>			
Interest Received - Loans and Receivables	8	59,883	8,453
<b>Total Investment Income</b>		<b>59,883</b>	<b>8,453</b>
<b>Operating Surplus/(Deficit)</b>		<b>436,317</b>	<b>331,331</b>
<b>Donations and Grants</b>			
Charitable Donation	18		250,000
<b>Total Donations and Grants</b>			<b>250,000</b>
<b>Other Gains/(Losses)</b>			
Gain (Loss) on Sale of Property, Plant and Equipment		(2,671)	(3,867)
<b>Total Other Gains/(Losses)</b>		<b>(2,671)</b>	<b>(3,867)</b>
<b>Surplus/(Deficit) For The Year Before Tax</b>		<b>433,646</b>	<b>77,463</b>

This statement is to be read in conjunction with the Audit Report and the Notes to the Financial Statements.

	NOTES	2023	2022
<hr/>			
Income Tax Expense			
Tax Expense	4	125,367	14,175
Total Income Tax Expense		125,367	14,175
<hr/>			
<b>Surplus/(Deficit) For The Year After Tax</b>		<b>308,279</b>	<b>63,289</b>
<hr/>			
<b>Total Comprehensive Revenue or Expense For The Year</b>		<b>308,279</b>	<b>63,289</b>

This statement is to be read in conjunction with the Audit Report and the Notes to the Financial Statements.

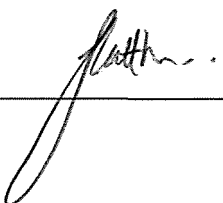
# Statement of Financial Position

## Rotorua Area Primary Health Services Limited As at 30 June 2023

	NOTES	30 JUN 2023	30 JUN 2022
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	9	1,854,400	2,682,775
Receivables From Exchange Transactions	10	1,597,103	1,677,760
Goods and Services Tax	16		
Income Accruals		21,225	1,542
Other Financial Assets	11	1,200,000	
Prepayments	12	25,920	80,511
Income Tax Refundable	4		
<b>Total Current Assets</b>		<b>4,698,649</b>	<b>4,442,588</b>
<b>Non-Current Assets</b>			
Intangible Assets	25	4,567	9,519
Property, Plant and Equipment	25	499,178	260,086
<b>Total Non-Current Assets</b>		<b>503,745</b>	<b>269,605</b>
<b>Total Assets</b>		<b>5,202,394</b>	<b>4,712,193</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables Under Exchange Transactions	13	1,471,070	1,215,731
Contracts In Advance	19	1,067,580	923,254
Employee Entitlements	14	183,791	290,517
Goods and Services Tax	16	96,785	140,744
Income Tax Payable	4	86,113	12,080
Team Rotorua Alliance	19	1,095,785	1,236,877
<b>Total Current Liabilities</b>		<b>4,001,124</b>	<b>3,819,203</b>
<b>Total Liabilities</b>		<b>4,001,124</b>	<b>3,819,203</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>1,201,268</b>	<b>892,991</b>
<b>Equity</b>			
Share Capital	21		
Accumulated Surpluses or (Deficits)		1,201,268	892,991
<b>Total Equity</b>		<b>1,201,268</b>	<b>892,991</b>

This statement is to be read in conjunction with the Audit Report and the Notes to the Financial Statements.

APPROVED for and on behalf of the Board of Directors

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

Date:

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This statement is to be read in conjunction with the Audit Report and the Notes to the Financial Statements.

# Statement of Changes in Net Assets/Equity

## Rotorua Area Primary Health Services Limited

For the year ended 30 June 2023

	ACCUMULATED FUNDS	TOTAL EQUITY
<b>Balance 30 June 2023</b>		
Opening Balance 01 July 2022	892,991	892,991
<b><u>Total Comprehensive Revenue and Expense</u></b>		
Surplus/(Deficit) For The Year	308,279	308,279
Other Comprehensive Revenue and Expense		
<b>Total Comprehensive Revenue and Expense</b>	308,279	308,279
<b>Total Balance 30 June 2023</b>	<b>1,201,268</b>	<b>1,201,268</b>

	ACCUMULATED FUNDS	TOTAL EQUITY
<b>Balance 30 June 2022</b>		
Opening Balance 01 July 2021	829,702	829,702
<b><u>Total Comprehensive Revenue and Expense</u></b>		
Surplus/(Deficit) For The Year	63,289	63,289
Other Comprehensive Revenue and Expense		
<b>Total Comprehensive Revenue and Expense</b>	63,289	63,289
<b>Total Balance 30 June 2022</b>	<b>892,991</b>	<b>892,991</b>

This statement is to be read in conjunction with the Audit Report and the Notes to the Financial Statements.

# Statement of Cash Flows

## Rotorua Area Primary Health Services Limited For the year ended 30 June 2023

	NOTES	2023	2022
<b>Cash was Provided From (Applied To):</b>			
<b>Cash Flow From (Used In) Operating Activities</b>			
Receipts From Goods And Services Provided, Non Exchange		20,374,763	19,225,391
Receipts From Goods And Services Provided, Exchange		8,745,316	7,950,313
Payment To Employees		(3,620,040)	(3,289,897)
Payments To Suppliers		(24,743,648)	(23,690,480)
Donations or Grants Paid			(250,000)
Net GST		(95,234)	(3,815)
Tax Paid/Refund		(51,334)	31,983
<b>Total Cash Flow From (Used In) Operating Activities</b>		<b>609,823</b>	<b>(26,505)</b>
<b>Cash Flow From (Used In) Investing Activities</b>			
Movement in Term Deposits		(1,200,000)	800,000
Receipts From Sale of Plant and Equipment		1,739	1,304
Purchase of Plant and Equipment		(280,128)	(162,356)
<b>Total Cash Flow From (Used In) Investing Activities</b>		<b>(1,478,389)</b>	<b>638,949</b>
<b>Cash Flow From (Used In) Financing Activities</b>			
Interest Received		40,191	7,480
<b>Total Cash Flow From (Used In) Financing Activities</b>		<b>40,191</b>	<b>7,480</b>
Net Increase (Decrease) in Cash and Cash Equivalents		(828,375)	619,924
Cash and Cash Equivalents, Beginning of Year	9	2,682,775	2,062,851
Cash and Cash Equivalents, End of Year		1,854,400	2,682,775

This statement is to be read in conjunction with the Audit Report and the Notes to the Financial Statements.

# Notes to the Financial Statements

## Rotorua Area Primary Health Services Limited

### For the year ended 30 June 2023

#### 1. Reporting Entity

These financial statements comprise the financial statements of Rotorua Area Primary Health Services Limited for the year ended 30 June 2023.

Rotorua Area Primary Health Services Limited is a company incorporated under the Companies Act 1993 and is domiciled in New Zealand.

The primary activity of the Company is that of an Independent Practitioners Association contracting with members in various Primary Health Care funders for the provision of clinical services. The Company also holds the Primary Health Organisation (PHO) contract with Te Whatu Ora | Health NZ (formally Lakes District Health Board).

The financial statements were authorised for issue by the Board of Directors on 20<sup>th</sup> November 2024.

#### 2. Basis of Preparation

##### a) Statement of Compliance

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) for not-for-profit entities. Rotorua Area Primary Health Services Limited qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it is not publically accountable and not large (operating expenditure has been between \$2m and \$30m).

##### b) Basis of Measurement

The financial statements have been prepared on a historical costs' basis, except for assets and liabilities that have been measured at fair value.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

##### c) Presentation Currency

The financial statements are presented in New Zealand dollars. All numbers are rounded to the nearest dollar (\$0), except where otherwise stated.

##### d) Changes in Accounting Policies

The accounting policies have been applied consistently for the current and comparative periods except as listed below.

##### *PBE IPSAS 41 – Financial Instruments.*

This accounting policy is effective from 1 January 2022 and was adopted by the Company on 1 July 2022. There has been no significant change to the measurement, recognition or presentation of financial instruments as a result of the transition to PBE IPSAS 41.

##### *PBE FRS 48 - Service Performance Reporting*

PBE FRS 48 Service Performance Reporting is effective from 1 January 2022 and was adopted by the Company on 1 July 2022. PBE FRS 48 requires specific disclosures for the reporting of service performance information which have been provided in the statement of service performance.

##### e) Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant estimates applied in the preparation of these financial statements.

#### Statement of Service Performance:

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This statement is to be read in conjunction with the Audit Report and the Notes to the Financial Statements.

In compiling the Statement of Service Performance management has made judgements in relation to which outcomes and outputs best reflect the achievement of our vision.

#### *Judgements*

In preparing these financial statements Rotorua Area Primary Health Services Limited have treated the COVID-19 income and expenses generated from COVID-19 activities by RAPHs member practices separately as these services were a straight pass through. RAPHs managed the processing, audit checks and payments as part of the contract responsibility with Te Whatu Ora | Health NZ.

The Company's primary source of income is from contracts with Te Whatu Ora | Health NZ with the majority of these being renewed annually on the June 30 anniversary, but the Company does have some contracts with an anniversary date of 30 September 2023.

The Company has contracts with the Te Whatu Ora | Health NZ to provide COVID-19 assistance which have been extended to 31 December 2023 and will reassessed given the clinical case definition and requirements to test patients for COVID.

### **3. Summary of Significant Accounting Policies**

The accounting policies of the Company have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in preparation of these financial statements are summarised below:

#### *Financial Instruments*

Recognition and initial measurement

##### **a) Cash and Cash Equivalents**

Cash and The Company's cash and cash equivalents, short-term investments and receivables are classified as financial assets at amortised cost.

##### **b) Debtors and Other Receivables**

Receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

##### **c) Creditors and Other Payables**

All of the Company's financial liabilities meet the criteria to be classified as measured at amortised cost

#### **Property, Plant and Equipment**

Property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

#### **Additions and Subsequent Costs**

Subsequent costs and the cost of replacing part 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 will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

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

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

#### **Disposals**

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

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset



## Depreciation

Depreciation is recognised as an expense in the reported surplus or deficit and measured on a diminishing value (DV) basis on all property, plant and equipment using economic rates. The following depreciation rates have been applied for both periods presented:

Computer Equipment	30-100%	DV
Furniture and Fittings	10-100%	DV
Leasehold Improvements	10%	DV
Motor Vehicles	30%	DV
Office Equipment	12-100%	DV
Plant and Equipment	8-100%	DV

The residual value, useful life, and depreciation method of property, plant and equipment is reassessed annually.

## d) Intangible Assets

Intangible assets acquired separately are initially recognised at cost.

### Intangible Assets with Finite Useful Lives

Intangible assets acquired which have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised on a diminishing value (DV) basis over the estimated useful life of the asset, from the day they are available for use and expensed in the reported surplus or deficit for the year.

The following amortisation rates have been applied to each class of intangible assets for both periods presented:

Computer Software	50%	DV
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Residual values, amortisation methods and useful lives are assessed at each reporting date.

## Computer Software

Purchased computer software licenses are capitalised on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure is expensed as incurred. Costs associated with maintaining computer software, i.e. expenditure relating to patches and other minor updates as well as tier installation, is expensed as incurred.

## Disposals

Gains or losses on derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in the surplus or deficit for the year.

## e) Employee Entitlements

Employee benefits, previously earned from past services, that the Company expect to be settled within 12 months of reporting date are measured based on accrued entitlements at current rates of pay.

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

#### **f) Employee Benefits**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in surplus or deficit in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

#### **g) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The following specific recognition criteria must be met before revenue is recognised:

##### **Revenue from Exchange Transactions**

#### **h) PHO Contracts**

Revenue from services rendered is recognised in the surplus or deficit in proportion to the stage of completion of the transaction at reporting date. The stage of completion is assessed by reference to surveys of work performed. Under this method, revenue is recognised in the accounting periods in which the services are provided.

##### **Revenue from Non Exchange Transactions**

#### **i) PHO, Health Contracts & Other Contract Income**

The recognition of non-exchange revenue from PHO, Health Contracts and Other Contract Income depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than recognition of revenue.

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

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

#### **ii) Interest Income**

Interest income is recognised as it accrues, using the effective interest method.

#### **i) Income Tax**

Current Income Tax expense charged against the surplus for the year is the estimated total tax for the year, in accordance with the tax return to the Inland Revenue Department, adjusted for any differences between the estimated and actual tax payable in prior years.

#### **j) Goods and Services Tax (GST)**

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables which are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD).

## **k) Leased Assets**

Payments made under operating leases are recognised in the surplus or deficit on a straight-line basis over the term of the lease. Associated costs such as maintenance are expensed as incurred.

## **l) Financial Instruments**

There has been no significant change to the measurement, recognition or presentation of financial instruments as a result of the transition to PBE IPSAS 41.

### **Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value.

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

### **Derecognition of Financial Instruments**

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the financial asset is transferred to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### **Classification and Subsequent Measurement**

#### *Financial assets*

On initial recognition a financial asset is classified as measured at amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions as is not designated at Fair Value Through Surplus or Deficit:

- It is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### *Financial assets – subsequent measurement and gains and losses*

Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

#### *Financial liabilities – classification, subsequent measurement and gains and losses*

All of the Company's financial liabilities meet the criteria to be classified as measured at amortised cost. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

	NOTES	2023	2022
<b>4. Income Tax</b>			
<u>Surplus Before Tax</u>			
Profit/(Deficit) Before Tax		433,646	77,463
<u>Loss Brought Forward Loss</u>			
Brought Forward			(64,871)
Total Loss Brought Forward			<b>(64,871)</b>
<u>Tax at Current Rate @ 28c</u>			
Tax at Current Rate@ 28c		121,421	3,526
<b>Total Tax at Current Rate@ 28c</b>		<b>121,421</b>	<b>3,526</b>
<u>Current Tax Adjustments</u>			
Non-Deductible Expenses		(626)	9,680
SIA Unexpended		4,572	969
<b>Total Current Tax Adjustments</b>		<b>3,946</b>	<b>10,649</b>
Income Tax Expense		125,367	14,175
<u>Comprising:</u>			
Current Tax		125,367	14,175
Deferred Tax			
<b>Total Comprising:</b>		<b>125,367</b>	<b>14,175</b>
<u>Income Tax</u>			
Tax Opening Balance Income Tax		12,081	(34,078)
Expense@ 28c		125,367	14,175
Income Tax Refund Received			34,078
Terminal Tax Payments		(12,080)	
Provisional Tax Payments		(28,000)	
<b>Total Income Tax</b>		<b>97,367</b>	<b>14,175</b>
<u>Less:</u>			
RWT Paid		11,254	2,094
<b>Total Less:</b>		<b>11,254</b>	<b>2,094</b>
Tax Payable/(Refundable)		86,113	12,080

**5. Imputation**

At 30 June 2023 the balance in the Company's Imputation Credit Account (representing the maximum amount of tax credits available to be attached to future dividends paid by the company) amounted to \$706,973. The movements in the company's ICA for the year were:

	NOTES	2023	2022
<b>Imputation Account</b>			
Opening Balance		655,639	687,623
<b>Add:</b>			
RWT Paid		11,254	2,094
Provisional Tax Paid		28,000	
Terminal Tax Paid		12,080	
<b>Total Add</b>		<b>51,334</b>	<b>2,094</b>
<b>Less:</b>			
Income Tax Refund Received		-	34,078
<b>Total Less:</b>		<b>-</b>	<b>34,078</b>
Closing Balance		706,973	655,639
	NOTES	2023	2022

**6. Expenses**

Audit Fees	12,260	12,700
Loss on Disposal of Property, Plant and Equipment	2,671	3,867
Occupancy Costs	343,220	321,000

The above expenses were expensed in the surplus/(deficit) for the year.

	NOTES	2023	2022
<b>7. Depreciation, Amortisation and Impairment Expenses</b>			
Amortisation of Intangibles		4,567	5,319
Depreciation of Property, Plant and Equipment		67,075	54,722
<b>Total Depreciation, Amortisation and Impairment Expenses</b>		<b>71,642</b>	<b>60,041</b>
	NOTES	2023	2022

**8. Finance Income & Costs**

<b>Financing Income</b>			
Interest Income on Term Deposits and Online Accounts		59,883	8,453
<b>Total Financing Income</b>		<b>59,883</b>	<b>8,453</b>

	NOTES	2023	2022
<b>9. Cash and Cash Equivalents</b>			
Petty Cash		467	72
Westpac Cheque Account		228,614	133,839
Westpac Online Saver		1,320,692	978,083
Westpac Online Saver		304,626	370,780
Westpac Term Deposits			1,200,000
<b>Total Cash and Cash Equivalents</b>		<b>1,854,400</b>	<b>2,682,775</b>

This statement is to be read in conjunction with the Audit Report and the Notes to the Financial Statements.

The Westpac Online Saver Accounts earn interest at floating rates on the daily deposit balances.

	NOTES	2023	2022
<b>10. Receivables from Exchange Transactions</b>			
Accounts Receivable		1,597,103	1,677,760
Total Receivables from Exchange Transactions		1,597,103	1,677,760

Trade debtors are non-interest bearing and receipt is normally on 20 and on 30 day terms, therefore the carrying value of trade debtors approximates its fair value.

As at 30 June 2022 and 30 June 2023 all overdue receivables have been assessed for impairment and appropriate allowances made.

	NOTES	2023	2022
<b>Aging Analysis</b>			
0-30 Days (not past due)		1,129,715	1,436,584
Total Past Due			
31-60 days		304,848	196,515
61-90 days		4,212	16,905
Greater than 90 days		158,329	27,757
Total Past Due		467,389	241,176
Total Aging Analysis		1,597,103	1,677,760
	NOTES	2023	2022

#### 11. Other Financial Assets

Term Deposits		1,200,000	
Total Other Financial Assets		1,200,000	
	NOTES	2023	2022

#### 12. Prepayments

Prepayments		25,920	80,511
Total Prepayments		25,920	80,511
	NOTES	2023	2022

#### 13. Payables Under Exchange Transactions

Accrued Expenses		501,978	18,832
Trade Creditors		969,092	1,196,899
Total Payables Under Exchange Transactions		1,471,070	1,215,731

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms, therefore their amount approximates their fair value.

This statement is to be read in conjunction with the Audit Report and the Notes to the Financial Statements.

	NOTES	2023	2022
<b>14. Employee Entitlements</b>			
Short-term Employee Entitlements		183,791	181,868
PAYE Payable			108,649
<b>Total Employee Entitlements</b>		<b>183,791</b>	<b>290,517</b>

Short-Term Employee entitlements represent the Company's obligations to its current employees that are expected to be settled within 12 months of reporting date. These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

	NOTES	2023	2022
<b>15. Employee Benefits</b>			
Kiwi saver Employer Contributions		93,661	86,362
<b>Total Employee Benefits</b>		<b>93,661</b>	<b>86,362</b>

	NOTES	2023	2022
<b>16. Goods and Services Tax</b>			
GST Payable/(Receivable)		96,785	140,744
<b>Total Goods and Services Tax</b>		<b>96,785</b>	<b>140,744</b>

#### 17. Operating Leases

Operating Leases are held for premises used as office space and health hub.

Non-Cancellable operating leases are payable as follows:

	NOTES	2023	2022
<b>Non-Cancellable Operating Leases</b>			
Not Later than one year		237,000	237,000
Later than one year and not later than five years		900,500	948,000
Later than five years		142,000	331,500
<b>Total Non-Cancellable Operating Leases</b>		<b>1,279,500</b>	<b>1,516,500</b>

Commenced sublease with RGPG Limited 1 July 2016 with an annual rent of \$135,405. This was increased to \$142,000 pa from 1 January 2021.

Rights of renewal: Were three periods of five years being 1 January 2021, 1 January 2026 and 1 January 2031. The rights of renewal were updated to being two periods of three years on the 1 January 2024 and 1 January 2027.

Commenced sublease with Health Rotorua Limited 15 February 2021 with an annual rental of \$95,000. Rights of renewal: Two periods of two years 1 July 2024 and 1 July 2026.

## 18. Related Party Transactions

Related party transactions arise when an entity has the ability to significantly influence the financial and operating policies of the Company.

Shareholders of the Company are engaged in the provision of health delivery services through Primary Health Care entities and practices that they are also associated with (be it, as shareholder or employee). The provision of these services and associated payments made are the basis of the Primary Health Organisation and other government initiatives. At reporting date \$516,068. (2022 \$799,723) plus GST was owing.

Rotorua Area Primary Health Services Limited have an agreement to sublease their premises from 1st July 2016 from RGPG Limited. The directors of both companies are the same. Annual lease \$142,000 (2022 \$142,000).

Rotorua Area Primary Health Services Limited have an agreement to sublease their premises from 15th February 2021 from Health Rotorua Limited. Two of the directors of both companies are the same. Annual lease \$95,000.

In 2022 Rotorua Area Primary Health Services Limited made a donation of \$250,000 to Health Rotorua Charitable Trust. The directors of company are also the trustees of Health Rotorua Charitable Trust.

Company Directors and Senior Management are key management personnel.

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

The following transactions were carried out with related parties:

	NOTES	2023	2022
<b>Purchase of Goods and Services From Related Parties</b>			
Health Rotorua Limited		128,829	128,533
RGPG Limited		253,965	311,814
<b>Total Purchase of Goods and Services From Related Parties</b>		<b>382,794</b>	<b>440,347</b>

	NOTES	2023	2022
<b>Key Management Personnel</b>			
Number of Persons Recognised as Key Personnel		7	7
Remuneration		291,351	326,674

	NOTES	2023	2022
<b>Payable to Related Parties</b>			
Health Rotorua Limited	13	5,753	
RGPG Limited	13		12,132
<b>Total Payable to Related Parties</b>		<b>5,753</b>	<b>12,132</b>

The payables of related parties to Health Rotorua Limited arise from the lease of the health hub premises. Two directors are directors of both companies.

The payables of related parties arise from the lease of the premises with associated outgoings, including computer equipment from Rotorua General Practice Group Trust (RGPG), whose trustees are also directors of the Company.



	NOTES	2023	2022
<b>19. Deferred Revenue</b>			
Contracts in Advance		1,067,580	923,254
Team Rotorua Alliance		1,095,785	1,236,877
<b>Total Deferred Revenue</b>		<b>2,163,365</b>	<b>2,160,131</b>

The deferred revenue relates to the funds held for use for Services to Improve Access (SIA) and Health Promotion (HP). Although these funds are managed and held by the company they are managed by the Team Rotorua Alliance Group. These funds are allocated to various health projects. The other income in advance relates to funds received from the Ministry of Health for contracted initiatives not completed at the end of the financial year and carried forward until all Primary Health care service goals are achieved.

## 20. Financial Instruments

### a) Carrying Value of Financial Instruments

The carrying amount of all material financial position assets and liabilities are considered to be equivalent to fair value.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

### b) Classification of Financial Instruments

All financial assets held by the Company are classified as 'loans and receivables' are carried at amortised cost less accumulated impairment losses.

All financial liabilities held by the Company are carried at amortised cost using the effective interest rate method.

## 21. Share Capital

Share capital is comprised of 94 ordinary shares. Shares are all unpaid. All shares have the same rights and privileges and are subject to the same restrictions.

## 22. Contingent Asset and Contingent Liabilities

The Company had no capital commitments at reporting date (2023 Nil). There are no known material contingent liabilities (2022 Nil).

## 23. Events After the Reporting Period

There were no events that have occurred after balance date that would have a material impact on the Financial Statements. (2022: Nil).

## 24. Health and Disability System Review

Effective 1 July 2022 two new crown entities called Te Whatu Ora | Health NZ and Te Aka Whai Ora | Māori Health Authority were established and District Health Boards were disestablished. Rotorua Area Primary Health Services Limited's contracts have transferred from LDHB to Te Whatu Ora | Health NZ. The Ministry's instruction is that services will continue with little disruption.

## 25. Intangible Assets, Property, Plant and Equipment

Movements for each class of intangible assets are as follows:

# Intangible Assets

## Rotorua Area Primary Health Services Limited For the year ended 30 June 2023

ACQUIRED  
COMPUTER  
SOFTWARE

TOTAL

### Carrying Amount 2023

#### Cost Amount 2023

Opening Balance	43,123	43,123
Additions		
Disposals	(24,718)	(24,718)
<b>Total Cost Amount 2023</b>	<b>18,404</b>	<b>18,404</b>

#### Accumulated Amortisation and impairment

Opening Balance	33,603	33,603
Amortisation for the Year	4,567	4,567
Amortisation written back on Disposal	(24,332)	(24,332)
<b>Total Accumulated Amortisation and Impairment</b>	<b>13,838</b>	<b>13,838</b>

Total Carrying Amount 2023	4,567	4,567
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ACQUIRED  
COMPUTER  
SOFTWARE

TOTAL

### Carrying Amount 2022

#### Cost Amount 2022

Opening Balance	29,333	29,333
Additions	13,789	13,789
Disposals		
<b>Total Cost Amount 2022</b>	<b>43,123</b>	<b>43,123</b>

#### Accumulated Amortisation and impairment

Opening Balance	28,285	28,285
Amortisation for the Year	5,319	5,319
Amortisation written back on Disposal		
<b>Total Accumulated Amortisation and Impairment</b>	<b>33,603</b>	<b>33,603</b>

Total Carrying Amount 2022	9,519	9,519
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This statement is to be read in conjunction with the Audit Report and the Notes to the Financial Statements.

# Property, Plant and Equipment

## Rotorua Area Primary Health Services Limited

### For the year ended 30 June 2023

Movements for each class of property, plant and equipment are as follows:

	COMPUTER EQUIPMENT	FURNITURE & FITTINGS	OFFICE EQUIPMENT	MOTORVEHICLES	PLANT & EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL
<b>Carrying Amount 2023</b>							
<u>Cost Amount 2023</u>							
Opening Balance	193,401	45,835	31,871	17,122	102,666	112,375	503,270
Additions	17,067	11,908		23,426	60,197	197,592	310,190
Disposals	(16,182)			(7,122)			(23,304)
<b>Total Cost Amount 2023</b>	<b>194,286</b>	<b>57,744</b>	<b>31,871</b>	<b>33,426</b>	<b>162,845</b>	<b>309,967</b>	<b>790,156</b>
<u>Accumulated Depreciation &amp; Impairment</u>							
Opening Balance	144,711	26,180	9,824	7,505	48,960	6,004	243,184
Depreciation for the Year	27,313	3,825	4,463	6,147	14,715	10,611	67,074
Depreciation written back on Disposal	(14,950)			(4,330)			(19,280)
<b>Total Accumulated Depreciation &amp; Impairment</b>	<b>157,074</b>	<b>30,005</b>	<b>14,287</b>	<b>9,322</b>	<b>63,675</b>	<b>16,615</b>	<b>290,978</b>
<b>Total Carrying Amount 2023</b>	<b>37,212</b>	<b>27,739</b>	<b>17,584</b>	<b>24,104</b>	<b>99,188</b>	<b>293,352</b>	<b>499,178</b>
	COMPUTER EQUIPMENT	FURNITURE & FITTINGS	OFFICE EQUIPMENT	MOTORVEHICLES	PLANT & EQUIPMENT	LEASEHOLD IMPROVEMENTS	TOTAL

### Carrying Amount 2022

<u>Cost Amount 2022</u>							
Opening Balance	150,896	45,835	18,602	22,711	115,500	32,255	385,799
Additions	42,505		13,269		12,336	80,119	148,229
Disposals				(5,589)	(25,169)		(30,758)
<b>Total Cost Amount 2022</b>	<b>193,401</b>	<b>45,835</b>	<b>31,871</b>	<b>17,122</b>	<b>102,666</b>	<b>112,375</b>	<b>503,270</b>
<u>Accumulated Depreciation &amp; Impairment</u>							
Opening Balance	117,531	23,067	4,604	8,033	49,911	3,087	206,232
Depreciation for the Year	27,180	3,114	5,220	4,121	12,170	2,917	54,722
Depreciation written back on Disposal				(4,650)	(13,121)		(17,770)
<b>Total Accumulated Depreciation &amp; Impairment</b>	<b>144,711</b>	<b>26,180</b>	<b>9,824</b>	<b>7,505</b>	<b>48,960</b>	<b>6,004</b>	<b>243,184</b>
<b>Total Carrying Amount 2022</b>	<b>48,690</b>	<b>19,655</b>	<b>22,047</b>	<b>9,617</b>	<b>53,706</b>	<b>106,371</b>	<b>260,086</b>

This statement is to be read in conjunction with the Audit Report and the Notes to the Financial Statements.