



Waikato Health Trust

ANNUAL REPORT

For the year ended 30 June 2010



Waikato Health Trust

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For the year ended 30 June 2010

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TRUST PARTICULARS

The Trust was originally incorporated as a charitable trust in accordance with the provisions of the Charitable Trust Act 1957, and changed its name to Waikato Health Trust on 26th August 2002.

The purpose of the Trust is to fund health or disability services, related services or projects, health research or education and other appropriate health related purposes within the communities served by Waikato District Health Board.

TRUSTEES:	PIPPA MAHOOD Elected Representative, Hamilton
	MAUREEN CHRYSTALL Acting Chief Financial Officer, Auckland
	ALAN GRAINER General Manager IT, Hamilton
SECRETARY:	MAUREEN CHRYSTALL Secretary, Auckland
BANKERS:	WESTPAC BANKING CORPORATION 426 Victoria Street, Hamilton
AUDITORS:	AUDIT NEW ZEALAND on behalf of the Auditor-General



TRUSTEE'S REPORT

For the year ended 30 June 2010

Donations and Bequests of \$1,351,116 (2009: \$618,306) were received during the year.

Interest of \$162,437 (2009: \$306,526) was received from investments for the year.

The accumulated balance of Capital Trust Funds at 30 June 2010 is \$7,496,770 (2009: \$6,442,873).

Remuneration of Trustees was Nil (2009: Nil).

The trust continues to be in a sound position to apply further funds towards health or disability services, related services or projects, health research or education and other appropriate health related purposes within the communities served by the Waikato District Health Board.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

in New Zealand Dollars

	Note	2010 Actual	2009 Actual
Operating income	1	1,351,116	618,306
Finance income	3	162,437	306,526
Total income		1,513,553	924,832
Expenses	2	14,938	13,212
Total expenses		14,938	13,212
Surplus before Grants		1,498,615	911,620
Less Grants		444,718	855,510
Surplus before and after tax	5	1,053,897	56,110
Other comprehensive income			
Other comprehensive income for the year		-	-
Total Comprehensive income for the year		1,053,897	56,110

The accompanying significant accounting policies and notes form part of and are to be read in conjunction with these financial statements



STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

in New Zealand Dollars

	Note	2010 Actual	2009 Actual
Equity at the beginning of the period		6,442,873	6,386,763
Total comprehensive income		1,053,897	56,110
Total recognised revenue and expenses for the period		1,053,897	56,110
Contributions/(withdrawals) from owners		-	-
Total equity at the end of the period		7,496,770	6,442,873

The accompanying significant accounting policies and notes form part of and are to be read in conjunction with the financial statements.

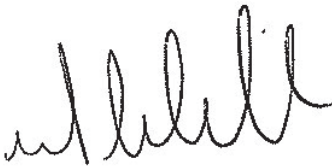
STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

in New Zealand Dollars

	Note	2010 Actual	2009 Actual
Assets			
Loan Advance	10	856,632	856,632
Total non-current assets		856,632	856,632
Cash and other cash equivalents	5	6,722,363	5,602,018
Trade and other receivables	4	546	388
Total current assets		6,722,909	5,602,406
Total assets		7,579,541	6,459,038
Equity			
Reserved Funds	6	115,297	115,297
Partially Reserved Funds	6	6,086,205	4,933,360
General Fund	6	438,636	537,584
Loan Fund	6	856,632	856,632
Total equity		7,496,770	6,442,873
Liabilities			
Trade and other payables	7	82,771	16,165
Total current liabilities		82,771	16,165
Total liabilities		82,771	16,165
Total equity and liabilities		7,579,541	6,459,038

Signed on behalf of the Board of Trustees



Trustee
29 October 2010



Trustee
29 October 2010

The accompanying significant accounting policies and notes form part of and are to be read in conjunction with these financial statements

STATEMENT OF CASH FLOWS

For the year ended 30 June 2010

in New Zealand Dollars

	Note	2010 Actual	2009 Actual
Cash flows from operating activities			
Cash was provided from:			
Donations & Bequests		1,351,116	693,278
Grants		(378,532)	(952,766)
Expenses		(14,518)	(12,912)
<i>Cash generated/(paid) from operations</i>		958,066	(272,400)
Interest received		162,280	307,437
Net cash flows from operating activities	5	1,120,346	35,037
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		5,602,018	5,566,981
Cash and cash equivalents at end of year	5	6,722,364	5,602,018

The accompanying significant accounting policies and notes form part of and are to be read in conjunction with these financial statements

STATEMENT OF CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2010

in New Zealand Dollars

Waikato Health Trust has no contingent liabilities at 30 June 2010 (2009:\$Nil).

Commitments at 30 June 2010 were Nil (2009:\$Nil).

A provision has been created for the grants that have been authorised by the Trustees but not yet actioned by the recipient. The grants provided for at 30 June 2010 is \$91,343 (2009:\$242,399).

The accompanying significant accounting policies and notes form part of and are to be read in conjunction with these financial statements



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

Significant accounting policies

Reporting entity

The Trust is incorporated under the Charitable Trusts Act 1957, and changed its name to Waikato Health Trust on 26th August 2002. The trust registered with the Charities Commission on 12 February 2008, registration number CC21046. The Trust is domiciled in New Zealand.

The Trust financial statements are presented in accordance with the Financial Reporting Standards issued by the New Zealand Institute of Chartered Accountants and as required by the Trust Deed.

The general accounting principles recognised as appropriate for the measurement and reporting of financial results on a historical cost basis have been followed by the Trust. The Trust qualifies for differential reporting as it is not publicly accountable and it is not large as defined in the framework for differential reporting. The Trust has taken a partial differential reporting exemption by recognising revenue and expenses on a GST inclusive basis.

The purpose of the Trust is to fund health or disability services, related services or projects, health research or education and other appropriate health related purposes within the communities served by Waikato District Health Board.

The financial statements were authorised for issue by the Trustees on 29 October 2010.

Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZGAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Basis of preparation

The financial statements are presented in New Zealand Dollars (NZD) and have been rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

The preparation of financial statements in conformity with NZIFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of NZIFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 12.

Basis of consolidation

Waikato Health Trust has no subsidiaries, associates or joint ventures.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, interest-bearing loans and borrowings, and trade and other payables.

Non-derivative financial instruments not at fair value through the statement of financial performance are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Waikato Health Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Waikato Health Trust's contractual rights to the cash flows from the financial assets expire or if the Waikato Health Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Waikato Health Trust commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Waikato Health Trust's obligations specified in the contract expire or are discharged or cancelled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

Significant accounting policies

Cash and cash equivalents comprise cash balances and call deposits with maturity of no more than three months from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Waikato Health Trust's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expenses is explained in a separate note.

Other

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently stated at their amortised cost less impairment losses. Bad debts are written off during the period in which they are identified.

Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest rate.

Impairment

The carrying amounts of Waikato Health Trust's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the statement of financial performance.

The recoverable amount of the Waikato Health Trust's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual trade receivables that are considered significant are subject to this approach. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

Calculation of recoverable amount

The estimated recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is calculated differently depending on whether an asset generates cash or not. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

For non-cash generating assets that are not part of a cash generating unit, value in use is based on depreciated replacement cost (DRC). For cash generating assets value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

Reversals of impairment

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount.

An impairment loss on an equity instrument investment classified as available-for-sale or on items of property, plant and equipment carried at fair value is reversed through the relevant reserve. All other impairment losses are reversed through the statement of financial performance.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised when Waikato Health Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

Significant accounting policies

Income tax

The trust is deemed to be a charitable trust and is therefore not subject to income tax.

Goods and services tax

The financial statements have been prepared inclusive of goods and services tax.

Recognition of Income

Interest income is recognised on an accrual basis. Donations and bequests are recognised upon receipt.

Application for Grants

The Waikato Health Trust application process reviews requests for grants in accordance with the Trust Deed and, if acceptable, gives an initial commitment to a grant subject to certain criteria being met. If the criteria are not met then the Waikato Health Trust may withdraw the commitment to the grant. Grants are only made once all criteria have been met.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

The Trust and group has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

NZ IAS 1 Presentation of Financial Statements (Revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (Issued 2004). The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The Trust and group has decided to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes in equity.

New standards adopted and interpretations not yet adopted

There are no new published standards that are applicable to the year 30 June 2010.

NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004) and is effective for reporting periods commencing on or after 1 January 2011. The revised standard:

- i) Removes the previous disclosure concessions applied by the Trust for arms-length transactions between the Trust and entities controlled or significantly influenced by the Crown. The effect of the revised standard is that more information is required to be disclosed about transactions between the Trust and entities controlled or significantly influenced by the Crown.
- ii) Provides clarity on the disclosure of related party transactions with Ministers of the Crown. Further, with the exception of the Minister of Accountability, the Trust will be provided with an exemption from certain disclosure requirements relating to transactions with other Ministers of the Crown. The clarification could result in additional disclosures should there be any related party transactions with Ministers of the Crown.
- iii) Clarifies that related party transactions include commitments with related parties.

The Trust expects it will early adopt the revised standard for the year ended 30 June 2011. The Trust expects it will early adopt the revised standard for the year ended 30 June 2011.

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Trust has not yet assessed the effect of the new standard and expects it will not be early adopted.

NOTES TO THE FINANCIAL STATEMENTS

in New Zealand Dollars

1 Operating income	2010 Actual	2009 Actual
Donations and Bequests	1,351,116	618,306
	1,351,116	618,306
2 Other operating expenses	2010 Actual	2009 Actual
Audit fees (for the audit of the financial statements)	14,145	13,159
Interest Paid	668	-
Other	125	53
	14,938	13,212
3 Finance Income	2010 Actual	2009 Actual
Interest income	162,437	306,526
	162,437	306,526
4 Trade and other receivables	2010 Actual	2009 Actual
Trade and other receivables	546	388
	546	388
5 Cash and cash equivalents	2010 Actual	2009 Actual
Cheque Account	25,293	321,448
Investment Call Account	6,697,070	5,280,570
	6,722,363	5,602,018

Reconciliation of surplus for the period with net cash flows from operating activities:

Surplus/(deficit) for the period after grants	2010 Actual	2009 Actual
	1,053,897	56,110
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(158)	78,957
Increase/(decrease) in trade and other payables	66,606	(100,030)
Net movement in working capital	66,448	(21,073)
Net cash inflow/(outflow) from operating activities	1,120,345	35,037

6 Capital and reserves

Reconciliation of movement in capital and reserves:

	Reserved Funds	Partially Reserved Funds	General Fund	Loan Fund	Total Equity
Balance at 1 July 2009	115,297	4,841,707	573,127	856,632	6,386,763
Transfers In	-	947,163	(22,331)	-	924,832
Transfers Out	-	(855,510)	(13,212)	-	(868,722)
Net Transfers	-	91,653	(35,543)	-	56,110
Balance at 30 June 2009	115,297	4,933,360	537,584	856,632	6,442,873
Balance at 1 July 2009	115,297	4,933,360	537,584	856,632	6,442,873
Transfers In	-	1,583,826	(70,942)	-	1,512,884
Transfers Out	-	(430,981)	(28,006)	-	(458,987)
Net Transfers	-	1,152,845	(98,948)	-	1,053,897
Balance at 30 June 2010	115,297	6,086,205	438,636	856,632	7,496,770

NOTES TO THE FINANCIAL STATEMENTS

in New Zealand Dollars

6 Capital and reserves (continued)

Trust Funds

Reserved and partially reserved funds are donated or bequeathed for specific purposes. The trustees are required to manage these funds in accordance with the trust deed or the wishes of the donor.

General funds are used for grants applied in accordance with the Trust Deed.

Loan funds represent a loan advance of \$856,632 (2009:\$856,632) made to the Waikato District Health Board for the construction of the Bryant Education Centre.

The revenue and expenditure in respect of trust funds is included in the statement of financial performance.

7 Trade and other payables

	2010 Actual	2009 Actual
Sundry trade payables	82,771	16,165
	<u>82,771</u>	<u>16,165</u>

Sundry trade payables includes a provision of \$70,251 (2009:\$4,065) for grants payable to Waikato District Health Board, in relation to purchases that have been completed and authorised for reimbursement but have not yet been paid.

8 Financial instruments

Waikato Health Trust recognises the treasury policy of the Waikato District Health Board which provides for risk management of interest rates, operating and capital expenditure denominated in a foreign currency, and the concentration of credit.

Credit risk

Financial instruments, which potentially subject the trust to concentrations of risk, consist principally of cash and short-term investments, trade receivables and various off-balance sheet instruments.

The trust places its cash and short-term deposits with high credit quality financial institutions and sovereign bodies through Waikato District Health Board.

Waikato Health Trust has \$546 Trade receivables as at 30 June 2010 (2009:\$388).

The status of trade receivables at the reporting date is as follows:

	Gross Receivable	Impairment	Gross Receivable	Impairment
	2010	2010	2009	2009
Trade receivables				
Not past due	546	-	388	-
Past due 0-30 days	-	-	-	-
Past due 31-120 days	-	-	-	-
Past due 121-360 days	-	-	-	-
Past due more than 1 year	-	-	-	-
Total	<u>546</u>	<u>-</u>	<u>388</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

in New Zealand Dollars

8 Financial instruments (continued)

In summary, trade receivables are determined to be impaired as follows:

Trade receivables	2010 Actual	2009 Actual
Gross trade receivables	546	388
Individual impairment	-	-
Collective impairment	-	-
Net total trade receivables	546	388

At the balance date there were no significant other concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position.

Liquidity Risk

Liquidity risk represents the Waikato Health Trust's ability to meet its contractual obligations. The Waikato Health Trust evaluates its liquidity requirements on an ongoing basis. In general, the Waikato Health Trust generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

The following table sets out the contractual cash flows for all financial liabilities and for derivatives that are settled on a gross cash flow basis.

	Balance Sheet	Contractual cash flow	6 mths or less	6 - 12 mths	1 - 2 years	2 - 5 years	More than 5 years
2010							
Trade and other payables	82,771	-	82,771	-	-	-	-
Total	82,771	-	82,771	-	-	-	-
2009							
Trade and other payables	16,165	-	16,165	-	-	-	-
Total	16,165	-	16,165	-	-	-	-

Market risk

The Waikato Health Trust does not enter into derivative arrangements in the ordinary course of business. A financial risk management committee, composed of senior management, provides oversight for risk management. This committee determines the Waikato Health Trust's financial risk policies and objectives, and provides guidelines. This committee also establishes procedures for control and valuation, risk analysis, counterparty credit approval, and ongoing monitoring and reporting.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate, or the cash flows from a financial instrument will fluctuate, due to changes in market interest rates.



NOTES TO THE FINANCIAL STATEMENTS

in New Zealand Dollars

8 Financial instruments (continued)

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

		2010 Actual					
	Effective Interest Rate %	Total	6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	More than 5 yrs
Cash and cash equivalents	3.0%	6,722,363	6,722,363	-	-	-	-
Loan to associate*	0%	856,632	856,632	-	-	-	-
		7,578,995	7,578,995	-	-	-	-

		2009 Actual					
	Effective Interest Rate %	Total	6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	More than 5 yrs
Cash and cash equivalents	2.7%	5,602,018	5,602,018	-	-	-	-
Loan to associate*	0%	856,632	856,632	-	-	-	-
		6,458,650	6,458,650	-	-	-	-

*These assets/liabilities bear interest at fixed rates.

Capital management

The Waikato Health Trust's capital is its equity, which comprises Equity funds. The Waikato Health Trust manages its revenues, expenses, assets, liabilities and general financial dealings prudently.

The Waikato Health Trust's objectives of managing the equity is to ensure the Waikato Health Trust effectively achieves its goals and objectives, whilst maintaining a strong capital base. The Waikato Health Trust policies in respect of capital management are reviewed regularly by the Trustees.

There have been no material changes in the Waikato Health Trust's management of capital during the period.

Sensitivity Analysis

In managing interest rate and currency risks Waikato Health Trust aims to reduce the impact of short-term fluctuations on Waikato Health Trust's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates would have an impact on earnings.

At 30 June 2010, it is estimated that a general increase of one percentage point in interest rates would increase Waikato Health Trust's surplus by approximately \$67,000 (2009:\$56,000).

NOTES TO THE FINANCIAL STATEMENTS

in New Zealand Dollars

8 Financial instruments (continued)

Classification and fair values

The classification and fair values together with the carrying amounts shown in the statement of financial position are as follows:

	Note	Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount 2010 Actual	Fair value 2010 Actual
2010								
Trade and other receivables	4	-	-	546	-	-	546	546
Cash and cash equivalents	5	-	-	6,722,363	-	-	6,722,363	6,722,363
Loan to associate	10	-	-	856,632	-	-	856,632	856,632
Trade and other payables	7	-	-	82,771	-	-	82,771	82,771
		-	-	7,662,312	-	-	7,662,312	7,662,312

	Note	Held for trading	Designated at fair value through profit & loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount 2009 Actual	Fair value 2009 Actual
2009								
Trade and other receivables	4	-	-	388	-	-	388	388
Cash and cash equivalents	5	-	-	5,602,018	-	-	5,602,018	5,602,018
Loan to associate	10	-	-	856,632	-	-	856,632	856,632
Trade and other payables	7	-	-	16,165	-	-	16,165	16,165
		-	-	6,475,203	-	-	6,475,203	6,475,203

Estimation of fair values analysis

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Cash and bank overdraft

The carrying amount of cash and bank overdraft balances is equivalent to their fair value. Some cash balances are for restricted purposes as per the trust deeds.

Trade and other receivables / payables

For receivables / payables the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

Short term investments

For the purposes of compliance with generally accepted accounting practice, the carrying amount of all short term investments is stated at the lower of cost or market value.

Long term investments

A loan advance of \$856,632 (2009:\$856,632) has been made to Waikato District Health Board for the construction of the Bryant Education Centre. The term of the loan advance is evergreen. The security is accommodation stock under Waikato District Health Board's deed poll dated 1 July 1994.

NOTES TO THE FINANCIAL STATEMENTS

in New Zealand Dollars

9 Contingent assets

At 30 June 2010 the Trust had no contingent assets (2009:\$Nil).

10 Related Parties

Identity of related parties

Waikato Health Trust has a related party relationship with the Waikato District Health Board.

The purpose of the Waikato Health Trust is to support the provision of health and disability services within the area served by the Waikato District Health Board. Within the broad purpose the Trust undertakes a number of specific activities. The main one of these is to manage the donations and bequests received by Waikato District Health Board.

Remuneration of Trustees

Remuneration of Trustees was Nil (2009:\$Nil).

Outstanding balances to related parties

As at 30 June 2010 the Trust had no outstanding balance to related parties (2009:\$Nil).

Outstanding balances from related parties

	2010 Actual	2009 Actual
Waikato District Health Board	856,632	856,632
	<u>856,632</u>	<u>856,632</u>

The Trust makes grants to the Waikato District Health Board for some activities undertaken by the Waikato District Health Board. Administration costs of the Trust are borne by the Waikato District Health Board. At 30 June 2010 there was a loan advanced to the Waikato District Health Board of \$856,632 (2009:\$856,632).

Grants paid to the Waikato District Health Board were \$444,713 in 2010 (2009:\$855,510). Monies payable to the Waikato District Health Board at 30 June 2010 were \$70,251 (2009:\$4,065).

Transactions with other entities controlled by the Crown

There have been transactions with other entities controlled by the Crown (other than Waikato District Health Board) that have not been separately disclosed because the transactions have been carried out on the same terms as if the transactions had been carried out at arm's length.

11 Subsequent event

There are no significant events subsequent to balance date.

12 Accounting estimates and judgements

Management discussed with the Waikato District Health Board Audit and Risk Committee the development, selection and disclosure of Waikato Health Trust's critical accounting policies and estimates and the application of these policies and estimates.

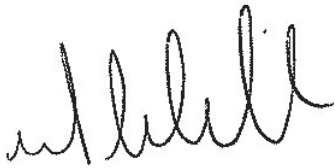
STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2010

The Board of Trustees and management of Waikato Health Trust accepts responsibility for the preparation of the financial statements for the year ended 30 June 2010 and the judgements used in them.

The Board of Trustees and management of Waikato Health Trust accepts responsibility for establishing and maintaining systems of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Board of Trustees and management of Waikato Health Trust, the financial statements for the year ended 30 June 2010 fairly reflect the financial position and operations of Waikato Health Trust.



Trustee
29th October 2010



Trustee
29th October 2010



Audit report**To the readers of
Waikato Health Trust's
financial statements
for the year ended 30 June 2010**

The Auditor-General is the auditor of the Waikato Health Trust (the Trust). The Auditor-General has appointed me, F Caetano, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust, on her behalf, for the year ended 30 June 2010.

Unqualified opinion

In our opinion, the financial statements of the Trust on pages 5 to 18:

- comply with generally accepted accounting practice in New Zealand ; and
- fairly reflect:
 - the Trust's financial position as at 30 June 2010; and
 - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 29 October 2010, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Trustees and the Auditor

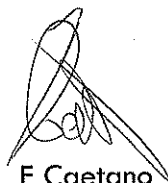
The Trustees are responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Trust as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date. The Trustees' responsibilities arise from clause 21 of the Trust Deed.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and from clause 12 of the Trust Deed.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Trust.



F Caetano
Audit New Zealand
On behalf of the Auditor-General
Hamilton, New Zealand