



WAIKATO HEALTH TRUST

ANNUAL REPORT

For the year ended 30 June 2011



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For the year ended 30 June 2011

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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 26 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
Chief Financial Officer, Hamilton

MARY ANNE GILL
Communications Director, Hamilton

SECRETARY: MAUREEN CHRYSTALL
Secretary, Hamilton

BANKERS: WESTPAC BANKING CORPORATION
426 Victoria Street, Hamilton

AUDITORS: AUDIT NEW ZEALAND
on behalf of the Auditor-General



TRUSTEES' REPORT

For the year ended 30 June 2011

Donations and Bequests of \$606,085 (2010: \$1,351,116) were received during the year.

Interest of \$218,444 (2010: \$162,437) were received from investments for the year.

The accumulated balance of Capital Trust Funds at 30 June 2011 is \$6,454,256 (2010: \$7,496,770).

Remuneration of Trustees was Nil (2010: 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 2011

in New Zealand Dollars

	Note	2011 Actual	2010 Actual
Operating income	1	606,085	1,351,116
Finance income	3	218,444	162,437
Total income		824,529	1,513,553
Expenses	2	16,710	14,938
Total expenses		16,710	14,938
Surplus before grants		807,819	1,498,615
Less grants		(1,850,333)	(444,718)
Surplus/(deficit) before and after tax		(1,042,514)	1,053,897
Total comprehensive income/(expense) for the year		(1,042,514)	1,053,897

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 2011

in New Zealand Dollars

	2011 Actual	2010 Actual
Equity at the beginning of the year	7,496,770	6,442,873
Total comprehensive income/(expense)	(1,042,514)	1,053,897
Contributions/(withdrawals) from owners	-	-
Total equity at the end of the year	6,454,256	7,496,770

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

in New Zealand Dollars

	Note	2011 Actual	2010 Actual
Assets			
Loan advance	10	-	856,632
Total non-current assets		-	856,632
Cash and other cash equivalents	5	6,508,355	6,722,363
Trade and other receivables	4	641	546
Total current assets		6,508,996	6,722,909
Total assets		6,508,996	7,579,541
Equity			
Reserved funds	6	115,297	115,297
Partially reserved funds	6	5,957,149	6,086,205
General fund	6	381,810	438,636
Loan fund	6	-	856,632
Total equity		6,454,256	7,496,770
Liabilities			
Trade and other payables	7	54,740	82,771
Total current liabilities		54,740	82,771
Total liabilities		54,740	82,771
Total equity and liabilities		6,508,996	7,579,541

Signed on behalf of the Board of Trustees



Trustee
26 October 2011



Trustee
26 October 2011

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 2011

in New Zealand Dollars

	Note	2011 Actual	2010 Actual
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Donations and bequests		606,085	1,351,116
<i>Cash was provided to:</i>			
Grants		(1,880,524)	(378,532)
Expenses		(14,550)	(14,518)
Cash generated/(paid) from operations		(1,288,989)	958,066
Interest received		218,349	162,280
Net cash flows from operating activities	5	(1,070,640)	1,120,346
Cash flows from financing activities			
Loan Fund repaid		856,632	-
Net cash flows from financing activities		856,632	-
Net increase/(decrease) in cash and cash equivalents		(214,008)	1,120,346
Cash and cash equivalents at beginning of year		6,722,363	5,602,018
Cash and cash equivalents at end of year	5	6,508,355	6,722,363

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 2011

in New Zealand Dollars

There were no contingent liabilities at 30 June 2011 (2010:\$Nil).

The commitments at 30 June 2011 were \$242,228 (2010:\$91,343).

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 2011

Significant accounting policies

Reporting entity

The Trust is incorporated under the Charitable Trusts Act 1957, and changed its name to Waikato Health Trust on 26 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 advantage of the differential reporting exemptions under the framework of differential reporting except for NZ IAS 7 Statement of Cash Flows and NZ IFRS 9 Financial Instruments. The Trust is not liable for GST and is 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 26 October 2011.

Statement of compliance

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

Basis of preparation

The financial statements are presented in New Zealand dollars 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 NZIFRS 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 NZIFRS 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

The Trust has no subsidiaries, associates or joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

Significant accounting policies

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 reflected at fair value through the statement of comprehensive income 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. 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.

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 policy.

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 recoverable amount of the asset is 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 comprehensive income.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

Significant accounting policies

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. 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 comprehensive income.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2011

Significant accounting policies

New standards adopted and interpretations not yet adopted

There are no new published standards that are applicable to the year ended 30 June 2011.

NZIAS 24 Related Party Disclosures (Revised 2009) replaces NZIAS 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 requirement 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 has early adopted the revised standard for the year ended 30 June 2011.

NZ IFRS 9 Financial Instruments will eventually replace NZIAS 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 instruments standard NZIRFS 9. NZ IRFS 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.

FRS 44 New Zealand Additional Disclosures and Amendments to NZIFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments). These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must first be adopted in the year ended 30 June 2012. The Trust has not yet assessed the effect of FRS 44 and the Harmonisation Amendments.



NOTES TO THE FINANCIAL STATEMENTS

in New Zealand Dollars

1 Operating income	2011 Actual	2010 Actual
Donations and Bequests	606,085	1,351,116
	606,085	1,351,116
2 Other operating expenses	2011 Actual	2010 Actual
Audit fees (for the audit of the financial statements)	16,558	14,145
Interest Paid	15	668
Other	137	125
	16,710	14,938
3 Finance Income	2011 Actual	2010 Actual
Interest income	218,444	162,437
	218,444	162,437
4 Trade and other receivables	2011 Actual	2010 Actual
Trade and other receivables	641	546
	641	546
5 Cash and cash equivalents	2011 Actual	2010 Actual
Cheque Account	3,397	25,293
Investment Call Account	6,504,958	6,697,070
	6,508,355	6,722,363

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

	2011 Actual	2010 Actual
Surplus/(deficit) for the period after grants	(1,042,514)	1,053,897
<i>Movements in working capital:</i>		
(Increase)/decrease in trade and other receivables	(95)	(158)
Increase/(decrease) in trade and other payables	(28,126)	66,607
Net movement in working capital	(29,931)	66,449
Net cash inflow/(outflow) from operating activities	(1,070,640)	1,120,346

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	4,933,360	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
Balance at 1 July 2010	115,297	6,086,205	438,636	856,632	7,496,770
Transfers in	-	776,625	904,521	-	1,681,146
Transfers out	-	(905,681)	(961,347)	-	(1,865,223)
Loan fund repayment	-	-	-	(856,632)	(856,632)
Net transfers	-	(129,056)	(56,826)	(856,632)	(1,040,709)
Balance at 30 June 2011	115,297	5,957,149	381,810	-	6,454,256

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.

The loan advance made to the Waikato District Health Board of \$856,632 has been repaid in full in the financial year.

The revenue and expenditure in respect of trust funds is included in the statement of comprehensive income.

7 Trade and other payables

	2011 Actual	2010 Actual
Sundry trade payables	54,740	82,771
	54,740	82,771

Sundry trade payables includes a provision of \$40,061 (2010:\$70,251) 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

The 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.

The Trust has \$641 trade receivables as at 30 June 2011 (2010:\$546).

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

Trade receivables	Gross Receivable	Impairment	Gross Receivable	Impairment
	2011	2011	2010	2010
Not past due				
Past due 0-30 days	641	-	546	-
Past due 31-120 days	-	-	-	-
Past due 121-360 days	-	-	-	-
Past due more than 1 year	-	-	-	-
Total	-	-	-	-
	641	-	546	-



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	2011 Actual	2010 Actual
Gross trade receivables	641	546
Impairment	-	-
Net total trade receivables	641	546

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

Liquidity risk

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.

Market risk

The 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 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.

	Balance Sheet	Contractual cash flow	6 mths or less	6 - 12 mths	1 - 2 years	2 - 5 years	More than 5 years
2011							
Trade and other payables	54,740	-	54,740	-	-	-	-
Total	54,740	-	54,740	-	-	-	-
2010							
Trade and other payables	82,771	-	82,771	-	-	-	-
Total	82,771	-	82,771	-	-	-	-

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 date and the periods in which they reprice.

	Effective Interest Rate %	Total	2011 Actual				
			6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	More than 5 yrs
Cash and cash equivalents	3%	6,508,355	6,508,355	-	-	-	-
		6,508,355	6,508,355	-	-	-	-

	Effective Interest Rate %	Total	2010 Actual				
			6 mths or less	6-12 mths	1-2 yrs	2-5 yrs	More than 5 yrs
Cash and cash equivalents	3%	6,722,363	6,722,363	-	-	-	-
Loan to related party*	0%	856,632	856,632	-	-	-	-
		7,578,995	7,578,995	-	-	-	-

*This loan is non-interest bearing.

Capital management

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

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

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

Sensitivity Analysis

In managing interest rate and currency risks the Trust's aims to reduce the impact of short-term fluctuations on the 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 2011, it is estimated that a general increase of one percentage point in interest rates would increase the Trust's surplus by approximately \$65,084 (2010:\$67,224).



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:

2011									
Note	Held for trading	Designated at fair value through profit and loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount 2011 Actual	Fair value 2011 Actual		
	Trade and other receivables	4	-	-	641	-	-	641	641
	Cash and cash equivalents	5	-	-	6,508,355	-	-	6,508,355	6,508,355
	Trade and other payables	7	-	-	(54,740)	-	-	(54,740)	(54,740)
			-	-	6,454,256	-	-	6,454,256	6,454,256

2010									
Note	Held for trading	Designated at fair value through profit and loss	Loans and receivables	Available for sale	Other amortised cost	Carrying amount 2010 Actual	Fair value 2010 Actual		
	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)
			-	-	7,496,770	-	-	7,496,770	7,496,770

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 cash equivalents

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.

Loans

The loan advance to the Waikato District Health Board of \$856,632 for the construction of the Bryant Education Centre has been repaid in full as at 30 June 2011.

NOTES TO THE FINANCIAL STATEMENTS

in New Zealand Dollars

9 Contingent assets

At 30 June 2011 the Trust had no contingent assets (2010:\$Nil).

10 Related Parties

Identity of related parties

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

The purpose of the the 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 (2010:\$Nil).

Outstanding balances from related parties

	2011 Actual	2010 Actual
Waikato District Health Board	-	856,632
	-	856,632

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, these costs are estimated at \$30,000. At 30 June 2011 the loan advanced to the Waikato District Health Board has been fully repaid (2010:\$856,632).

Grants paid to the Waikato District Health Board were \$1,850,333 in 2011 (2010:\$444,718). Monies payable to the Waikato District Health Board at 30 June 2011 were \$40,061 (2010:\$70,251).

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 Management Committee the development, selection and disclosure of the Trust's critical accounting policies and estimates and the application of these policies and estimates.



STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2011

The Board of Trustees and management of Waikato Health Trust accept responsibility for the preparation of the financial statements for the year ended 30 June 2011 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 2011 fairly reflect the financial position and operations of Waikato Health Trust.



Trustee

26 October 2011



Trustee

26 October 2011

Independent Auditor's Report To the readers of Waikato Health Trust's financial statements for the year ended 30 June 2011

The Auditor-General is the auditor of 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.

We have audited the financial statements of the Trust on pages 5 to 19, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, and notes to the financial statements that include accounting policies and other explanatory information.

Opinion

In our opinion the financial statements of the Trust on pages 5 to 19:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's:
 - financial position as at 30 June 2011; and
 - financial performance and cash flows for the year ended on that date.

Our audit was completed on 26 October 2011. This 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 our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Trust's preparation of financial statements that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.



An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's financial position, financial performance and cash flows.

The Trustees are also responsible for such internal control as is determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Trustees' responsibilities arise from clause 21 of the trust deed.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and 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

Auckland, New Zealand



