

ANNUAL REPORT

For the year ended 30 June 2015





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For the year ended 30 June 2015

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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.

Waikato Health Trust has three Trustees who oversee the governance of the Trust. Administrative tasks are completed by a Waikato DHB employee.

Donations and bequests received from multiple donors are the primary source of funding to the Trust.

LEGAL NAME:	Waikato Health Trust
TYPE OF ENTITY AND LEGAL BASIS:	The Trust was registered in New Zealand under the Charitable Trusts Act 1957 on the 12th February 2008.
REGISTRATION NUMBER:	CC21046
TRUSTEES:	<p>PIPPA MAHOOD Elected Representative, Waikato District Health Board, Hamilton</p> <p>MAUREEN CHRYSTALL Executive Director of Corporate Services, Waikato District Health Board, Hamilton</p> <p>MARY ANNE GILL Communications Director, Waikato District Health Board, Hamilton</p>
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 2015

Donations and Bequests of \$879,882 (2014: \$446,934) were received during the year.

Grants of \$586,503 (2014: \$1,089,320) were made during the year.

Interest of \$245,278 (2014: \$167,333) was received from investments for the year.

The Trust equity at 30 June 2015 is \$5,650,533 (2014: \$5,124,642).

Remuneration of Trustees was \$Nil (2014: \$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 Waikato District Health Board.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2015

	Note	2015 Actual	2014 Actual
Operating revenue	1	879,882	446,934
Finance revenue	2	245,278	167,333
Total revenue		1,125,160	614,267
Other operating expenses	3	12,766	15,023
Total expenses		12,766	15,023
Surplus before grants		1,112,394	599,244
Less grants		(586,503)	(1,089,320)
Surplus/(deficit)		525,891	(490,076)

The accompanying notes form part of these financial statements



STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 Actual	2014 Actual
Assets			
Current assets			
Cash and cash equivalents	4	402,751	420,349
Investments	6	2,600,000	2,200,000
Trade and other receivables	5	160,432	19,266
Total current assets		3,163,183	2,639,615
Non-current assets			
Investments	6	2,500,000	2,500,000
Total non-current assets		2,500,000	2,500,000
Total assets		5,663,183	5,139,615
Liabilities			
Current liabilities			
Trade and other payables	7	12,650	14,973
Total current liabilities		12,650	14,973
Non-current liabilities			
		-	-
Total non-current liabilities		-	-
Total liabilities		12,650	14,973
Net assets		5,650,533	5,124,642
Trust equity			
Reserved funds	8	115,297	115,297
Partially reserved funds	8	5,196,973	4,727,413
General fund	8	338,263	281,932
Total trust equity		5,650,533	5,124,642

Signed on behalf of the Board of Trustees



Trustee
28 October 2015



Trustee
28 October 2015

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Note	2015 Actual	2014 Actual
Cash flows from operating activities			
Donations and bequests		879,882	446,934
Interest receipts		104,112	165,085
Grants		(586,503)	(1,376,935)
Expenses		(15,089)	(15,023)
Net cash flows from operating activities		382,402	(779,939)
Cash flows from investing and financing activities			
Transfer (to)/from investments		(400,000)	700,000
Net cash flows from investing and financing activities		(400,000)	700,000
Net increase/(decrease) in cash and cash equivalents		(17,598)	(79,939)
Cash and cash equivalents at beginning of year		420,349	500,288
Cash and cash equivalents at end of year		402,751	420,349

The accompanying notes form part of these financial statements



STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June 2015

Accounting policies applied

BASIS OF PREPARATION

The Trustees have elected to apply PBE SRF-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability and has total annual expenses of less than \$2 million.

All transactions are reported using the accrual basis of accounting.

The performance report has been prepared on the assumption that the Trust will continue to operate in the foreseeable future.

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 financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

The Trust has no subsidiaries, associates or joint ventures.

The Trust is consolidated into the accounts of Waikato District Health Board due to being a controlled subsidiary of Waikato District Health Board.

The financial statements were authorised for issue by the Trustees on 28 October 2015.

GOODS AND SERVICES TAX

The Trust is not liable for GST and is recognising revenue and expenses on a GST inclusive basis.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is recorded on the occurrence of a recognition event.

Donations and bequests

Donations and bequests are recognised upon receipt.

Donated assets, goods and services in kind

Significant donated assets with useful lives of 12 months or more are recognised as revenue on receipt at readily obtainable values such as rateable value or government value.

Significant donated assets that are difficult to value such as intangible assets, highly specialised assets, and heritage assets are not recorded as revenue.

Other donated assets are not recorded as revenue.

Donated goods or services (other than donated assets) are not recorded as revenue.

Interest revenue

Interest revenue is recognised on an accrual basis.

Financial instruments

Financial instruments comprise, trade and other receivables, cash and cash equivalents, and trade and other payables.

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.

STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June 2015

Cash and cash equivalents

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.

Trade and other receivables

Trade and other receivables are recorded at fair value less any provision for impairment. Bad debts are written off during the period in which they are identified.

Investments

Investments comprise investments in term deposits with banks.

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Trade and other payables

Trade and other payables are recorded at their face value.

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 Financial Performance.

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.

Provisions

A provision, based on a reliable estimate, 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.

Income tax

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

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.

Grant expenditure

All grant expenditure is discretionary and subject to review and approval by the designated Trustees. Amongst other criteria, the Trustees will consider the purpose of the grant in relation to the original governing statements.

Changes in accounting policies and transition to the new PBE SFR-A (PS) Standard

This is the first set of financial statements prepared using the new PBE SFR-A (PS) standard. There were no material adjustments arising on transition to the new PBE SFR-A (PS) standards. Previously, investments have been recorded as part of cash and cash equivalents, due to the transition to the new PBE SFR-A (PS) standards these are now recorded separately as investments. This has impacted the comparative Statement of Financial Position and Statement of Cashflows.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

	2015 Actual	2014 Actual
1 Operating revenue		
Donations and bequests	879,882	446,934
	<u>879,882</u>	<u>446,934</u>
2 Finance revenue		
Interest income	245,278	167,333
	<u>245,278</u>	<u>167,333</u>
3 Other operating expenses		
Audit fees (for the audit of the financial statements)	12,650	14,973
Interest paid	-	-
Other	116	50
	<u>12,766</u>	<u>15,023</u>
4 Cash and cash equivalents		
Cheque account	1,751	1,349
Investment call account	401,000	419,000
	<u>402,751</u>	<u>420,349</u>
5 Trade and other receivables		
Trade and other receivables	160,432	19,266
	<u>160,432</u>	<u>19,266</u>
6 Investments		
35 day term deposit	2,600,000	2,200,000
2 year term deposit	2,500,000	2,500,000
	<u>5,100,000</u>	<u>4,700,000</u>
7 Trade and other payables		
Sundry trade payables	12,650	14,973
	<u>12,650</u>	<u>14,973</u>

Grants payable to Waikato District Health Board at 30 June 2015 were \$Nil (2014: \$Nil), for purchases that have been completed and authorised for reimbursement but have not yet been paid.

8 Accumulated Funds

Reconciliation of movement in capital and reserves:

	Reserved funds	Partially Reserved funds	General fund	Total Equity
Balance at 1 July 2013	115,297	5,219,241	280,180	5,614,718
Transfers in	-	554,957	59,310	614,267
Transfers out	-	(1,046,785)	(57,558)	(1,104,343)
Balance at 30 June 2014	<u>115,297</u>	<u>4,727,413</u>	<u>281,932</u>	<u>5,124,642</u>
Balance at 1 July 2014	115,297	4,727,413	281,932	5,124,642
Transfers in	-	1,030,482	94,678	1,125,160
Transfers out	-	(560,922)	(38,347)	(599,269)
Balance at 30 June 2015	<u>115,297</u>	<u>5,196,973</u>	<u>338,263</u>	<u>5,650,533</u>

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. Partially reserved funds are externally bequeathed and bound by specific governing statements. Fully reserved funds are funds externally bequeathed that are held in perpetuity. The fund is not reduced and interest earned is transferred to a general fund where distributions can be made.

General funds are used for grants applied in accordance with the Trust Deed. Funds are raised internally from the Waikato District Health Board and bound by specific governing statements.

The revenue and expenditure in respect of Trust funds is included in the Statement of Financial Performance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

9 Related parties

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

Related-party transactions significant to the Trust requiring disclosure

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.

Grants paid to the Waikato District Health Board were \$586,503 in 2015 (2014:\$1,089,320). Monies payable to the Waikato District Health Board at 30 June 2015 were \$Nil (2014:\$Nil).

Remuneration of Trustees was \$Nil (2014:\$Nil).

10 Subsequent event

There are no significant events subsequent to balance date.

11 Accounting estimates and judgements

The Trustees have discussed the Trust's critical accounting policies and estimates and the application of these policies and estimates.

12 Commitments

The Commitments to provide grants at 30 June 2015 were \$270,749 (2014:\$57,828).

13 Contingent assets

At 30 June 2015 the Trust had no contingent assets (2014:\$Nil).

14 Contingent liabilities

There were no contingent liabilities at 30 June 2015 (2014:\$Nil).

15 Assets donated and recorded

There have been no significant donated assets to Waikato Health Trust during the period.

16 Goods and services in kind

There have been no significant goods and services in kind provided to Waikato Health Trust during the period.



STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2015

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 2015 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 2015 fairly reflect the financial position and operations of Waikato Health Trust.



Trustee
28 October 2015



Trustee
28 October 2015

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Waikato Health Trust's financial statements for the year ended 30 June 2015

The Auditor-General is the auditor of Waikato Health Trust (the Trust). The Auditor-General has appointed me, B H Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on her behalf.

Opinion

We have audited the financial statements of the Trust on pages 5 to 11, that comprise the statement of financial position as at 30 June 2015, the statement of financial performance and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Trust:

- present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector).

Our audit was completed on 28 October 2015. 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 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, in our judgement, are likely to influence readers' 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 preparation of the Trust's financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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. Also, we did not evaluate the security and controls over the electronic publication of the financial statements.

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 the preparation and fair presentation of financial statements for the Trust that comply with generally accepted accounting practice in New Zealand and Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector).

The Trustees' responsibilities arise from clause 21 of the Trust Deed.

The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements, whether in printed or electronic form.

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.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand



