



EAST HEALTH TRUST
primary health organisation

EAST HEALTH TRUST BOARD
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

EAST HEALTH TRUST BOARD

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

Contents

Trust directory	1
Statement of responsibility	2
Independent auditor's report	3 -4
Statement of service performance	5 -10
Financial statements	
Statement of comprehensive revenue and expense	11
Statement of financial position	12
Statement of changes in net assets / equity	13
Statement of cash flows	14
Notes to the financial statements	15 -26

East Health Trust Board

Trust Directory As at 30 June 2024

Registered charity no	CC21764
Registered office	116 Harris Road East Tamaki Auckland
Trustees	J H Betteridge D P Bryant K Chiu R J Coleman B C A Hyland A Kareem S Vance (resigned on 31 Oct 2023)
Bank	ASB Bank Limited Auckland
Business activity	Primary health organisation
Auditor	BDO Auckland
Solicitors	Malloy Goodwin Harford Auckland

East Health Trust Board

**Statement of responsibility
For the year ended 30 June 2024**

The Board is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial report, which includes the financial statements, statement of service performance and related information. The independent external auditors, BDO Auckland, have audited the financial report and their report appears on page 3 and 4.

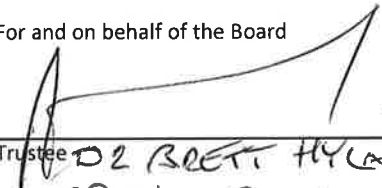
The Board is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial report, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial records. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year and under review.


The financial report is prepared on a going concern basis. Nothing has come to the attention of the Board to indicate that the Trust will not remain a going concern in the foreseeable future.

In the opinion of the Board:

- The statement of comprehensive revenue and expense is drawn up so as to present fairly, in all material respects, the comprehensive revenue and expense of the Trust for the financial year ended 30 June 2024;
- The statement of financial position is drawn up so as to present fairly, in all material respects, the financial position of the Trust as at 30 June 2024;
- The statement of cash flow is drawn up so as to present fairly, in all material respects, the cashflow of the Trust for the financial year ended 30 June 2024;
- There are reasonable grounds to believe that the Trust will be able to pay their debts as and when they fall due.
- The statement of service performance is drawn up so as to present fairly, in all material respects, the service performance of the Trust for the financial year ended 30 June 2024 in accordance with the Trust's service performance criteria.

For and on behalf of the Board


Trustee D2 BRETT HYLAND
29 Nov 2024
Date


Trustee Ahmed Kareem
29/11/2024
Date

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF EAST HEALTH TRUST BOARD**

Opinion

We have audited the Financial Report of East Health Trust Board ("the Trust"), which comprise the financial statements on pages 11 to 26, and the statement of service performance on pages 5 to 10. The complete set of financial statements comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expense, statement of changes in net assets/equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying Financial Report presents fairly, in all material respects:

- the financial position of the Trust as at 30 June 2024 and (of) its financial performance, and its cash flows for the year then ended; and
- the service performance for the year ended 30 June 2024, in accordance with the entity's service performance criteria,

in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board.

Basis for Opinion

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

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

Other Matter

The financial statements of the Trust for the year ended 30 June 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 17 April 2024.

Other Information

The Trustees are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Trust directory and statement of responsibility, but does not include the statement of service performance and the financial statements and our auditor's report thereon.

Our opinion on the statement of service performance and financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon. In connection with our audit of the statement of service performance and financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the statement of service performance and the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' Responsibilities for the Financial Report

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

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

In preparing the Financial Report those charged with governance are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the statement of service performance are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this Financial Report.

A further description of the auditor's responsibilities for the audit of the Financial Report is located at the XRB's website at

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14/>

This description forms part of our auditor's report.

Who we Report to

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

BDO Auckland

BDO Auckland
Auckland
New Zealand
29 November 2024



Statement of Service Performance

Legal Entity:	East Health Trust Board
Type of Entity:	Charitable Trust
Registered Number:	(AK/1336201)

Who are we

We are an organisation with a network of primary healthcare providers and other health professionals. We work together to support, coordinate and provide equitable access to quality healthcare that responds to the needs and builds on the strengths of our community.

We have an enrolled population of 121,371.

We exist to

Enhance the health and vitality of our community. We facilitate and deliver quality, affordable medical and wellness services that are accessible to all, tailored to diverse cultural needs, and promote health equity for every individual.

Our vision

All people achieve their full potential for health and well-being across the lifespan. We are trusted by patients and providers and are seen as a valued partner.

What we do

Our strategy takes a life course approach, addressing the needs of our population at every stage - from pregnancy and early childhood to adolescence and young adulthood. We focus on supporting both mental and physical health, particularly for those with long-term conditions. Additionally, we aim to enhance the quality of life for older adults, ensuring a comprehensive framework that promotes well-being throughout all life stages.

We aim to enhance health and well-being for those with the greatest needs by advocating for positive lifestyles and promoting the use of innovative technology solutions. We will take a collaborative leadership role in providing integrated healthcare, develop and support the primary care workforce to foster leadership and innovation, and seek opportunities to ensure the sustainability of our health initiatives.

Disclosure of Judgements made in the reporting of service performance information

When preparing the information for the 2024 financial year, we have made some judgements about what information to present following an assessment of what our role within the wider primary health network is, and what information would be most appropriate and meaningful to our stakeholders when assessing our performance for the financial year.

Decisions on what information to prepare were made by the Board of Trustees and the management team.

East Health Trust based the performance measures on areas where reliable data was available, input could be identified and programmes with significant financial implications.

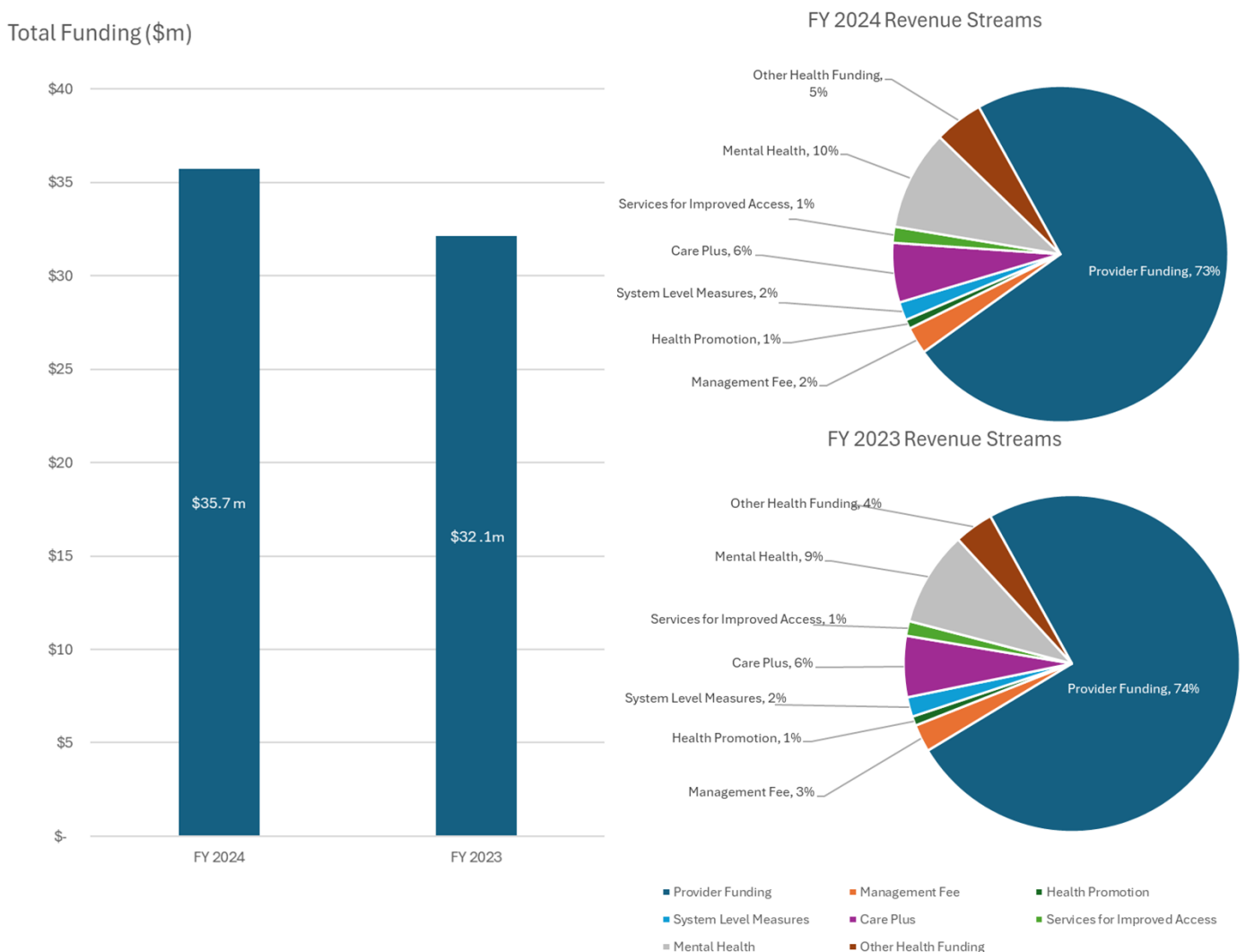
Key Outputs Achieved

East Health Trust receives funding from Te Whatu Ora and Manatu Hauora. Capitation funding is the main mechanism for funding primary health care services. Funding is then distributed to clinics by the Trust based on their enrolled population, who in turn provide health care services to end users.

Capitation is a payment arrangement for general practice providers. It funds each practice a set amount for each enrolled person per year, paid each month, whether or not that person seeks care.

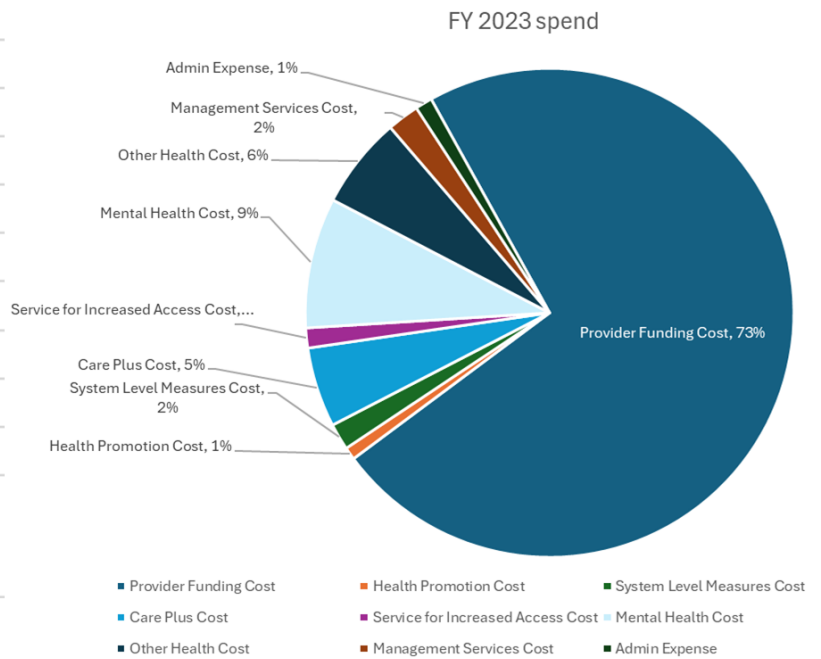
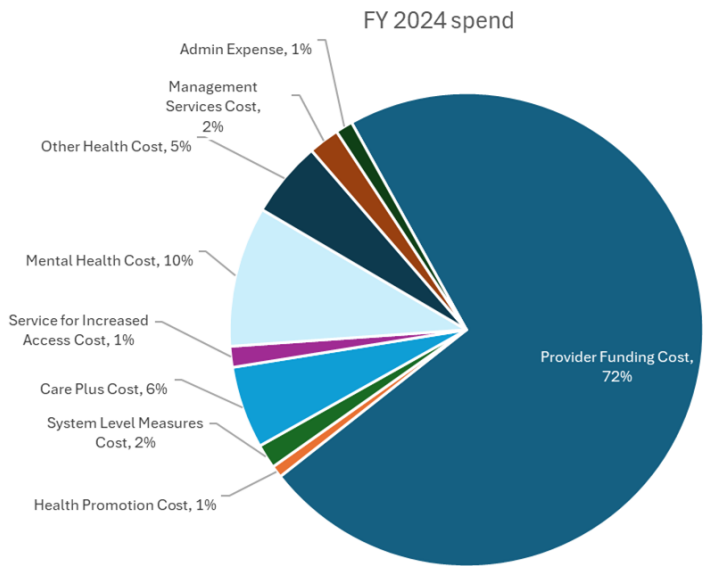
Capitation funding is designed to encourage proactive management of enrolled populations and better population health outcomes.

Funding Revenue



Clinical and Administrative Expenditure


Total Expense (\$m)



Improving health and wellbeing for those with the greatest health needs


1. Primary Mental Health Wellness Support Programme - Mentally well

This programme supports the mental health and well-being of people of all ages who may present with a mental health or addiction concern. PHO flexible funding is used to top up this programme.

Wellness Support		2024	2023
	GP Interventions	11,852	13,204
	Psychology interventions	6,384	6,387
	Nurse-led interventions	646	579
	Facilitated counselling	556	517
	Follow-up contact	249	445
	Appointments with an East Health Trust Health Improvement Practitioner or Health Coach	9,897	7,784

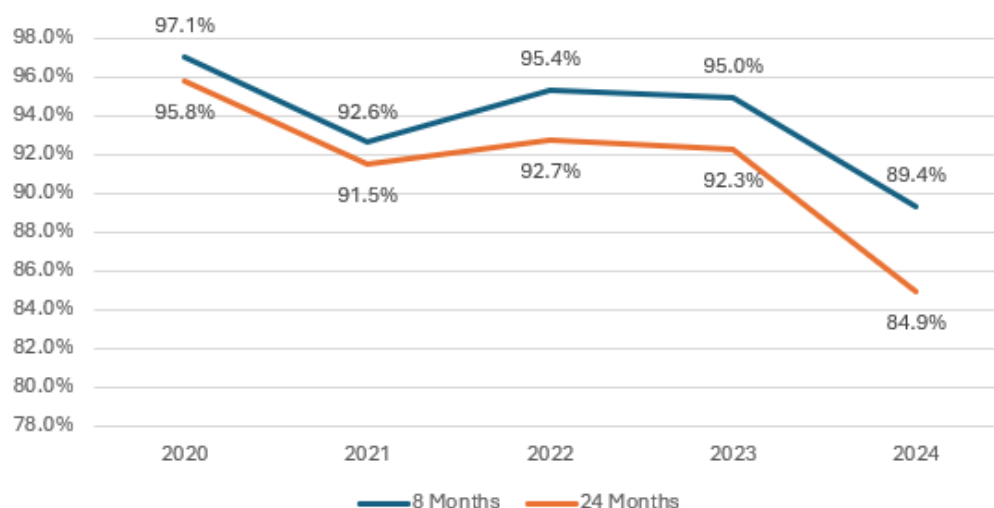
2. Immunisation - Starting Well

By ensuring that children receive their vaccinations on schedule, we help safeguard their health and promote community immunity. We remain dedicated to continuous improvement and look forward to further improving our immunisation rates in the coming year.

Immunisation Rates	8-Months	Total Population	Maori & Pacific	Target
	2024	89.35%	70.37%	95%
	2023	94.95%	87.93%	95%
	2022	95.35%	94.23%	95%
	24-months	Total Population	Maori & Pacific	Target
	2024	85%	(AIR*) 67.3%	95%
	2023	92%	(NIR**) 80%	95%
2022	93%	(NIR**) 77.42%	95%	

*AIR – Aotearoa Immunisation Register, **NIR – National Immunisation Register


8-Month and 24-Month Immunisation Coverage over time



Care Plus for complex patients - Living Well

The Care Plus model is a patient-centred approach. The primary objective is to make provision of a comprehensive package of primary health care services at a reduced cost for people who can be identified as having higher health needs.

This model focuses on team-based care including more care delivered by nurses and other members of the wider health care team.

Care Plus		2024	2023
	GP Consultations	21,688	19,155
	Nurse Consultations	11,123	9,851
	Other Consultations	466	376

Cardiovascular Risk Assessments


We continue ongoing efforts in cardiovascular risk assessment, a critical initiative aimed at promoting heart health within our community.

Our commitment to early detection and proactive management enhances individual wellbeing and fosters a healthier community overall.

Cardiovascular Risk Assessment		Total Population	Maaori & Pacific	Target
Eligible patients who have had a Cardiovascular Risk Assessment	2024	85%	80%	90%
	2023	84%	79%	90%
	2022	86%	82%	90%

3. Enhancing Cervical Screening Access

In the past year, East Health Trust focused on targeted initiatives to improve cervical screening rates for priority populations, specifically Maori and Pacific people requiring screening.


Cervical Screening Coverage		Total Population	Maaori & Pacific	Target
	2024	79.39%	74.14%	80%
	2023	79.39%	72.69%	80%
	2022	79.63%	74.15%	80%

4. Improving health and well-being for older people – ageing well

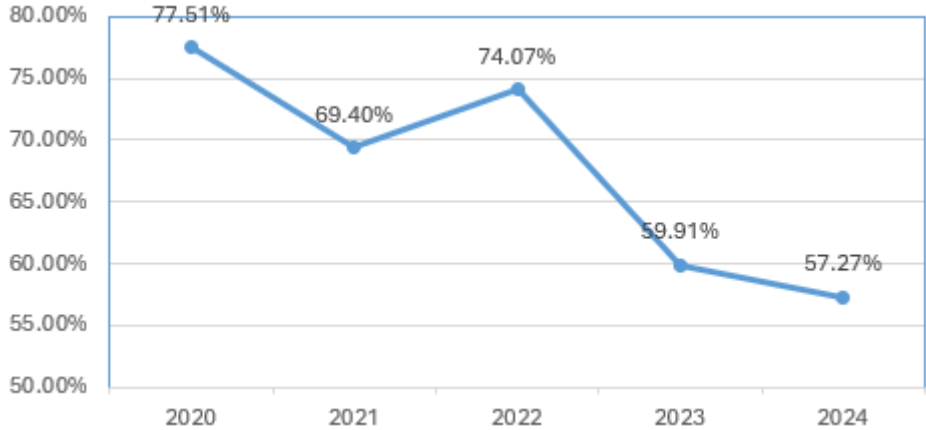
The integrated Care Coordinator role is dedicated to enhancing the health and wellbeing of older adults in our community. We achieve this through comprehensive care coordination and a focus on encouraging a healthy lifestyle, including being up-to-date with vaccination

This service enables more individuals to stay safely in the community by providing the necessary support and care coordination

Vaccination for our patients 65 years and over:

Vaccination Coverage		2024	2023
	Patients 65 years and over with an influenza vaccination	57.27%	59.91%

Patients aged 65 years and over with flu vaccination over time



East Health Trust Board

**Statement of comprehensive revenue and expense
For the year ended 30 June 2024**

	<u>Note</u>	<u>2024</u>	<u>2023</u>
Revenue			
Revenue from non-exchange transactions			
Capitation funding		26,126,150	23,892,428
Management and coordination of health contracts		8,653,042	7,364,472
Management fees		928,828	848,341
Total revenue	3	<u>35,708,020</u>	<u>32,105,241</u>
Expenses			
Clinical programme costs	4	(34,887,266)	(31,722,644)
Administrative costs	4	(1,184,358)	(1,062,851)
Total expenses		<u>(36,071,624)</u>	<u>(32,785,495)</u>
Deficit before net finance income		<u>(363,604)</u>	<u>(680,254)</u>
Interest income - at amortised cost		66,671	60,986
Net finance Income		<u>66,671</u>	<u>60,986</u>
Share of profit of associate	9	71,838	80,654
Deficit for the year		<u>(225,095)</u>	<u>(538,614)</u>
Total comprehensive revenue and expense for the year		<u><u>(\$225,095)</u></u>	<u><u>(\$538,614)</u></u>

The accompanying notes form part of and should be read in conjunction with the Financial Statements.

East Health Trust Board

Statement of financial position As at 30 June 2024

	<u>Note</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Current assets			
Cash and cash equivalents	5	2,011,081	195,109
Investments - short term deposits	6	310,000	1,369,126
Receivables	7	393,453	735,439
GST Receivable		21,508	25,536
		2,736,042	2,325,210
Non current assets			
Investment in associates	9	1,092,751	1,035,913
		1,092,751	1,035,913
		3,828,793	3,361,123
Total assets			
<u>Liabilities</u>			
Current liabilities			
Payables	8	835,593	901,990
Deferred revenue	16	759,162	-
		1,594,755	901,990
		1,594,755	901,990
Total liabilities			
		\$2,234,038	\$2,459,133
Net assets			
<u>Equity</u>			
Corpus		10	10
Retained earnings		2,234,028	2,459,123
		\$2,234,038	\$2,459,133
Total equity			

The accompanying notes form part of and should be read in conjunction with the Financial Statements.

East Health Trust Board

**Statement of changes in net assets / equity
For the year ended 30 June 2024**

	Note	Corpus	Retained earnings	Total equity
<u>As at 1 July 2022</u>		10	2,997,737	2,997,747
Total comprehensive revenue and expense for the year		-	(538,614)	(538,614)
Balance at 30 June 2023		\$10	\$2,459,123	\$2,459,133
Total comprehensive revenue and expense for the year		-	(225,095)	(225,095)
Balance at 30 June 2024		\$10	\$2,234,028	\$2,234,038

The accompanying notes form part of and should be read in conjunction with the Financial Statements.

East Health Trust Board

Statement of cash flows
For the year ended 30 June 2024

	<u>Note</u>	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
<u>Cash was received from:</u>			
Funders		36,808,196	32,801,426
Interest		67,472	54,224
Net goods & services tax		4,027	-
		<hr/> 36,879,695	<hr/> 32,855,650
<u>Cash was applied to:</u>			
Suppliers & employees		(36,137,849)	(33,443,413)
Net goods & services tax		-	(19,158)
		<hr/> (36,137,849)	<hr/> (33,462,571)
Net cash received from / (applied to) operating activities	17	741,846	(606,921)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
<u>Cash was received from</u>			
Dividends from associates	9	15,000	25,000
Proceeds from termination of term deposits		1,059,126	133,299
		<hr/> 1,074,126	<hr/> 158,299
Net cash from / (applied to) investing activities		1,074,126	158,299
Net cash received (paid) for the year		<hr/> 1,815,972	<hr/> (448,622)
Cash and cash equivalent balance at 1 July		195,109	643,731
Cash and cash equivalent balance at 30 June	5	<hr/> \$2,011,081	<hr/> \$195,109

The accompanying notes form part of and should be read in conjunction with the Financial Statements.

East Health Trust Board

Notes to the financial statements For the year ended 30 June 2024

1.0 Statement of accounting policies

Reporting entity

The reporting entity is East Health Trust Board ("East Health Trust"). East Health Trust was established by trust deed dated 17 June 2003. It is a registered charity under the Charities Act 2005. DIA Charities Service Registration number CC21764.

These are the individual financial statements for East Health Trust.

Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with the New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Public Benefit Entity Accounting Standards ("PBE Standards") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. The trust is a public benefit not-for-profit entity and it is applying Tier 1 Not-For-Profit PBE IPSAS as it has expenditure of more than \$33 million. The report is in compliance with Tier 1 Not-For-Profit PBE Standards.

Changes in accounting policy

All policies have been applied on a basis consistent with those from previous financial statements.

Reclassification of certain balances

Certain balances from the prior year have been reclassified and or presented in the notes to reflect the current year presentation.

2.0 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 (a) *Basis of measurement*

The financial statements have been prepared on the basis of historical cost.

(b) *Functional and presentational currency*

The financial statements are prepared in New Zealand dollars (\$). All numbers presented have been rounded to the nearest dollar.

2.2 *Accounting for associate*

Associates are entities over which the Trust has significant influence but not control, generally being a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investors share of the surplus or deficit after acquisition. Dividends received from associates are recognised as a reduction to the carrying amount of associate.

The Trust's share of the profit or loss of associates is recognised in the statement of comprehensive revenue and expense.

The board determines at each reporting date whether there is any evidence that the investment in the associate is impaired. Any such impairment is recognised in the statement of comprehensive revenue and expense.

East Health Trust Board

Notes to the financial statements For the year ended 30 June 2024

2.3 Financial instruments

Financial assets

The Trust classifies its financial assets in the following category:

- measured at amortised cost

The classification depends on the Trust's business model for managing the financial assets and the contractual terms of the cash flows.

There has been no material effect of the recognition of financial instruments on adoption of PBE IPSAS 41.

Amortised cost

The Trust classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

These assets are subsequently measured at amortised cost using the effective interest method.

All of the Trust's financial assets are measured at amortised cost.

Initial recognition

At initial recognition, the Trust measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

Interest income

Interest income from financial assets at amortised cost is included in the financial income using the effective interest rate method.

Impairment of financial assets

The Trust assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The Trust applies the simplified approach to providing for expected credit losses prescribed by PBE IPSAS 41, which permits the use of the lifetime expected losses for all trade receivables.

Given the low risk of default on other financial assets (primarily investment with financial institutions with a strong credit rating), other expected credit losses have been assessed to be immaterial.

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits with a maturity period of less than 90 days held at call with banks.

2.5 Financial liabilities

Trade and other payables

These amounts represent unsecured liabilities for goods and services provided to the trust prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables are usually paid within 30 days, they are carried at face value.

East Health Trust Board

Notes to the financial statements For the year ended 30 June 2024

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions

Income from contract funding

Income from contract funding is recognised when received, unless there is a clear use or return condition. In this case, revenue is recognised when the conditions attached to the contract have been complied with. Where there are unfulfilled conditions of the contract, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Revenue from exchange transactions

Interest income

Interest income is recognised on an accrual basis using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of financial assets to be the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the right to receive payment is established.

2.7 Goods and services tax

All amounts are shown exclusive of Goods and Services Tax ("GST"), except for receivables and payables, which are stated inclusive of GST.

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

2.8 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Carrying value of investments in associates

The Trust assesses if the carrying value in an equity investment in its associate is impaired by comparing the carrying value to the recoverable amount, the higher of its value in use or its fair value less cost to sell. This determination requires significant judgement. In making this judgement the trust evaluates relevant factors such as cashflow, business outlook, financial health and any other relevant information available to the Trust.

2.9 Accounting standards issued

The following are new, revised or amended standards that are applicable to the Trust which are on issue but are not yet required to be adopted for the year ended 30 June 2024.

- PBE IPSAA 1 Disclosure of fee for audit firms' services

East Health Trust Board

**Notes to the financial statements
For the year ended 30 June 2024**

3. Revenue	<u>2024</u>	<u>2023</u>
PHO capitation funding	26,126,150	23,892,428
PHO capitation management fee	928,828	848,341
Health promotion	315,816	286,657
System level measures	630,772	605,091
Care plus	2,041,725	1,884,031
Services for improved access	550,838	452,937
Mental health	3,440,160	2,928,447
Other health funding	1,673,731	1,207,309
	<u>\$35,708,020</u>	<u>\$32,105,241</u>

4. Expenses	<u>2024</u>	<u>2023</u>
<u>Clinical programme costs consist of the following:</u>		
Capitation payments to general practices	26,127,590	23,892,428
Mental health	3,453,200	2,828,795
Other health contracts	5,306,476	5,001,421
	<u>\$34,887,266</u>	<u>\$31,722,644</u>

Administrative costs consist of the following:

Audit Fees - audit of financial report	52,525	25,634
Conference expense	5,110	3,052
Management services	762,073	695,969
Governance - clinical & community	151,455	132,168
Insurance	3,588	3,285
Subscription	29,140	34,476
Trustees remuneration	13 86,821	90,219
Other operating expenses	93,646	78,048
	<u>\$1,184,358</u>	<u>\$1,062,851</u>

5. Cash and cash equivalents	<u>2024</u>	<u>2023</u>
Cash in bank	2,011,081	195,109
	<u>\$2,011,081</u>	<u>\$195,109</u>

There are no restrictions over any of the cash and cash equivalent balances held by the Trust. Per annum interest ranges applicable to components of cash and cash equivalents 2.75% - 4.85% (2023: 2.9%).

East Health Trust Board

Notes to the financial statements For the year ended 30 June 2024

6. Investments - short term deposits	<u>2024</u>	<u>2023</u>
ASB commercial term deposits	310,000	1,369,126
	<u>\$310,000</u>	<u>\$1,369,126</u>
Per annum interest rate ranges applicable to components of investments:	5.95% - 6%	5.15% - 5.45%
Per annum terms ranges applicable to components of investments:	151 days	90 to 180 days

7. Receivables	<u>2024</u>	<u>2023</u>
Receivables from non-exchange transactions	382,467	720,744
Receivables from exchange transactions	8,527	9,328
Receivables from related parties (Note 15)	2,459	5,367
	<u>\$393,453</u>	<u>\$735,439</u>

Receivables from non-exchange transactions and related parties are on 30 day credit terms and are non-interest bearing. They are of a short term duration and are not discounted.

8. Payables	<u>2024</u>	<u>2023</u>
Health service claims	183,549	232,066
Health service claims from related parties (Note 15)	615,044	657,540
Sundry accruals	37,000	12,384
	<u>\$835,593</u>	<u>\$901,990</u>

Payables are from exchange transactions and are paid within 90 days and are of short term duration.

East Health Trust Board

Notes to the financial statements For the year ended 30 June 2024

9. Investments in associates

The trust has interests in the following associates:

Name	Principal activity	Country of incorporation	% Equity interest	
			2024	2023
East Health Services Ltd	Administration of health funding	NZ	21.28%	21.28%
Non-current assets			3,587,333	1,183,493
Current assets			18,788,281	17,549,384
Non-current liabilities			(36,761)	(23,190)
Current liabilities			(17,203,745)	(13,841,676)
Net assets (100%)			5,135,108	4,868,011
Share of net assets (21.28%)			1,092,751	1,035,913
Revenue			5,508,467	5,427,465
Expenses			(4,746,638)	(4,818,459)
Net finance income			780,026	455,165
Share of profit of associate			(761,100)	(500,586)
Income tax expenses			(431,517)	(297,312)
Fair value loss on equity investments			(11,641)	-
Surplus and total comprehensive revenue and expense (100%)			337,597	266,273
Trust's share of total comprehensive revenue and expense (21.28%)			71,838	56,663
Adjustment from prior period			-	23,991
The Trust's share of total comprehensive revenue and expense			71,838	80,654
Dividend received by the Trust			15,000	25,000

East Health Trust Board

Notes to the financial statements For the year ended 30 June 2024

10. Financial asset and liability categorisation

	At amortised cost
Financial assets at amortised cost	
30-Jun-24	
Cash & cash equivalents	2,011,081
Short term deposits	310,000
Trade & other receivables	393,453
	<u>\$2,714,534</u>
30-Jun-23	
Cash & cash equivalents	195,109
Short term deposits	1,369,126
Trade & other receivables	735,439
	<u>\$2,299,674</u>
Financial liabilities at amortised cost	
30-Jun-24	
Trade & other payables	835,593
	<u>\$835,593</u>
30-Jun-23	
Trade & other payables	901,990
	<u>\$901,990</u>

11. Financial instrument risk

Risk management objectives and policies

The Trust is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, interest risk and liquidity risk.

The Trust has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments.

There were no material changes in the Trust's risk exposure and risk management objectives and policies during the reporting period.

The Trust does not actively engage in trading of financial assets for speculative purposes. The significant financial risks that the Trust is exposed to are as follows:

East Health Trust Board

Notes to the financial statements For the year ended 30 June 2024

11. Financial instrument risk (continued)

Credit risk

Credit risk is the risk that a customer or counterparty fails to discharge an obligation to the Trust. The Trust is mainly exposed to credit risk from its financial assets, including cash and cash equivalents, term deposits and receivables.

The Trust does not take guarantees, or security interest as collateral or charge penalty interest on receivables due.

Cash and cash equivalents and investments - short term deposits with maturities between 1 to 6 months are held with ASB which has an S&P credit rating of AA- (2023: AA-). This rating is considered investment grade and thus credit risk is low.

The carrying amount of the Trust's financial assets represents the Trust's maximum exposure to credit risk.

Concentration of credit risk for funding receivables is high due to the small number of debtors, Collectively, Health New Zealand make up 98% (2023:99%) of the trade receivables balance as at 30 June 2024. However, they are assessed as low-risk, high quality entities due to them being government funded purchasers of health and disability services. All material receivables are current.

The aging of trade receivables at reporting date that were not impaired was as follows:

	<u>2024</u>	<u>2023</u>
Neither past due nor impaired	302,171	318,742
1 - 90 days past due	91,282	404,232
Over 90 days past due	-	12,465
	<hr/>	<hr/>
	393,453	735,439
Allowance for impairment	-	-
	<hr/>	<hr/>
	393,453	735,439
Trade receivables not past due and not impaired	302,171	318,742
Trade receivables past due but not impaired	91,282	416,697
	<hr/>	<hr/>
	393,453	735,439

Liquidity risk

Liquidity risk is the risk that the Trust might not be able to meet its obligations. The Trust manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day operations. The data used for analysing these cash flows is consistent with those used in the undiscounted contractual maturity analysis below. Liquidity needs are monitored on a monthly basis projected for the next 2 years. The Trust objective is to maintain sufficient cash and marketable securities to meet its liquidity requirements for three months at a minimum. This objective was met for the reporting period. The Trust considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources, receivables and short term deposits. The group's existing cash resources (including short-term term deposits) significantly exceeds the current cash flow requirements.

East Health Trust Board

Notes to the financial statements For the year ended 30 June 2024

11. Financial instrument risk (continued)

The table below analyses the Trust's financial liabilities into relevant undiscounted contractual maturity bands, based on the remaining period from reporting date to the contractual maturity date. The cash flow amounts disclosed in the table represent undiscounted cash flows liable for payment by the Trust.

	Carrying amount	contractual cash	On demand
As at 30 June 2024			
Trade and other payables	835,593	835,593	835,593
As at 30 June 2023			
Trade and other payables	901,990	901,990	901,990

Interest rate risk

At reporting date, the Trust has the following financial assets exposed to New Zealand variable interest rate risk:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	2,011,081	195,109
Investments - short term deposits with maturities 1 - 6 months	310,000	1,369,126
	2,321,081	1,564,235

5.13% was the average interest rate earned on cash deposits and short term deposits (2023:5.29%)

The Trust has no borrowings, as the majority of the Trust cash is invested on interest. The saving account balance is maintained at around \$200,000.

It is estimated a 100 basis point increase/(decrease) in interest rates would result in an increase/(decrease) in the Trust's interest earned in a year by approximately \$1,955/(\$1,955) on the Trust's investment portfolio exposed to floating rates at reporting date as the majority of the Trust cash is invested with a fixed interest rate (2023: 100 basis point increase/(decrease) of \$1,907/(\$1,907)).

Based on historical movements and volatilities and management's knowledge and experience, management believes that the above movements are 'reasonably possible' over a twelve month period: A shift of between 1% and 2% in market interest rates. The impact on the surplus or deficit and net assets or equity of a 1% movement equals to 100 basis points \$1,955 (2023: \$1,907).

Fair Values

The following financial assets and liabilities being cash, investments - short term deposits and trade receivable and payable balances of a short term nature and funds held on behalf of, accordingly the carrying amount is a reasonable approximation of their values.

East Health Trust Board

Notes to the financial statements For the year ended 30 June 2024

12. Commitments for expenditure

Capital commitments

There is no committed capital expenditure at reporting date (last year: \$nil).

13. Contingent liabilities

There are no known contingencies at reporting date. (last year: \$nil).

14. Capital management

The Trust's capital is its accumulated revenue and expense. Equity is represented by net assets. The Trust looks to break even each year and contracts its health service providers at values similar to the funding it receives. Management administration fees are utilized to cover the costs of administering the contracts and general overheads. The Trust manages its general financial prudently in compliance with the budgetary processes and Board financial policies. The Trust does not have any external debt in the current and prior year.

Capital for the Trust consists of its accumulated funds, and surpluses are monitored to ensure adequate funds are maintained.

15. Related party transactions and balances

The Trust does not have a controlling entity. Related parties include key management personnel or a close member of their family, Trustees and entities they control or have significant influence over.

Transactions with entities that Trustees control or have significant influence over.

Payments by the Trust	2024	2024	2023	2023
	payments	payables	payments	payables
Payments (excluding COVID) to GP practices	18,341,790	147,614	16,387,737	181,742
Payments to other providers	4,706,373	467,430	4,618,018	475,798
	<u>23,048,163</u>	<u>615,044</u>	<u>21,005,755</u>	<u>657,540</u>

Receipts by the Trust	2024	2024	2023	2023
	receipts	receivables	receipts	receivables
Receipts for services from GP practices	4,277	2,459	7,747	5,367

Nature of the Relationship and Transactions

- R Coleman and B Hyland are trustees and also operate as General Practitioners. They received funding from the trust on the same terms and conditions as all other general practitioners, through their respective medical practices.
- Health Improvement Group Limited is a related party as the company is 50% owned by East Health Services Ltd. The medical centre receives funding from the trust on the same terms and conditions as all other medical centres.
- Millhouse Medical Centre Limited is a related party as R Coleman is a director. The medical centre receives funding from the trust on the same terms and conditions as all other medical centres.
- My Health Team are related parties as B Hyland is a director. The medical centre receives funding from the trust on the same terms and conditions as all other medical centres.
- Care Group Limited is a related party as B Hyland is a director and shareholder. R Coleman, and J Betteridge Medical Ltd are also shareholders in Care Group Limited.

East Health Trust Board

Notes to the financial statements For the year ended 30 June 2024

15. Related party transactions and balances (continued)

- f) J Betteridge and B Hyland are directors of East Health Services Ltd. J Betteridge, B Hyland and R Coleman are shareholders of East Health Services Ltd.
- g) Beachlands Medical Limited is a related party as L Hansen is a director and the company is 50% owned by East Health Services Ltd. The medical centre receives funding from the trust on the same terms and conditions as all other medical centres.
- h) Pukekohe Family Health Care is a related party as B Hyland is a director. The medical centre receives funding from the trust on the same terms and conditions as all other medical centres.
- i) Howick House Medical Limited is a related party as L Hansen is a director and the company is 50% owned by East Health Services Ltd. The medical centre receives funding from the trust on the same terms and conditions as all other medical centres.
- j) Key management are remunerated by the related party - East Health Services Ltd.
- l) Trustees remuneration
During the year the board approved the following remuneration for the trustees:

	<u>2024</u>	<u>2023</u>
J H Betteridge	11,775	11,214
D P Bryant	11,775	11,214
K Chiu	11,775	11,214
R J Coleman	11,775	11,214
B C A Hyland	23,550	22,429
A Kareem	12,128	11,383
S Vance	4,043	11,551
	<u>\$86,821</u>	<u>\$90,219</u>

	<u>2024</u>	<u>2023</u>
m) Associates		
Dividends received during the year		
East Health Services Ltd	<u>\$15,000</u>	<u>\$25,000</u>

16. Deferred revenue

Deferred revenue relates to funds received from the Crown to fund various programmes which have not yet been expended at year- end and which contain conditions surrounding the use and/or refund of unspent funds. The deferred revenue reflects the contractual obligations to spend these funds on specific projects. The funds associated with this income are restricted for use in accordance with the obligations. These funds are recognised as revenue when the contracted services are delivered.

Deferred revenue relates to funding received for:

	<u>2024</u>	<u>2023</u>
Other Primary Health Programmes	759,162	-
Funding budgeted for utilisation in the next financial year (current liability)	<u>759,162</u>	-
Total Deferred Revenue	759,162	-

East Health Trust Board

Notes to the financial statements For the year ended 30 June 2024

17. Reconciliation of Operating Cashflows to Net Surplus

	<u>2024</u>	<u>2023</u>
Total comprehensive revenue and expenses	(225,095)	(538,614)
adjustments for non-cash items		
Share of profit of associate	(71,838)	(80,654)
adjustments for movements in:		
Decrease in receivables	341,986	689,424
Decrease in payables	(66,397)	(657,919)
(Decrease) / Increase in GST	4,028	(19,158)
Increase in deferred revenue	759,162	-
Net Operating Cash inflow/(outflow)	741,846	(606,921)

18. Events after the reporting period

There are no other events subsequent to 30 June 2024 that require disclosure.