



Together, we make it better

Supporting primary care providers to improve health outcomes

RAPHS FY 17 in Review

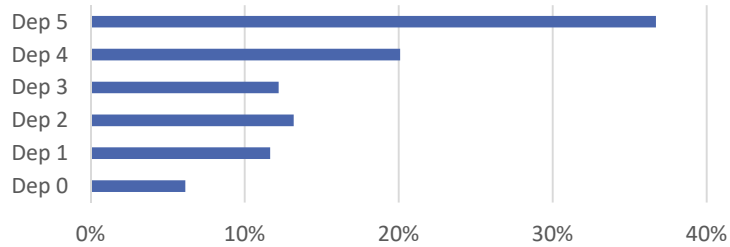
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72,973

Enrolled Service Users
Q4 2017

↑ 1.5% since Q4 2016

% RAPHs ESU by Deprivation Quintile



*One of the
most
deprived
communities
in NZ*

MEMBERS

**15 General Practice Members + 1
Coordinated Afterhours Provider**

WORKFORCE

60 **GPs** (47.5 FTE)
90 **Nurses** (45 FTE)
2 **Nurse Prescribers**
3 **Nurse Practitioners**

1:1504 ratio of GP FTE : ESU

Enrolled Service Users

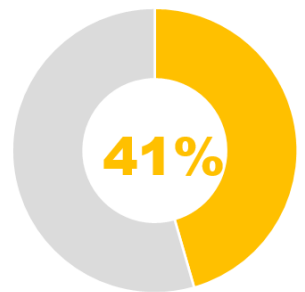
41% Maori

55% High Needs

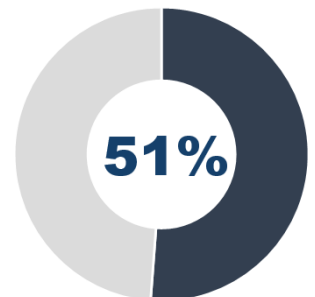
37% Quintile 5

30% <20 years

Maori



NZ European



Health Target Performance Q4



Strategy



Accountability

100% green-light, low-risk,
assessment, from LDHB
Financial Audit of all RAPHs
services undertaken in 2017

OUTCOMES

Equity and Quality
**Patient & Provider
Experience**
**Efficiency &
Accountability**

**RAPHs General Practices
Delivered**

> 400,000

Episodes of care for patients

A year in the Health sector can be long or short depending on the balance of rewarding to frustrating outcomes. National strategy intended to build capacity in primary care and support a greater emphasis on wellness and prevention, has yet to materialise as meaningful on-the-ground support to facilitate, rationalise and embolden primary care at a local level. With a change in government now announced, it is pressing that health policy must provide a constructive direction allowing more sustainable models of care to be delivered 'closer to home'.



Dr Leonie Sinclair
Chair

In the face of this, over the year we have needed to look closer to home ourselves to make progress for Primary Care in Rotorua. The turning point for RAPHs came from a full Board to Board meeting between the RAPHs Board and the DHB Board. This meeting provided the opportunity to profile Primary Care as it is delivered in Rotorua. The coming together started a flow of information between RAPHs and the DHB Board which has unmasked a lot of issues requiring change and there has been considerable progress made. The most immediate outcome has been the institution of a three year integrated contract for RAPHs that secures funding for this time, without a need for constant renegotiation of small fragmented contracts. We are very grateful for this.

The Alliance (comprising representatives of DHB, RAPHs and Whanau Ora collective) has been strengthened in its work allowing the planning that has been done to date to move steadily towards fruition. This has been in the priority areas of Acute Demand, Mental Health and Child Health. Analysis commissioned by the Alliance is allowing a keen focus to be placed on the primary-secondary interface, high needs patient management and closing of the gaps/coalescence in our respective information systems. The last six months has seen unparalleled cooperative planning by the Alliance supported at a DHB Board level and we look forward to continuing this excellent work.

At the heart of RAPHs is the foundation of a highly skilled, insightful CEO and Management which make general practice supported to a very high level here in Rotorua. Without this, primary care would be a shadow of its current strength. Rotorua Primary Care clinicians have reason to be very grateful to be able to practice the craft of General Practice in this environment.

Our Purpose

RAPHS supports an integrated network of service providers to optimise health outcomes, including especially:

- Equity and quality of service outcomes
- Patient and provider experience
- System efficiency and accountability.

RAPHS Strategy

To deliver the best possible outcomes, RAPHS overall strategy is to work in partnership with others, to enable:

- Fit-for-purpose clinical/business service models
- IT and systems necessary for integration
- Proactive and sustainable service resourcing

What is LINC?

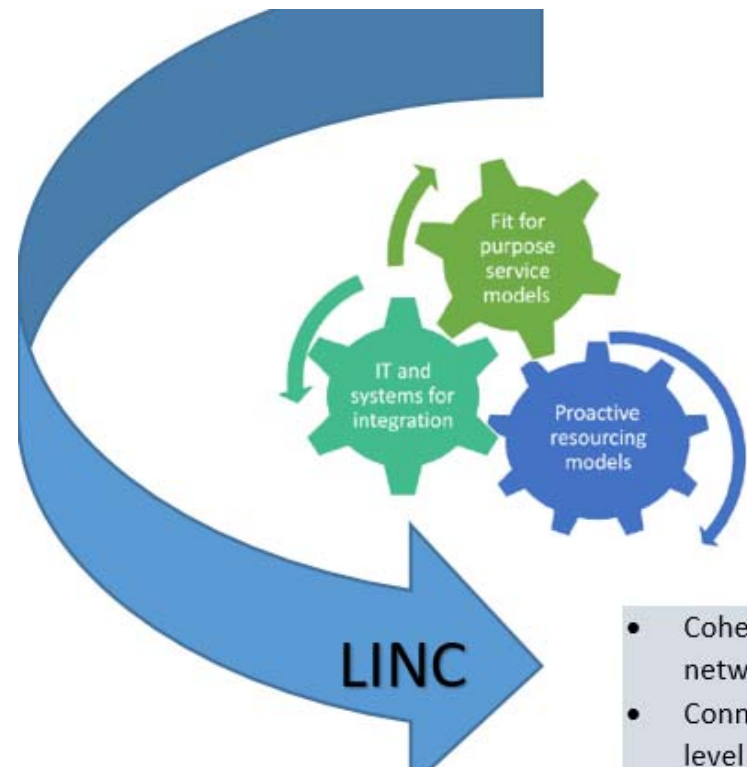
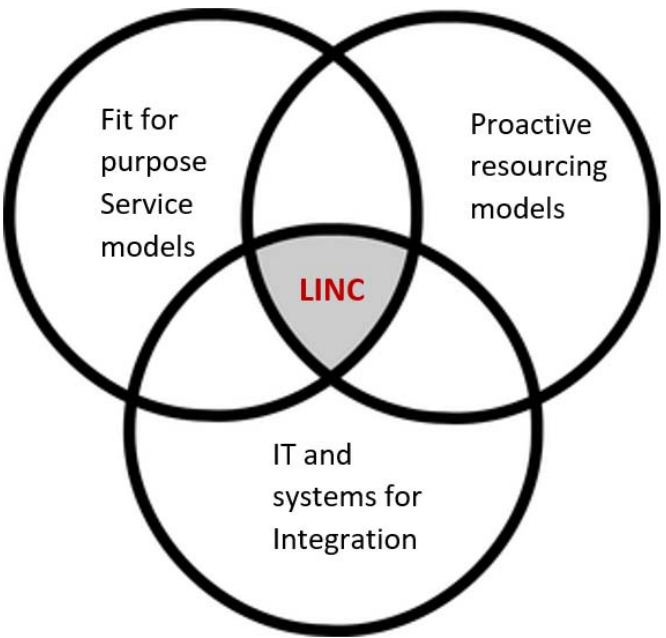
LINC (Lakes Integrated Network Care) is the organising strategy adopted by RAPHS, to integrate the support mechanisms provided by RAPHS, and thus enable delivery of the overall RAPHS strategy.

This systematic framework connects all clinical, business and information processes necessary to support effective integrated service provision across the RAPHS network.

RAPHS services are “LINC”ed when all the components of the service model, funding model and information requirements are aligned.

For any initiative that seeks to improve health outcomes for the RAPHS enrolled population, LINC provides a structured framework for RAPHS to plan and deliver:

1. All components necessary for the **optimal service model**, responsive to all system participant needs (eg patient/provider/funder), according to each context
2. The **integrated information** necessary to plan, configure, monitor, analyse and deliver care; at both a population and personal health level; and
3. The **tools and processes** necessary to support shared, inter-disciplinary, care across the RAPHS network.



- Cohesive, consistent processes across an integrated network of linked providers
- Connecting network service initiatives from a population level to localised individuals/families/communities

Service Support



Build & Support capacity of clinical workforce

- Extended Care Support Team
- Continuing Professional Development
- Support for Self-Care
- Quality assurance



Pro-active care coordination for patients with long term

- Care plan in place & actively managed
- Integrated risk stratification tools
- Clinical support for Disease registers for care coordination



Efficient & effective acute care management

- 24/7 access to first level services
- Primary options for acute care
- Support for patient clinical pre-work
- Clinical pathways

Integration Support



Systems

- Centralised, hosted Practice databases with DR
- ETL data warehouse
- Secure & Private Network
- Access and connectivity



Shared Information

- Provide Shared care tools, eg ProvviderWise, PatientWise
- Provide Disease Registers
- Primary and secondary provider benchmarking & analytics



Health Navigation tools

- Health System Navigation tools
- Integrated incontext information
- Integrated software applications

Provider Support



Supporting service efficiency

- Streamlined claiming and reporting
- Lean methodologies supported
- Group purchasing across network



Supporting accreditation & CQI

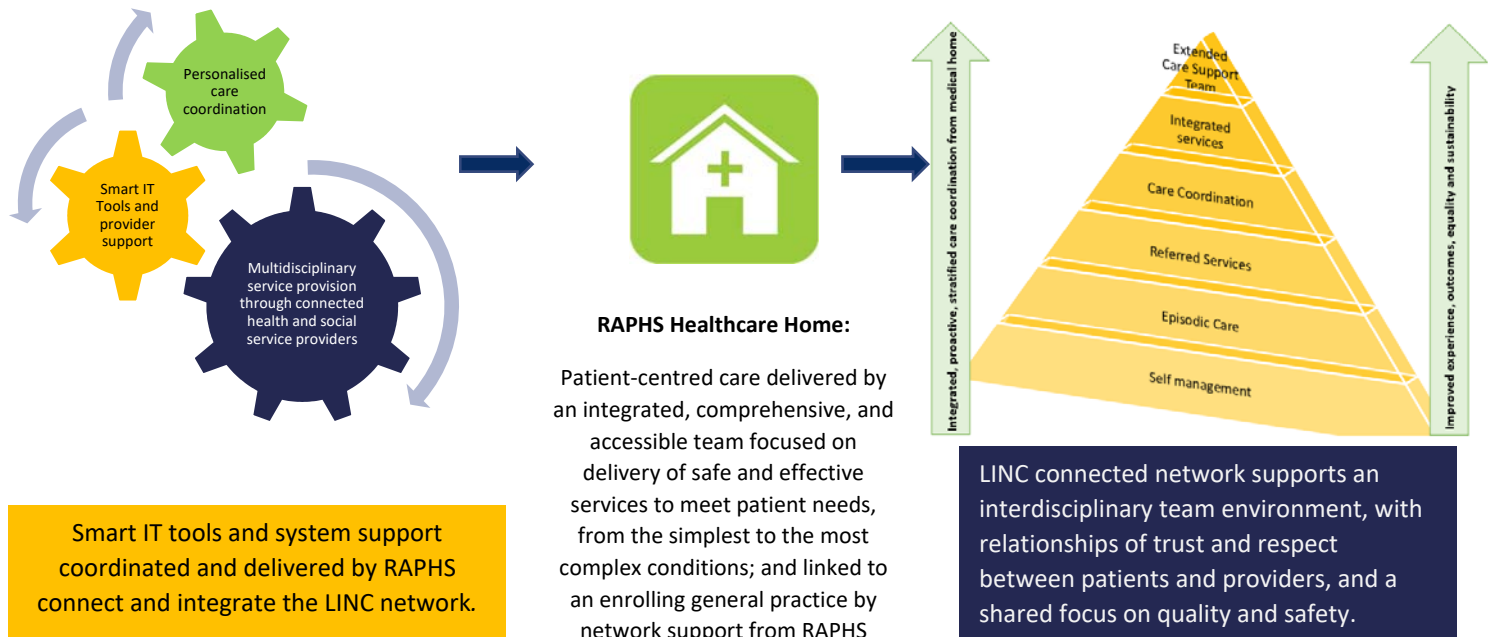
- Practice accreditation program
- Policy support
- Emergency planning
- Clinical governance framework



Support workforce capacity

- Practice management development program
- Develop business models to support virtual care and non-traditional workforce models

LINC Model for Integrated Care



Funding Support



Results based accountability

- LINC long term conditions care coordination
- Quality Plan



Direct to Provider contracts

- Free U13 afterhours
- Rural sustainability
- Capitation for first level services
- Youth Health
- Green Prescription
- Extended Care Support Team



Funded patient co-payments

- Sexual health
- MUR
- Palliative Care
- POAC
- Retinal screening
- Psychology services
- Maternal packages of care
- Cervical screening

RAPHs funds patient services delivered in primary care by:

1. Supporting providers to deliver their services to patients
2. Delivering some services to patients directly ourselves
3. Acting as a primary care facilitating and coordinating agency, to link providers

Member Practices 2017

Eruera Medical Centre

Korowai Aroha Health Centre

Kuirau Medical Centre

Mangakino Health Services

Murupara Medical Centre

Ngongotaha Medical Centre

Ranolf Medical Centre

Ruatahi Medical Centre

Rotorua Medical Group

Central Health, and Fairy Springs
practices

Te Ngae Medical Centre

The Owhata Surgery

Three Lakes Clinic

Westend Medical

Western Heights Health Centre

After Hours Provider

Lakes PrimeCare

New Practice (opening Nov 2017) Tiaho Medical Centre

Board of Directors



Left to Right: Neil Poskitt, Elaine Barrington (Deputy Chair); Genevieve Matthews; Peter Spurdle (Chair, Finance, Audit and Risk Committee), Lisa Hughes, Leonie Sinclair (Chair), Mike Williams. Michael Grant (Absent from photo).

Shareholders

At the 2016 AGM, Shareholders voted to update the constitution to remove shareholder classes, and extend eligibility for shareholding to all employees of RAPHS member providers who qualified as a health professional as per the definition of the Healthcare Professionals Competency Assurance Act.

There are currently 92 shareholder members of RAPHS.

Staff

Oct 2017

Clinical Services

Matt Watson, Clinical Services Manager

Janet Bland, Director of Nursing Services

Jessica Lawn, Expert Nurse

Eui-Jin Kim, Clinical Pharmacist Facilitator

Matthew Davies, Quality Manager

Sue Taft, Child Health and Immunisation Coordinator

Pip Oliver, Practice Facilitator

Michelle Mumby, Clinical Administration Assistant

Renee Collett, Support to Services

Information Systems

Chris Walmsley, IS Manager

Steve Webb, Team Leader

Theresa Graham, Support Coordinator

Moana Kininmonth, Support Coordinator

Bradley Eyes, Support Coordinator

Jennifer Anastasi, Integration Projects Manager

Nick Tierney, Integration Project Development Architect

Justin Shearborne, MS Stack Specialist

Peter Meyssen, Project Co-ordinator

Newman Thomas, Business Analyst

Operations

Kirsten Stone, CEO

Kylie Beehre, Executive Assistant

Gavin Lord, Business Manager

Kirsty Dyball, Provider Support coordinator

Oliver Shaw, Health Ambassador

**Audited Financial Statements
1 July 2016 to 30 June 2017.**

ROTORUA AREA PRIMARY HEALTH SERVICES LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE 2017

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rotorua Area Primary Health Services Limited ("the Company"), which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive revenue and expense, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2017, and its financial performance and its cash flows for the year then ended in accordance with the Tier 2 Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") Framework issued by the New Zealand Accounting Standards Board.

Basis for Opinion

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

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

Directors' Responsibilities for the Financial Statements

The directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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) 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, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

A handwritten signature in blue ink that reads 'BDO Rotorua Limited'.

BDO Rotorua Limited
Rotorua
New Zealand
18 October 2017

ROTORUA AREA PRIMARY HEALTH SERVICES LTD

BUSINESS DIRECTORY

CAPITAL: 95 SHAREHOLDERS

DIRECTORS: E BARRINGTON
M GRANT
L HUGHES
G MATTHEWS
L SINCLAIR
M WILLIAMS

REGISTERED OFFICE: 1488 HINEMOA STREET
ROTORUA 3010

BANKERS: WESTPAC BANK
1228 AMOHOU STREET
ROTORUA 3040

ADDRESS: LEVEL 1 1165 TUTANEKAI STREET
ROTORUA 3010

COMPANY NUMBER: 580234

IRD NUMBER: 062-495-913

ACCOUNTANTS: SPURDLE ACCOUNTANTS LTD
1488 HINEMOA STREET
ROTORUA 3010

AUDITORS: BDO ROTORUA
1130 PUKAKI STREET
ROTORUA 3010



ROTORUA AREA PRIMARY HEALTH SERVICES LTD

DIRECTORS REPORT

for the year ended 30 June 2017

The Board of Directors present their Annual Report including financial statements of the company for the year ended 30th June 2017.

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

PHO's, as part of a Government initiative to improve the Primary Health Care outcomes for patients were instructed to form alliances with local District Health Boards (DHB) and other key Primary Health Care organisations. The Company has entered into such an alliance "Team Rotorua Alliance" and pledged to it all funds held in relation to its funding as a PHO for Services to Improve Access (SIA) and Health Promotion (HP). These funds although managed and held by the Company are now controlled by the Team Alliance Group.

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

Use of Company Information

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

Share Dealing

No Director bought or sold any shares during the year.

Directors Interests

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

The following held office as directors during the year: E Barrington, J Donnell (resigned), N Elder (resigned), M Grant (appointed), L Hughes, G Matthews, N Poskitt (resigned), L Sinclair and M Williams (appointed).

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

	2017
	\$
E Barrington	10,300
J Donnell	1,568
N Elder	2,539
M Grant	1,136
L Hughes	10,060
G Matthews	7,360
N Poskitt	2,457
L Sinclair	61,176
M Williams	5,843

Three employees received remuneration and other benefits over \$100,000 and one received over \$200,000 during the year.

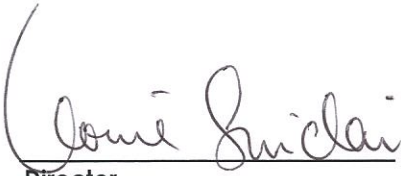


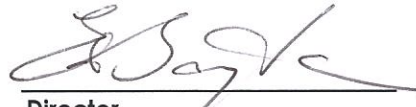
ROTORUA AREA PRIMARY HEALTH SERVICES LTD

DIRECTORS REPORT

for the year ended 30 June 2017

For and on behalf of the Board


Director


Director



ROTORUA AREA PRIMARY HEALTH SERVICES LTD

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenue From Non Exchange Transactions			
PHO Contracts	15	12,292,540	11,997,689
Total Revenue From Non Exchange Transactions		12,292,540	11,997,689
Revenue From Exchange Transactions			
PHO Contracts	15	3,749,253	3,370,633
District Health Board Contracts		1,909,407	2,306,123
Other Income	15	1,771,857	465,969
Total Revenue From Exchange Transactions		7,430,517	6,142,725
Total Revenue		19,723,057	18,140,414
Expenses			
Clinical Services		797,498	-
Information Systems		1,355,152	-
Operations/Management		1,230,336	-
Provider Payments	15	16,045,532	18,144,412
Audit Fees	6	5,750	4,250
Depreciation and Amortisation	7	59,616	1,891
Total Expenses		19,493,884	18,150,553
Surplus (Deficit) before Finance Activities		229,172	(10,139)
Investment Income	8	10,483	31,364
Operating Surplus (Deficit)		239,656	21,225
Other Gains (Losses)			
Gain/(Loss) On Sale of Assets	6	(2,205)	(213)
Surplus (Deficit) for the Year		237,451	21,012

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

ROTORUA AREA PRIMARY HEALTH SERVICES LTD

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

for the year ended 30 June 2017

Other Comprehensive Revenue and Expenses

		-	-
Total Comprehensive Revenue & Expenses for the year Before Tax		<u>237,451</u>	<u>21,012</u>
Income Tax Expense	5	64,993	9,309
Total Comprehensive Revenue & Expenses for the year After Tax		<u><u>172,458</u></u>	<u><u>11,703</u></u>



ROTORUA AREA PRIMARY HEALTH SERVICES LTD

STATEMENT OF FINANCIAL POSITION

as at 30 June 2017

	Notes	2017 \$	2016 \$
Assets			
Current Assets			
Cash and Cash Equivalents	9	1,128,626	2,014,330
Receivables From Exchange Transactions	10	384,409	281,783
GST Receivable	3	-	19,326
Income Accruals		2,819	-
Other Financial Assets	11	1,238,325	14,052
Total Current Assets	4	2,754,179	2,329,491
Non-Current Assets			
Intangible Assets	22	21,135	-
Plant and Equipment	23	164,767	5,806
Total Non-Current Assets		185,902	5,806
Total Assets		2,940,081	2,335,297
Liabilities			
Current Liabilities			
Payables Under Exchange Transactions	12	669,586	488,778
Payables Under Non Exchange Transactions	13	31,332	-
Contracts In Advance	16	39,528	10,400
Employee Entitlements	14	146,829	-
GST Payable	3	6,736	-
Income Tax Payable	5	22,850	528
Medicines Use Review Contract	16	-	166,676
Team Rotorua Alliance	16	1,486,579	1,304,732
Total Current Liabilities	4	2,403,440	1,971,114
Total Liabilities		2,403,440	1,971,114
Net Assets		536,641	364,183

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



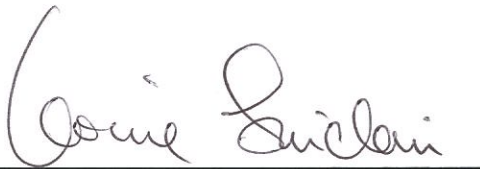
ROTORUA AREA PRIMARY HEALTH SERVICES LTD

STATEMENT OF FINANCIAL POSITION

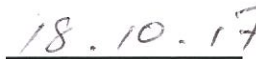
as at 30 June 2017

	Notes	2017 \$	2016 \$
EQUITY			
Share Capital	19	-	-
Accumulated Funds		536,641	364,183
TOTAL EQUITY		<u>536,641</u>	<u>364,183</u>

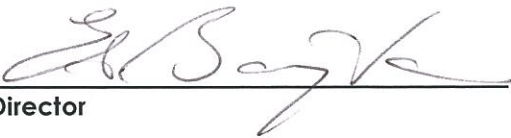
These financial statements have been authorised for release by the Board on:



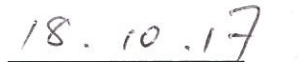
Director



Date



Director



Date



ROTORUA AREA PRIMARY HEALTH SERVICES LTD

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 30 June 2017

Notes	Accumulated Funds \$	Other Equity Reserves \$	Total Equity \$
Balance 1 July 2016	364,183	-	364,183
Opening Balance	<u>364,183</u>	<u>-</u>	<u>364,183</u>
Surplus (Deficit) for the Year	172,458	-	172,458
Other Comprehensive Revenue and Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Revenue and Expense	172,458	-	172,458
Balance 30 June 2017	<u><u>536,641</u></u>	<u><u>-</u></u>	<u><u>536,641</u></u>
Balance 1 July 2015	352,480	-	352,480
Opening Balance	<u>352,480</u>	<u>-</u>	<u>352,480</u>
Surplus (Deficit) for the Year	11,703	-	11,703
Other Comprehensive Revenue and Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Revenue and Expense	11,703	-	11,703
Balance 30 June 2016	<u><u>364,183</u></u>	<u><u>-</u></u>	<u><u>364,183</u></u>



ROTORUA AREA PRIMARY HEALTH SERVICES LTD

STATEMENT OF CASH FLOWS

for the year ended 30 June 2017

Notes	2017 \$	2016 \$
Cash Flow From Operating Activities		
<i>Cash was Provided From (Applied To):</i>		
Receipts from Goods and Services Provided, Non Exchange	12,292,540	11,997,689
Receipts from Goods and Services Provided, Exchange	7,347,217	6,346,340
Refund from Tax	-	5,325
Payments to Suppliers	(17,268,541)	(17,992,359)
Payments to Employees	(1,779,996)	-
Tax Paid	(42,671)	(8,781)
Net Cash From (Used in) Operating Activities	<u>548,548</u>	<u>348,214</u>
Cash Flow From Investing Activities		
Purchase of Plant and Equipment	(241,917)	-
Purchase of Term Deposits	(1,200,000)	-
Net Cash From (Used in) Investing Activities	<u>(1,441,917)</u>	<u>-</u>
Cash Flow From Financing Activities		
<i>Cash was Provided From (Applied To):</i>		
Interest and Dividends Received	7,664	31,364
Net Cash From (Used in) Financing Activities	<u>7,664</u>	<u>31,364</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(885,704)	379,578
Cash and Cash Equivalents, Beginning of the Year	2,014,330	1,634,752
Cash and Cash Equivalents, End of the Year	<u><u>1,128,626</u></u>	<u><u>2,014,330</u></u>



ROTORUA AREA PRIMARY HEALTH SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

1 Reporting Entity

These financial statements comprise the financial statements of Rotorua Area Primary Health Services Ltd for the year ended 30 June 2017.

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

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

The financial statements were authorised for issue by the Board of Directors on 18th October 2017

2 Basis of Preparation

a) Statement of Compliance

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (NZ IPSAS with RDR) and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

b) Basis of Measurement

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

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

c) Presentation Currency

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

d) Comparatives

The comparative financial period is 12 months. Comparatives have been reclassified from that reported in the 30 June 2016 financial statements where appropriate to ensure consistency with the presentation of the current year's reporting format.

The net asset position and net surplus or deficit reported in comparatives is consistent with previously authorised financial statements.

e) Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.



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

ROTORUA AREA PRIMARY HEALTH SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

3 Summary of Significant Accounting Policies

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

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

a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held on call with banks.

b) Debtors and Other Receivables

Trade debtors are measured at their cost, less any impairment losses.

An allowance for impairment is established where there is objective evidence the Company will not be able to collect all amounts due according to the original terms of the receivable.

c) Creditors and Other Payables

Trade creditors and other payables are stated at cost.

d) Property, Plant and Equipment

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

Additions and Subsequent Costs

Subsequent costs and the cost replacing part of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

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

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

Disposals

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

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

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



ROTORUA AREA PRIMARY HEALTH SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Depreciation

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

Computer Equipment	30 - 67%	DV
Furniture and Fittings	0 - 30%	DV
Leasehold Improvements	10%	DV
Motor Vehicles	30%	DV
Office Equipment	12 - 67%	DV
Plant and Equipment	8 - 40%	DV

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

e) Intangible Assets

Intangible assets acquired separately are initially recognised at cost.

Intangible Assets with Finite Useful Lives

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

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

The following amortisation rates have been applied to each class of intangible assets:

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

Computer Software

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

Disposals

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

f) Leased Assets

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

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

ROTORUA AREA PRIMARY HEALTH SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

g) Employee Entitlements

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

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

h) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables and other financial liabilities.

Initial Recognition and Measurement

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

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

Derecognition of Financial Instruments

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

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

Subsequent Measurement of Financial Assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

Subsequent Measurement of Financial Liabilities

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

i) Revenue

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

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



ROTORUA AREA PRIMARY HEALTH SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

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

Donations and Grants

Government grants relating to income are recognised as income over the periods necessary to match them with related services when performed. Grants received for which the requirements and services have not been met is treated as "income in advance" under current liabilities.

Rendering of Services

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

Interest Income

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

j) Income tax

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

k) Goods and Services Tax (GST)

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

4 Working Capital Summary

	2017	2016
	\$	\$
Current Assets	2,754,179	2,329,491
Current Liabilities	2,403,440	1,971,114
	<u>350,739</u>	<u>358,377</u>

5 Income Tax

	2017	2016
	\$	\$
Profit Reconciliation		
Profit (Deficit) before Tax	237,451	21,012
Tax at Current Rate @ 28c	66,486	5,883
Current Tax Adjustments		
Non Deductible Expenses	13,718	3,426
Deductible Expenses	(15,211)	-
Deferred Tax Adjustments		
	-	-
Income Tax Expense	<u>64,993</u>	<u>9,309</u>

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

ROTORUA AREA PRIMARY HEALTH SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Comprising:

Current Tax	64,993	9,309
Deferred Tax	-	-
	<u>64,993</u>	<u>9,309</u>

Income Tax

Income Tax Expense @ 28c	64,993	9,309
Opening Balance	528	(5,325)
Income Tax Refund Received	-	5,325
	<u>65,521</u>	<u>9,309</u>

Less:

RWT Deduction Paid	(2,143)	(8,781)
Provisional Tax Paid	(40,000)	-
Terminal Tax Paid	(528)	-
	<u>(42,671)</u>	<u>(8,781)</u>

Tax (Refundable) Payable

<u>22,850</u>	<u>528</u>
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Imputation

At 30th June 2017 the balance in the Company's Imputation Credit Account (representing the maximum amount of tax credits available to be attached to future dividends paid by the company) amounted to \$447,929. The movements in the company's ICA for the year were:

	2017	2016
	\$	\$
Opening Balance 1st July 2016	405,258	401,802
Add:		
Provisional Tax Paid	40,000	-
RWT Deductions Paid	2,143	8,781
Terminal Tax Paid	528	-
	<u>447,929</u>	<u>410,583</u>
Less:		
Income Tax Refund Received	-	5,325
	<u>447,929</u>	<u>405,258</u>
Closing Balance 30th June 2017	<u>447,929</u>	<u>405,258</u>

6 Expenses

The following amounts were expensed in the surplus (deficit) for the year:

	2017	2016
	\$	\$
Audit Fees	5,750	4,250
Loss on Disposal of Plant & Equipment	2,205	213
Occupancy Costs	240,405	-

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



ROTORUA AREA PRIMARY HEALTH SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

Auditors Remuneration

Fees charged by Audit Firm:

Financial Statement Audit

Total Fees Paid to Audit Firm

4,250	4,250
<u>4,250</u>	<u>4,250</u>

7 Depreciation, Amortisation and Impairment Expenses

	2017	2016
	\$	\$
Depreciation of Property, Plant & Equipment	42,712	1,891
Amortisation of Intangibles	16,904	-
	<u>59,616</u>	<u>1,891</u>

8 Finance Income and Costs

	2017	2016
	\$	\$
Financing Income		
Interest Income on Bank Deposits	10,473	31,364
Interest Income Inland Revenue	10	-
Total Finance Income	<u>10,483</u>	<u>31,364</u>

9 Cash and Cash Equivalents

	2017	2016
	\$	\$
Petty Cash	300	-
Westpac Cheque Account	66,804	14,290
Westpac Investment Account	318,723	708,697
Westpac Online Saver Account	742,799	1,291,343
Total Cash and Cash Equivalents	<u>1,128,626</u>	<u>2,014,330</u>

The Westpac Online Saver and Investment accounts earn interest at floating rates on the daily deposit balances.

10 Receivables From Exchange Transactions

	2017	2016
	\$	\$
Trade Debtors	367,675	281,783
Other Receivables	16,734	-
Total Receivables From Exchange Transactions	<u>384,409</u>	<u>281,783</u>

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

As at 30 June 2016 and June 2017 all overdue receivables have been assessed for impairment and appropriate allowances made.

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

ROTORUA AREA PRIMARY HEALTH SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

As at 30 June 2017, the ageing analysis of trade receivables is detailed as follows:

	2017	2016
	\$	\$
0-30 days (not past due)	257,046	281,783
31-60 days	58,578	-
61-90 days	1,419	-
Greater than 90 days	50,632	-
Total Past Due	110,629	-
Total Trade Debtors	367,675	281,783

11 Other Financial Assets

	2017	2016
	\$	\$
Other Current Assets		
Prepayments	38,325	14,052
Term Deposits	1,200,000	-
Total Other Current Assets	1,238,325	14,052

Term Deposits are invested on 30-90 day terms.

12 Payables Under Exchange Transactions

	2017	2016
	\$	\$
Trade Creditors	669,586	488,778
GST Payable	6,736	-
Total Payables Under Exchange Transactions	676,322	488,778

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

13 Payables Under Non Exchange Transactions

	2017	2016
	\$	\$
Trade Creditors	31,332	-
Total Payables Under Non Exchange Transactions	31,332	-

14 Employee Entitlements

	2017	2016
	\$	\$
Current		
Short-term Employee Entitlements	100,175	-
PAYE Payable	46,654	-
Total	146,829	-

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

ROTORUA AREA PRIMARY HEALTH SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

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

15 Related Party Transactions

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

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

The company has individual contracts for service with some of its shareholders, for the provision of primary health services and related health initiatives. These contracts occur within a normal supplier relationship and are on normal terms and conditions. At balance date \$286,330 (2016 \$307,161) plus GST was owing.

The Company has a related party relationship with Team Rotorua Alliance. Two of their three representatives on the Alliance Leadership Team are also directors of RAPHs. The Alliance Leadership Team are charged with setting, monitoring and reviewing the Alliance primary healthcare objectives.

On 1st July 2016 the management contract with RGPG Ltd ceased. The Company employed all staff from RGPG Ltd and assumed responsibility for all employee entitlements (\$56,011) at this date. RAPHs also purchased plant and equipment for \$182,078 from RGPG Ltd. RAPHs entered into an agreement to sub lease their premises from 1st July from RGPG Ltd.

Company Directors and Senior Management are key management personnel.

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

The following transactions were carried out with related parties:

a) Purchase of Goods and Services from Related Parties

	2017	2016
	\$	\$
RGPG Ltd	522,483	3,243,791
Team Rotorua Alliance	4,640	4,700
Total	527,123	3,248,491

b) Key Management Personnel

Number of Persons Recognised as Key Personnel	9	7
Remuneration	299,865	-

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

ROTORUA AREA PRIMARY HEALTH SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

c) Year End Receivable (Payable) With Related Parties

Receivable from related parties:

	2017	2016
	\$	\$
RGPG Ltd	-	12,436
Total	-	12,436

Payable to related parties:

	2017	2016
	\$	\$
RGPG Ltd	84,333	12,555
Total	84,333	12,555

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

16 Deferred Revenue

	2017	2016
	\$	\$
Team Rotorua Alliance	1,486,579	1,304,732
Medicines Use Review Contract	-	166,676
Contracts In Advance	39,528	10,400
Total Income in Advance	1,526,107	1,481,808

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

17 Operating Leases

Operating Leases are held for premises used for office space.

	2017	2016
	\$	\$
Non-Cancellable operating leases are payable as follows:		
Less than one year	135,405	-
Between one and five years	203,108	-
Closing Balance	338,513	-

Commenced sub lease 1 July 2016 with an annual rental of \$135,405.

Rights of renewal: Three periods of five years.

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

ROTORUA AREA PRIMARY HEALTH SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2017

18 Financial Instruments

a) Carrying Value of Financial Instruments

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

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

b) Classification of Financial Instruments

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

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

19 Share Capital

Share capital is comprised of 95 ordinary shares. Shares are all unpaid. All shares have the same rights and privileges and are subject to the same restrictions.

20 Contingent Assets and Contingent Liabilities

The Company had no capital commitments at balance date (2016 Nil). There are no known material contingent liabilities (2016 Nil).

21 Events After the Reporting Period

There have been no events after balance date that would affect the presentation of these financial statements.

22 Intangible Assets

Movements for each class of intangible assets are as follows:

2017	Acquired Computer Software	Total
	\$	\$
Gross carrying amount		
Opening balance	-	-
Additions	38,039	38,039
Disposals	-	-
Closing balance	38,039	38,039
Accumulated Depreciation and Impairment		
Opening balance	-	-
Amortisation for the year	16,904	16,904
Amortisation written back on disposal	-	-
Closing balance	16,904	16,904
Carrying Amount 30 June 2017	21,135	21,135

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

ROTORUA AREA PRIMARY HEALTH SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

23 Property, Plant and Equipment

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

2017	Computer Equipment	Furniture & Fittings	Office Equipment	Motor Vehicles	Plant & Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$	\$
Gross carrying amount							
Opening balance	-	-	-	-	24,109	-	24,109
Additions	81,934	53,461	2,068	6,648	54,711	5,056	203,878
Disposals	-	(1,971)	(154)	-	(4,556)	-	(6,681)
Closing balance	81,934	51,490	1,914	6,648	74,264	5,056	221,306
Accumulated Depreciation and Impairment							
Opening balance	-	-	-	-	18,303	-	18,303
Depreciation for the year	23,017	6,662	872	1,994	9,914	253	42,712
Depreciation written back on disposal	-	-	-	-	(4,476)	-	(4,476)
Closing balance	23,017	6,662	872	1,994	23,741	253	56,539
Carrying Amount 30 June 2017	58,917	44,828	1,042	4,654	50,523	4,803	164,767

2016	Computer Equipment	Furniture & Fittings	Office Equipment	Motor Vehicles	Plant & Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$	\$
Gross carrying amount							
Opening balance	-	-	-	-	27,209	-	27,209
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	(3,100)	-	(3,100)
Closing balance	-	-	-	-	24,109	-	24,109
Accumulated Depreciation and Impairment							
Opening balance	-	-	-	-	19,299	-	19,299
Depreciation for the year	-	-	-	-	1,891	-	1,891
Depreciation written back on disposal	-	-	-	-	(2,887)	-	(2,887)
Closing balance	-	-	-	-	18,303	-	18,303
Carrying Amount 30 June 2016	-	-	-	-	5,806	-	5,806

