



Ora Toa PHO Limited

Financial Statements and Annual Report
For the Year ended 30th June 2020

Ora Toa PHO Limited

Financial Statements and Annual Report

For the Year ended 30th June 2020

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Ora Toa PHO Limited
Company Directory
As at 30th June 2020

Registered Office	26 Ngati Toa Street Porirua
Directors	Teiringa Heather Davies Cassius Poe Kuresa Charlene Puhiwahine Williams Teresa Aroha Wall
Company Number	WN1942404
Auditors	BDO Wellington Audit Limited
Bankers	Westpac Banking Corporation
Solicitors	Kensington Swan
Date of Formation	23 May 2007
Nature of Business	Primary Health Organisation
Business Location	26 Ngati Toa Street Porirua
Shareholders	Te Runanga O Toa Rangatira Inc. <u>1</u> Ordinary Share <u>1</u>

Ora Toa PHO Limited
Directors Annual report
For the Year ended 30th June 2020

The Directors present their Annual Report including Financial Statements of the company for the year ended 30th June 2020.

Reporting Entity

The business of the company is as a Primary Health Organisation. The nature of the company's business has not changed during the year.

Auditors

The company's Auditors were BDO Wellington Audit Limited. BDO Wellington Audit Limited is willing to continue as the company auditors. Fees payable to BDO Wellington Audit Limited for the 2020 audit are \$17,000.

Directors' Disclosures

There were no entries recorded in the Register of Interests.

No Director acquired or disposed of any interest in shares in the company.

The Board of Directors received no notice during the year from any Director wishing to use company information received in their capacity as a Director which would not have ordinarily been available.

The Directors are covered by an indemnity insurance covering Professional, Management and General liability up to \$5,000,000 for any one claim, and for Employers and Statutory liability up to \$500,000. The insurance is part of an association combined insurance plan paid for by Te Runanga o Toa Rangatira Inc. to cover the officers of the company.

Donations

No donations were made by the company during the year.

Employee and Director Remuneration

Pursuant to section 211(g) of the Companies Act 1993, no employee or Director received remuneration and/or any other benefits exceeding \$100,000 during the year. Directors received \$1,000 in total during the year for attendance at the four board meetings held in 2020.

For and on behalf of the Board of Directors,

Director  Director 

Dated this 20 day of Nov. 2020

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ORA TOA PHO LIMITED

Opinion

We have audited the financial statements of Ora Toa PHO Limited ("the Company"), which comprise the statement of financial position as at 30 June 2020, and the statement of comprehensive revenue and expense, statement of changes in equity and 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 statements present fairly, in all material respects, the financial position of the Company as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") 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 *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, and our involvement in the assistance with formatting the financial statements, we have no relationship with, or interests in, the Company.

Board's Responsibilities for the Financial Statements

The Board is responsible on behalf of the abbreviation for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the Board determines is 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 Board is 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 Board either intends to liquidate the Company or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>.

This description forms part of our auditor's report.

Who we Report to

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.

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED

Wellington

New Zealand

20 November 2020

Ora Toa PHO Limited

Statement of Comprehensive Revenue and Expense

For the Year Ended 30th June 2020

	NOTE	2020	2019
		\$	\$
Contract income	4f	9,413,168	7,824,664
Less cost of services provided		(9,064,692)	(7,329,336)
Gross income / (loss) from contract services		348,476	495,328
Other income			
Sundry Income		-	233
Grant Received		20,000	-
Total income / (loss)		368,476	495,561
Less operating expenses			
Administration fees		(25,941)	(24,000)
Accountancy fees		(2,100)	(8,500)
Audit fees		(17,000)	(14,000)
Bank charges		(255)	(250)
Computer expenses		(58,167)	(29,137)
General expenses		(410)	(52)
Legal fees		(1,640)	(2,275)
Motor vehicle expenses		(15,929)	(20,108)
Postage, printing, stamps & stationery		(3,428)	(799)
Rent & rates		(14,747)	(9,600)
Personnel costs	5.	(208,295)	(201,314)
Total Expenses		(347,912)	(310,035)
Surplus / (deficit) before depreciation		20,564	185,526
Less depreciation			
Depreciation	9.	-	-
Surplus / (deficit) for the year		20,564	185,526
Total comprehensive revenue and expense for the year		20,564	185,526

Ora Toa PHO Limited
Statement of Financial Position
As at 30th June 2020

	NOTE	2020	2019
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	4(d)	966,079	675,977
Trade and other receivables	10.	751,554	476,630
GST receivable		47,935	-
Total Current Assets		1,765,568	1,152,607
Non Current Assets			
Property plant and equipment	9.	-	-
Total Non Current Assets		-	-
Total Assets		1,765,568	1,152,607
Liabilities			
Current Liabilities			
Trade and other payables	11.	941,330	552,871
Income in advance		208,835	-
GST payable		-	4,897
Total Current Liabilities		1,150,165	557,768
Total liabilities		1,150,165	557,768
Net Assets		615,403	594,839
Equity			
Share Capital	12.	-	-
Retained Earnings		615,403	594,839
Total Equity		615,403	594,839

Director

Director

Date: 20/11/2020

Ora Toa PHO Limited
Statement of Cash Flows
For the Year ended 30th June 2020

	NOTE	2020	2019
		\$	\$
Cashflow from operating activities			
<i>Proceeds have come from:</i>			
Contract income		9,591,774	7,671,871
Other income		20,000	233
GST refunds/(payments)		(39,327)	(38,282)
Payments made to suppliers and others		(9,282,345)	(7,715,600)
Net cash inflow/(outflow) from operating activities		290,102	(81,778)
Cashflows from investing activities			
Proceeds from sale of property plant and equipment		-	-
Cash flows from financing activities			
Interest received		-	-
Net cash inflow/(outflow) from financing activities		-	-
Net cash inflow/(outflow) from all activity		290,102	(81,778)
Cash and cash equivalents at the beginning of the year	4(d)	675,977	757,755
Cash and cash equivalents at the end of the year	4(d)	966,079	675,977

Ora Toa PHO Limited
Statement of Changes in Equity
For the Year ended 30th June 2020

	Share Capital \$	Retained Earnings \$	Total \$
2019			
Balance as at 1 July 2018	-	409,313	409,313
Surplus / (deficit) for the year	-	185,526	185,526
Balance at 30 June 2019	-	594,839	594,839
	NOTE	12	
2020			
Balance as at 1 July 2019	-	594,839	594,839
Surplus/(deficit) for the year	-	20,564	20,564
Balance at 30 June 2020	-	615,403	615,403
	NOTE	12	

Ora Toa PHO Limited

Notes to the Financial Statements

For the Year ended 30th June 2020

1. Statement of Compliance

These are the financial statements of Ora Toa PHO Limited ('the company'). Ora Toa PHO Limited is a company incorporated and domiciled in New Zealand registered under the Companies Act 1993, and a reporting entity for the purposes of the Financial Reporting Act 2013. The financial statements of the company have been prepared in accordance with the Financial Reporting Act 2013. Ora Toa Limited is a Public Benefit Entity.

Ora Toa PHO Limited is a Primary Health Organisation.

These financial statements for Ora Toa PHO Limited as at 30 June 2020 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards ('PBE IPSAS') as appropriate for Tier 2 not-for-profit public benefit entities for which all reduced disclosure regime exemptions have been adopted.

The company qualifies for Tier 2 reporting as it does not have public accountability and for the past two reporting periods it has had between \$2m and \$30m operating expenditure. Ora Toa PHO Limited reports as a Tier 2 entity and has used policies consistent with the controlling entity, Te Runanga o Toa Rangatira Inc. (TROTR).

The financial reports were presented and authorised for issue by the Director on the date that they were signed.

2. Basis of Preparation

a. Statement of Compliance

The financial statements of Ora Toa PHO Limited have been prepared on an historical cost basis.

The information is presented in New Zealand dollars (NZD) rounded to the nearest dollar.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability thereby ensuring the substance of the underlying transaction or other events is reported.

The company has taken advantage of all reduced reporting disclosure requirements available under the Tier 2 Standards for Public Benefit Entities.

3. Changes in Accounting Policies

There have been no changes to accounting policies, all other accounting policies have been applied on a basis consistent with those in other years.

Ora Toa PHO Limited
Notes to the Financial Statements
For the Year ended 30th June 2020

4. Summary of Significant Accounting Policies

a. Property, Plant & Equipment

The entity has the following classes of Property, Plant & Equipment;

Motor Vehicles	31.20% DV
Office Equipment	24-60% DV
Plant and Equipment	24.00% DV

All property, plant & equipment are stated at cost less depreciation and impairment losses.

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

b. Impairment of assets

At each reporting date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

There is only one cash generating unit within Ora Toa PHO Limited because there is only one operating activity for the delivery of services.

Recoverable amount is the higher of fair value less costs to sell, and value in use, in assessing value in use, the estimated future cash-flows are discounted to their present value using a pre-tax discount rate that reflects the current market value assessments of time value of money, and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount.

An impairment loss is recognised in profit and loss immediately unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

c. Income Tax

The Company is registered with the Charities Commission and has charitable status for income tax purposes and is therefore not liable for income tax.

d. Cash and Cash Equivalents

Cash and cash equivalents consist of short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown on the statement of financial position as current liabilities within short term borrowings.

Ora Toa PHO Limited
Notes to the Financial Statements
For the Year ended 30th June 2020

e. Financial Instruments

Financial instruments are initially recognised at cost on the trade date, which includes transaction costs when the contractual rights or obligations exist. After initial recognition, financial instruments are measured as set out below:

(i) Loans and Receivables

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

(ii) Impairment

The entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. Impairment losses are recognised in the Statement of Comprehensive Revenue and Expense.

(iii) Amortised cost financial liabilities

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised cost include cash and cash equivalents (bank overdrafts), trade and other payables.

(iv) Derecognition of Financial Instruments

The derecognition of a financial instrument takes place when the entity sells the instrument, or all cash flows attributable to the instrument are passed to an independent third party.

The following table shows the carrying value of the company's financial assets and financial liabilities.

Ora Toa PHO Limited
Notes to the Financial Statements
For the Year ended 30th June 2020

Carrying value of Financial Instruments \$					
	NOTE	Financial Assets		Financial Liabilities	TOTAL
		Loans and receivables	Available for sale	Liabilities (at amortised cost)	
Cash and cash equivalents		966,079	-	-	966,079
Receivables	10	751,554	-	-	751,554
Payables	11	-	-	(926,230)	(926,230)
		1,717,633	-	(926,230)	791,403

Carrying value of Financial Instruments \$					
	NOTE	Financial Assets		Financial Liabilities	TOTAL
		Loans and receivables	Available for sale	Liabilities (at amortised cost)	
Cash and cash equivalents		675,977	-	-	675,977
Receivables	10	476,630	-	-	476,630
Payables	11	-	-	(542,871)	(542,871)
		1,152,607	-	(542,871)	609,736

f. Revenue

Non-exchange transactions are those where the company receives an inflow of resources but provides nominal; or no direct consideration in return for the inflow. Inflow of resources from non-exchange transactions are only recognised as assets where:

It is probable that the associated future economic benefit or service will flow to the entity and fair value can be reliably measured.

Revenue from non-exchange transactions:

Funding for Health Services

Health Service contract funding is recognised when all obligations and restrictions surrounding the receipt of funding have been met and have been accepted as met, by the funding organisation.

	2020	2019
Revenue from non-exchange transactions	\$	\$
Trading revenue		
Services rendered		
Contract income	9,413,168	7,824,664
Total Trading revenue from non-exchange transactions	9,413,168	7,824,664

Ora Toa PHO Limited
Notes to the Financial Statements
For the Year ended 30th June 2020

(i) Management Contract

Income for the Management of the contracts is recognised when the service has been delivered, and the invoice is accepted by the customer, and the revenue can be measured reliably and the economic rewards will flow to the entity.

(ii) Government grants and other assistance

Government Grants that have restrictive conditions are recognised as income in the period it is received. Government Grants that are received as compensation for expenses or losses already incurred are recognised in the period in which they are received. Conditional grants and other government assistance is recognised when the conditions and obligations set out in the contract have been met and accepted.

(iii) Funding not yet distributed

Government funding, contract income or other assistance that is not distributed, but is related to specific contracts or conditions that surround the funding, contract income or other assistance is deferred to the period to when the conditions surrounding the funding has been met. Deferred income is shown as a liability in the Statement of Financial Position.

g. Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

h. Payables

Trade and other payables are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and or services.

i. Goods and Services Tax (GST)

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

j. Operating leases

Payments made under operating leases where the Lessor retains substantially the risk and rewards of ownership of an asset are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Ora Toa PHO Limited

Notes to the Financial Statements

For the Year ended 30th June 2020

5. Related Parties

Te Runanga o Toa Rangatira Inc. is the ultimate controlling entity of Ora Toa PHO Limited and owns 100% of the shares in Ora Toa PHO Limited.

Ora Toa PHO Limited provides funding to the parent entity as a service provider. Ora Toa Health and Ora Toa Medical units are services provided by Te Runanga o Toa Rangatira Inc. and these units are recipients of contract income from Ora Toa PHO Limited.

Ora Toa PHO Limited pays administration fees, and reimburses staff wages and rent to Te Runanga o Toa Rangatira Inc. Administration costs paid to Te Runanga o Toa Rangatira Inc. for 2020 were \$25,941 (2019: \$24,000). Accountancy reimbursements for 2020 were \$2,100 (2019: \$8,500). Rent reimbursements for 2020 were \$14,747 (2019: \$9,600). Wage reimbursements for 2020 were \$208,295 (2019: \$173,365). Directors fees for 2020 were \$1,000 (2019: \$1,000). Motor Vehicle expenses for 2020 were \$15,929 (2019: \$18,242); Audit reimbursements for 2020 were \$17,000 (2019: \$14,000). Other reimbursements for 2020 were \$21,341 (2019: Nil).

Ora Toa PHO Limited provides funding to the Health Units and Medical Centres amounting to \$8,912,564 by way of funding to Te Runanga o Toa Rangatira. (2019: \$7,277,744).

Inter entity Current Payables at 30 June 2020 are \$921,393 (2019: \$528,466), and inter entity receivables are \$NIL (2019: \$NIL)

Other related parties are the Toa Rangatira Trust, Ika Toa Limited and Ngati Toa Limited. The Trust Group and all other entities are related to PHO as they are all 100% owned by TROTR. There were no transactions between the Trust or the other companies and Ora Toa PHO Limited during the year.

a. Key Management Personnel

Key management personnel of Ora Toa PHO Limited include the parent Board Members, the Directors of the Company and Senior Management. During the year \$1,000 in total was paid to board members for attendance at the four board meetings. (2019: \$1,000).

6. Securities and Guarantees

There were no securities or guarantees granted by Ora Toa PHO Limited at 30 June 2020. (2019: NIL).

7. Commitments and Contingent Liabilities

There were no commitments other than those in the ordinary course of business. (2019: NIL).

At balance date there are no known contingent liabilities (2019: NIL). Ora Toa PHO Limited has not granted any securities in respect of liabilities payable by any other party whatsoever.

Ora Toa PHO Limited
Notes to the Financial Statements
For the Year ended 30th June 2020

8. Significant Events after Balance Date

There were no significant events after 30 June 2020 that require disclosure (2019: NIL).

9. Property, Plant and Equipment

2019	Motor Vehicles \$	Office Equipment \$	Plant and Furniture \$	TOTAL \$
Gross carrying amount				
Balance 1 July 2019	23,111	10,951	11,690	45,752
Balance 30 June 2020	23,111	10,951	11,690	45,752
Accumulated depreciation and impairment				
Balance 1 July 2019	23,111	10,951	11,690	45,752
Balance 30 June 2020	23,111	10,951	11,690	45,752
Carrying amount 30 June 2020	-	-	-	-

10. Trade and Other Receivables

	2020	2019
	\$	\$
Trade receivables - non-exchange transactions	751,554	476,630
Total Trade and Other Receivables	751,554	476,630

11. Trade and Other Payables

	2020	2019
	\$	\$
Trade creditors - exchange transactions	4,837	14,405
Accruals	15,100	10,000
Related party payables	921,393	528,466
Total Trade and Other Payables	941,330	552,871

12. Share Capital

	2020	2019
	\$	\$
Opening balance	-	-
Closing balance	-	-

Ora Toa PHO Limited
Notes to the Financial Statements
For the Year ended 30th June 2020

13. COVID-19 Pandemic

A new virus, COVID-19, arose in China in December 2019 and became a global pandemic by March 2020.

In response to the pandemic, in late March 2020 the New Zealand Government ordered a four-week lockdown, during which non-essential businesses and organisations were not allowed to operate and individuals (other than essential workers or those undertaking essential business) were required to stay at home. As a result of the lockdown, community transmission of COVID-19 was eliminated.

In late April 2020, the lockdown period ended and the New Zealand Government started gradually easing the restrictions that had been placed on businesses, organisations and individuals, although substantial restrictions remained at the border. However, in mid-August 2020, community transmission of COVID-19 was detected in Auckland, and the New Zealand Government again placed restrictions on businesses, organisations and individuals within New Zealand. At the time of signing the financial statements, these restrictions have been lifted for all of New Zealand.

Although the entity has been impacted by COVID-19, the board have concluded that the entity will be able to continue operating for the foreseeable future.