ALLIANCE HEALTH PLUS TRUST

and its subsidiaries

Financial Statements

For the Year Ended 30 June 2018

Nature of Business	Healthcare Services
Trustees	Ulu Aiono (Chairperson) Dr Siro Fuatai (Vice-chairperson) Leo Foliaki Mark Eustace Dr Jim Primrose Sharon Shea
Address	15b Vestey Drive Mt Wellington AUCKLAND 1060
Bankers	ANZ Bank Ltd
Lawyers	Simpson Grierson, Kensington Swan
Auditors	RSM Hayes Audit
Charities Commission	Registration Number: CC45012 Registration Date: 24 August 2010
IRD Number	104-963-822

Alliance Health Plus Trust and its subsidiaries

Statement of Comprehensive Revenue and Expenditure
For the year ended 30 June 2018

	Notes	Group 2018 Actual $	Group 2017 Actual $
Continuing Operations			
Revenue from non-exchange transactions	1	32,971,446	35,111,889
Cost of services	2	31,040,531	32,852,040
Total gross surplus		**1,930,915**	**2,259,849**
Revenue from exchange transactions	6	101,149	150,550
Expenses			
Operating	3	1,257,749	1,519,298
Administration	4,5	670,644	848,878
		1,928,392	**2,368,176**
Net operating (loss)/surplus		**103,671**	**(108,327)**
Share of profit of equity-accounted joint venture		-	4,707
Other Comprehensive Income		-	-
Net surplus for the year		**103,671**	**46,931**

These financial statements should be read in conjunction with the notes to the financial statements and the attached Audit Report.

Alliance Health Plus Trust and its subsidiaries

Statement of Movements in Equity
For the Year Ended 30 June 2018

	Group 2018 Actual $	Group 2017 Actual $
Equity at the beginning of the year	2,703,976	2,749,033
Equity transferred to Alliance Community Initiatives Trust	-	(78,813)
Share of net surplus from Joint Venture	-	(13,176)
Net surplus for the year	103,671	46,931
Total recognised revenue and expenses	**103,671**	**46,931**
Equity at the end of the year	**2,807,647**	**2,703,976**

These financial statements should be read in conjunction with the notes to the financial statements and the attached Audit Report.

Alliance Health Plus Trust and its subsidiaries

Statement of Financial Position

As at 30 June 2018

	Notes	Group 2018 Actual	Group 2017 Actual
Equity		**2,807,647**	**2,703,976**
Current assets			
Cash and Cash equivalents	7	3,355,456	4,559,255
Accounts receivable	8	598,565	2,107,817
Other receivables	8	368,368	165,440
Inventory	8	5,000	-
Total current assets		**4,327,389**	**6,832,512**
Non-current assets			
Plant and equipment	9	177,829	184,516
Intangible Asset	19	325,000	-
Total non-current assets		**502,829**	**184,516**
Total assets		**4,830,218**	**7,017,028**
Current liabilities			
GST due for payment		3,945	115,693
Accounts payable	10	375,763	281,984
Other payables	11	930,864	2,201,765
Employee Entitlements	12	95,055	90,012
Income in advance	13	616,944	1,623,598
Total current liabilities		**2,022,571**	**4,313,052**
Total liabilities		**2,022,571**	**4,313,052**
Net assets		**2,807,647**	**2,703,976**

These financial statements should be read in conjunction with the notes to the financial statements and the attached Audit Report.

For and on behalf of the Board of Trustees

Chairman:

Trustee:

Date: 19 September 2018

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Alliance Health Plus Group and its subsidiaries

Statement of Cash Flows

For the year ended 30 June 2018

	Notes	Group 2018 Actual $	Group 2017 Actual $
Cash Flows from operating activities			
Receipts from providing Goods and Services		33,276,780	32,483,888
Cash Payments to suppliers and employees		(34,061,286)	(34,579,948)
Interest Received		96,149	135,625
Goods and Services Tax (Net)		(111,748)	(317,817)
Donations paid		(648)	(15,964)
Net cash from operating activities		**(800,753)**	**(2,294,215)**
Cash Flows from investing activities			
Investment in Alliance Primary Health Care Limited Partnership		(325,000)	-
Purchase of Property Plant & Equipment		(78,046)	(154,188)
Net cash from investing activities		**(403,046)**	**(154,188)**
Net Decrease/Increase in Cash and Cash Equivalents		**(1,203,799)**	**(2,448,403)**
Cash and cash equivalents at start of the year		**4,559,255**	**7,007,658**
Cash and cash equivalents at end of the year		**3,355,456**	**4,559,255**
Reconciliation to the net cash flow from the operating activities			
Surplus from the statement of comprehensive Revenue and Expenditure		103,671	46,931
Add/(less) non-cash items			
Depreciation and amortisation		84,733	97,846
Add/(less) movements in working capital items			
Increase/(decrease) in creditors		(1,144,146)	155,294
(Increase) / decrease in debtors		1,306,324	(368,128)
Increase/(decrease) in employee entitlements		(27,933)	(25,663)
Increase/(decrease) in Income in advance		(1,006,654)	(2,200,495)
Increase/(decrease) in GST Payable		(111,748)	
Increase/(decrease) in inventory		(5,000)	-
Net cash from operating activities		**(800,753)**	**(2,294,215)**

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REPORTING ENTITY

Alliance Health Plus Trust (AH+) is engaged in the business of Healthcare Services. Alliance Health Plus Trust is domiciled in New Zealand and is registered with the Charities Services (Charity Registration CC45012). The Entity's registered office is 15b Vestey Drive, Mt Wellington, Auckland, New Zealand. Alliance Health Plus Trust is controlled by the Trust Board. The Group consists of Alliance Health Plus Trust and its subsidiary Alliance Management Services Limited and the Limited Partnership, Alliance Primary Health Care Limited Partnership.

The financial statements of the Group are for the year ended 30 June 2018 and were authorised for issue by the Trust's Board on 19 September 2018.

BASIS OF ACCOUNTING

The financial statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the PBE Accounting Standards as appropriate for Tier One Not-for-profit public benefit entities. As a registered charity, Alliance Health Plus Trust is required to prepare financial statements in accordance with NZ GAAP as specified in standard XRB A1. The Trust is a Tier One reporting entity as it has total expenditure greater than $30 million in the two preceding reporting periods. This financial statements are prepared under PBE Accounting Standards and have been prepared on the basis of historical cost.

FUNCTIONAL AND PRESENTATION CURRENCY

These Financial Statements are presented in New Zealand Dollars ($NZ), the functional currency of the Group is New Zealand Dollars. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

INVESTMENTS IN PARTNERSHIP AND SUBSIDIARY

Partnerships are those entities where the Trust has formed a formal partnership. Alliance Health Plus Trust is a limited partner of the Alliance Family Health Care Limited Partnership. Alliance Family Health Care Limited Partnership was formed in April 2018 and owns the Alliance Family Healthcare –Otahuhu Medical Practice.

Alliance Health Plus Trust owns 100 per cent of Alliance Management Services Limited which is the General Partner of Alliance Family Health Care Limited Partnership. Alliance Management Services Limited runs the operations of the Alliance Family Healthcare Limited Partnership.

CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policies for the year ended 30 June 2018. All accounting policies have been applied on bases consistent with those in the previous year.

GOODS AND SERVICE TAX

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

INCOME TAX

The Trust is wholly exempt from NZ Income Tax under section CW 41 of the Income Tax Act 2007, due to its charitable organisation exempt status being registered with the Charities Commission.

STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT EARLY ADOPTED

There are no standards issued and not yet effective that are relevant to the Group.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of Income in Advance.

The Financial Statement is prepared under the assumption that the entity will continue to operate in the foreseeable future.

BASIS OF CONSOLIDATION

The Group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows on a line-by-line basis. All intragroup balances, transactions, revenue, and expenses are eliminated on consolidation.

Partnership and Subsidiary

Group financial statements consolidates all entities where Alliance Health Plus has the capacity to control their financing and operating so as to obtain benefits from the activities of the subsidiary. This power exists where the Alliance Health Plus controls the majority voting power on the governing body or where financing and operating policies have been irreversibly predetermined by AH+ or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the Subsidiary or Partnership. The Group will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by the Group. If the consideration transferred is lower than the net fair value of the Group's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit. Investments in subsidiaries are carried at cost in AH+.

REVENUE RECOGNITION

Revenue from Non exchange transactions

First Care Capitation and Flexible Funding Pool revenue

AH+ receives annual funding from the Counties Manukau District Health Board (CMDHB), which is based on enrolled patients within AH+ network of providers. This is based on the quarterly uploads of the register to the CMDHB and recognised monthly on the funding entitlement for the quarter. This revenue is treated as non-exchange and the total funding receivable under the contract is recognised as revenue immediately.

Contract revenue

The revenue recognition approach for AH+ contract revenue depends on the contract terms. Those contracts where the amount of revenue is directly linked to the provision of quantifiable units of service are treated as exchange contracts and revenue is recognised as the AH+ provides the services.

For example, where funding varies based on the quantity of services delivered, such as number of screening tests or heart checks.

Other contracts are treated as non-exchange and the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to provide services to the satisfaction of the funder to receive or retain funding.

Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the service requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as the past practice of the funder. Judgement is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year funding arrangements.

Revenue from exchange transactions

Interest income
Interest income is earned for the use of cash and cash equivalents or any amounts due to the Trust and is recognised in the statement of comprehensive revenue and expense as it is earned. Interest income is accrued using the effective interest rate method.

EMPLOYEE BENEFITS

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation and be estimated reliably.

Termination benefits
Termination benefits are expensed at the earlier of when the Entity can no longer withdraw the offer of those benefits and when the Entity recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

INCOME IN ADVANCE
Income in advance relates to contract income which have conditions that have yet to be satisfied. All income in advance is current and will be recognised in the statement of financial performance within the next 12 months.

CASH FLOW STATEMENT
Basis of Preparation
The Cash Flow Statement has been prepared using both direct and indirect approach.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash on hand, cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

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

PLANT AND EQUIPMENT

Recognition and measurement
All plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

If significant parts of an item of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of plant and equipment is recognised in surplus or deficit.

Subsequent expenditure
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Entity. All other costs are recognised in surplus or deficit as incurred.

Depreciation
Depreciation is calculated to write off the cost of items of plant and equipment less their residual values using the diminishing value method over their useful lives, and is recognised in surplus or deficit. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Entity will obtain ownership by the end of the lease term.

The estimated useful lives of asset classes are as follows:

• Plant and Equipment	3 – 12 years
• Furniture and Fittings	5 – 10 years
• Computer Equipment	2 – 4 years
• Office Equipment	2 – 7 Years

The trust has the following classes of plant and equipment:

Computer hardware and software	50%	DV
Furniture and fittings	10-16%	DV
Office equipment	13-40%	DV
Plant and equipment	25%	DV

Items of, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of plant or equipment is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying amount of the asset.

INTANGIBLE ASSETS

The acquired patient register is recognized as an intangible asset for the group. The cost of the acquired register at 20 April 2018 is $325,000. The asset was assessed not to be impaired as at 30 June 2018. There are no material differences between the asset's fair value at its acquisition date and balance date.

Impairment testing of intangible assets
Intangible assets that have a definite useful life are subject to amortisation and are tested for impairment when there are indications of impairment using value in use methodology.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions are:
- Gross Margins
- Discount Rates

Gross Margins
Gross margins are based on average values achieved in the five years preceding the beginning of the budget period. These are assumed to be constant over the budget period despite anticipated efficiency improvements.

Discount rates
Discount rates represent the current market assessment of the risks specific to the business, taking into consideration the time value of money. The discount rate used is 6.8% which is based on specific circumstances of the group with a market premium.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive revenue and expense net of any reimbursement.

CONTINGENT LIABILITIES

AH+ does not recognise contingent liabilities, but discloses details of any contingencies in the notes to financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

CONTINGENT ASSETS

The Group does not recognise contingent assets, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure the developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

LEASES

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.
At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

FINANCIAL INSTRUMENTS

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Purchases and sales of financial assets are recognised on trade-date, the date on which the Institute commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Institute has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purposes of measurement:

- fair value through surplus or deficit;
- loans and receivables; and
- fair value through other comprehensive revenue and expenses.

Classification of the financial asset depends on the purpose for which the instruments were acquired.

Financial assets at fair value through surplus or deficit.
Currently the Group does not hold any financial assets in this category.

Loans and receivables (including cash and cash equivalents and debtors and other receivables)
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any provision for impairment. Gains and losses when the asset is impaired or de recognised are recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive revenue and expenses
Currently the Group does not hold any financial assets in this category.

Impairment of financial assets
At each balance date, the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

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Loans and receivables (including cash and cash equivalents and debtors and other receivables)
Impairment of a loan or a receivable is established when there is objective evidence that the Institute will not be able to collect amounts due according to the original terms of the loan or receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). For other financial assets, impairment losses are recognised directly against the instrument's carrying amount.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of lease expense over the lease term.

1. Revenue from Non-exchange Transactions	Group 2018 $	Group 2017 $
First contact care capitation	18,433,167	18,031,696
Flexible funding	4,592,834	4,332,586
Management fees	739,416	726,020
Other contracts	9,206,029	12,021,587
Total Revenue from non-exchange transactions	**32,971,446**	**35,111,889**

Revenue for other contracts for the period July 2016 to January 2017 includes $2.5m of contract funding relating to MOH contracts for Alliance Communities Initiatives Trust.

2. Cost of Services	Group 2018 $	Group 2017 $
First contact care capitation	18,361,453	18,031,696
Flexible funding costs	3,636,475	3,658,994
Other contract costs	9,042,603	11,161,350
Total cost of services	**31,040,531**	**32,852,040**

3. Operating Expenses	Group 2018 $	Group 2017 $
Wage and staff expenses	1,029,240	1,151,484
Other operating expenses	91,137	121,275
Computer expenses	137,372	246,539
Total operating expenses	**1,257,749**	**1,519,298**

4. Administration Expenses	Group 2018 $	Group 2017 $
Audit fees	14,688	10,375
Clinical Governance fees	20,100	14,250
Donations and Koha contribution	589	15,964
Legal expenses	49,488	32,139
Rents and rates	120,840	176,235
Trustee fees	57,961	53,300
Other administration expenses	322,244	448,770
Depreciation	84,733	97,846
Total administration expenses	**670,644**	**848,878**

5. Depreciation	**Note**	**Group 2018**	**Group 2017**
		$	$
Depreciation expenses	9	84,733	97,846
Total depreciation		**84,733**	**97,846**

6. Other Revenue – Exchange Transactions	**Group 2018**	**Group 2017**
	$	$
Interest income	96,149	150,550
Refurbishment Contribution	5,000	-
Total other Revenue – Exchange Transactions	101,149	**150,550**

7. Cash and Cash Equivalents	**Group 2018**	**Group 2017**
	$	$
Bank – cheque account	1,355,456	1,885,978
Bank – Term Deposit	2,000,000	2,673,277
Total cash and cash equivalents	**3,355,456**	**4,559,255**

8. Accounts Receivable - Non-exchange transactions	**Group 2018**	**Group 2017**
	$	$
Accounts Receivable	598,565	2,107,817
Other Receivables	368,368	165,440
Total Accounts Receivable from non-exchange transactions	**966,933**	**2,273,257**

The aging profile of receivables at year end is detailed below:

Group	**2018**			**2017**		
	Gross	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
Current	580,510	-	580,510	454,455	-	454,455
31-60 Days	3,738	-	3,738	1,223,694	-	1,223,694
61-90 Days	-	-	-	366,426	-	366,426
> 90 Days	14,318	-	14,318	63,242	-	63,242
Total	598,565	-	598,565	2,107,817	-	2,107,817

All receivables greater than 30 days in age are considered to be past due. The impairment assessment is performed on an individual basis, based on analysis of past collection history and debt write-offs. We have no reason to believe the receivables will not be received in the next 3 months.

9. Plant and equipment

Group	1 July 2017			2018			30 June 2018		
2018	**Cost**	**Accumulated Depreciation**	**Net Carrying Value**	**Additions**	**Disposals**	**Depreciation**	**Cost**	**Accumulated Depreciation**	**Net Carrying Value**
Computer equipment	419,026	268,231	150,796	67,664	(22,934)	(76,002)	463,756	344,232	119,524
Furniture and fittings	66,809	50,095	16,714	11,593	-	(3,497)	78,402	53,592	24,809
Office equipment	45,363	30,804	14,560	22,253	(530)	(4,451)	67,087	35,255	31,832
Plant and equipment	8,233	5,786	2,447	-	-	(783)	8,233	6,569	1,664
Total Plant and Equipment	**539,431**	**354,915**	**184,516**	**101,510**	**(23,464)**	**(84,733)**	**617,477**	**439,648**	**177,829**

Group	1 July 2016			2017			30 June 2017		
2017	**Cost**	**Accumulated Depreciation**	**Net Carrying Value**	**Additions**	**Disposals**	**AH+ Full Year Depreciation**	**Cost**	**Accumulated Depreciation**	**Net Carrying Value**
Computer equipment	319,322	193,646	125,676	150,003	(50,299)	(74,585)	419,026	268,231	150,796
Furniture and fittings	118,418	27,987	90,431	-	(51,609)	(22,108)	66,809	50,095	16,714
Office equipment	63,510	30,465	33,044	4,185	(22,331)	(338)	45,363	30,804	14,560
Plant and equipment	8,233	4,970	3,262	-	-	(816)	8,233	5,786	2,447
Total Plant and Equipment	**509,483**	**257,069**	**252,414**	**154,188**	**(124,420)**	**(97,846)**	**539,431**	**354,915**	**184,516**

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10. Accounts Payable - Non-exchange Transactions	Group 2018 $	Group 2017 $
Trade Payables	375,763	281,984
Total Accounts Payable - non-exchange transactions	**375,763**	**281,984**

11. Other Payables - Non-exchange Transactions	Group 2018 $	Group 2017 $
Accrued Expenses	920,864	2,201,765
Purchase Price Payable arising from acquisition	10,000	-
Total Other Payables - non-exchange transactions	**930,864**	**2,201,765**

Accrued expenses for 2017 includes $1.4m of contract funding relating to MOH contracts that was transferred subsequent to year end to Alliance Communities Initiatives Trust.

12. Employee Benefit Liabilities	Group 2018	Group 2017
Employee Entitlements	$	$
Annual Leave	95,055	90,012
Total Employee Benefit Liabilities	**95,055**	**90,012**

13. Income in advance	Group 2018 $	Group 2017 $
Current	616,944	1,623,598
	616,944	**1,623,598**

14. Operating lease commitments

Lease commitments under non-cancellable operating leases are as follows:	Group 2018 $	Group 2017 $
Less than 1 year	270,997	352,868
2-5 years	125,856	103,540
5 years+	-	-
	396,853	**456,408**

The Group leases two premises for business purposes. All leases run for periods ranging from one to five years with an option to renew the lease after that date. Lease payments are renegotiated at the time of renewal. The leased properties have not been sublet. During the year $254,880 (2017, $353,809) was recognised as an expense in the AH+ Statement of Comprehensive Revenue & Expense in respect of operating leases. $87,624 was charged to ACIT.

15. Related Party Transactions and Key Management Personnel

AH+ regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the Entity, or vice versa.

Members of key management are regarded as related parties and comprise the Board Members and Senior Leadership Team of the Entity. Related party disclosures have not been made for transactions with related parties that are within a normal supplier of client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect that AH+ would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with Government agencies (for example Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements with AH+ and undertaken on the normal terms and conditions for such transactions.

	Group 2018	Group 2017
Board Members		
Full-time equivalent members	1.4	1.34
Remuneration ($)	57,961	54,200
Senior Leadership Team (SLT)		
Full-time equivalent members	5.1	6.4
Remuneration	855,923	897,676
Total Full-time equivalent members	6.5	7.7
Total Key Management Personnel Remuneration	913,884	951,876

The full-time equivalent for Board members has been determined based on the frequency and length of Board meetings and the estimated time for Board members to prepare for meetings.

Related Party Transactions	2018 $	2017 $
Income from ACIT	401,614	399,367
Payment to ACIT	(274,000)	-
Outstanding Balance with ACIT	(153,114)	(1,039,521)

16. Commitments and Contingencies

There are no capital commitments or contingent liabilities (2017: Nil)

17. Events after Balance Date

Alliance Primary Health Care Limited Partnership purchased Otahuhu Family Practice for $337,115 on the 6th of August 2018. From 1st July 2018 Wood Street Doctors became part of AH+ network. (2017: Nil)

18. Financial Instruments	**Group**	**Group**
Financial instrument categories	**2018**	**2017**
The accounting policies for financial instruments have been applied to the line items below:	$	$
Financial Assets		
Loans and Receivables		
Cash and Cash Equivalents	3,355,456	4,559,255
Accounts Receivable and Other Receivables	966,933	2,273,257
Total Loans and Receivables	**4,322,389**	**6,832,512**
Financial Liabilities		
Financial Liabilities Measured at Amortised Costs		
Creditors and other payables	1,306,627	2,483,749
Total Financial Liabilities Measured at Amortised Cost	**1,306,627**	**2,483,749**

19. Business Combinations

AH+ acquired 100% interest of Otahuhu Medical Clinic through Alliance Primary Health Care Limited Partnership. The purchasing price of $350,000 included the intangible asset purchased at the value of $325,000 and fixed assets and inventory at $25,000. AH+ is a limited partner of the Alliance Primary Health Care Limited Partnership. Alliance Management Services Limited is the general partner of the limited partnership which is 100% owned by AH+.

Financial Instruments Risks

Group's activities exposes it to a variety of financial risks including market risk (interest risk and currency risk), credit risk and liquidity risk. The Group manages its financial instruments risk in accordance with relevant legislation and is risk adverse and seeks to minimise exposure from its treasury activities. These policies do not allow any transactions that are speculative in nature to be entered into.

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are contractual undiscounted cash flows:

Group	CARRYING AMOUNT	CONRACTUAL CASH FLOW	LESS THAN 6 MONTHS	6-12 MONTHS	1-2 YEARS	2-3 YEARS	MORE THAN 3 YEARS
2018							
Creditors and other payables	1,306,627	1,306,627	1,306,627	-	-	-	-
Total Financial Liabilities at Amortised Cost	1,306,627	1,306,627	1,306,627	-	-	-	-

Group							
2017							
Creditors and other payables	2,487,783	2,487,783	2,487,783	-	-	-	-
Total Financial Liabilities at Amortised Cost	2,487,783	2,487,783	2,487,783	-	-	-	-

MARKET RISK

Currency and Interest Rate Risk

The Group is exposed to changes in interest rates on short term investments, bank deposits. There is no significant exposure to currency and interest rate risk on the group's financial assets.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates create exposure to cash flow interest rate risk.

Credit Risk

Credit risk is the risk a third party will default on its obligation to the Institute, thereby causing the group to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into the term deposits which gives rise to credit risk. The Group places its investments with institutions which have a high credit rating such as registered banks that have a Standard and Poor's credit rating of at least A-. The Group has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

	Group 2018	Group 2017
The maximum credit exposure for each class of financial instrument is as follows:		
Cash and Cash Equivalents	3,355,456	4,559,255
Accounts Receivable and Other Receivables	966,933	2,273,257
Total Credit Risk On Loans and Receivables	4,322,389	6,832,512
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:		
Counterparties with Credit Ratings		
Cash and Cash Equivalents:		
AA-	3,355,456	4,559,255
Accounts Receivable and Other receivables		
Trade and Other Receivables	966,933	2,273,257

Trade and Other Receivables

Trade and other receivables mainly arise from Alliance Health Plus Group's operation functions, therefore there are no procedures in place to monitor or report the credit quality of trade and other receivables with reference to internal or external credit ratings. Alliance Health Plus Group is not exposed to any material concentrations of credit risk.

MOH and DHBs are our largest debtors and are assessed as low risk and high quality entities due to being a government funded purchaser of health and disability services. Trade and other receivables balances are monitored on an ongoing basis to ensure that the exposure to bad debts is not significant.

LIQUIDITY RISK

Management of Liquidity Risk

Liquidity risk is the risk Alliance Health Plus Group will encounter difficulty when raising funds to meet commitments as they fall due. In meeting its liquidity requirements, AH+ maintains investments that must mature within the next 12 months.

AH+ manages liquidity risk by continuously monitoring forecast and actual cash flow requirements and matching the maturity profiles of financial assets and liabilities.

Sensitivity Analysis

The tables below illustrate the potential profit and loss and equity (excluding retained surplus) impact for possible market movements in interest rates, with all other variables held constant, based on the institute's financial instrument exposures at balance date

	Group	
	PROFIT / (LOSS) OTHER EQUITY	
Interest Rate Risk 2018	+100BPS	-100BPS
Cash and Cash Equivalents	33,555	(33,555)
Total Sensitivity to Interest Rate Risk	33,555	(33,555)

Interest Rate Risk 2017	+100BPS	-100BPS
Cash and Cash Equivalents	45,593	(45,593)
Total Sensitivity to Interest Rate Risk	45,593	(45,593)

Explanation of Interest Rate Risk Sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example a decrease in 100 bps is equivalent to a decrease in interest rate of 1.0%. The trustees consider that 100 basis points is the maximum likely change in interest rates over the next year, being the period up to the next point at which the group expects to make these disclosures.

Fair Value Estimation and Fair Value Hierarchy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes. 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. The fair values of all financial instruments equate to carrying values.

Fair Value Hierarchy Disclosures

There are no financial instruments recognised at fair value in the statement of financial position.

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Independent Auditor's Report

To the members of Alliance Health Plus Trust and its subsidiaries

Opinion

We have audited the consolidated financial statements of Alliance Health Plus Trust (the Trust) and its subsidiaries (the Group), which comprise:

- the consolidated statement of financial position as at 30 June 2018;
- the consolidated statement of comprehensive revenue and expense for the year then ended;
- consolidated statement of changes in net assets/equity for the year then ended;
- consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

In our opinion, the accompanying consolidated financial statements on pages 4 to 22 present fairly, in all material respects, the financial position of the Group as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards 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 consolidated financial statements* section of our report.

We are independent of the Group 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 Trust and its subsidiaries.

Other information

The trustees are responsible for the other information. The other information comprises the Trust Directory on page 3 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial statements do 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 consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 that we 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.

Responsibilities of the Trustees for the consolidated financial statements

The trustees are responsible, on behalf of the Group, for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards, and for such internal control as the trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the trustees are responsible, on behalf of the group, for assessing the group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole is 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 this consolidated ffinancial statements. A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at the XRB's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx

Who we report to

This report is made solely to the trustees, as a body. Our audit has been undertaken so that we might state to the Trustees those matters 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 Trustees as a body, for our work, for this report, or for the opinions we have formed.

RSM

RSM Hayes Audit
Auckland

25 September 2018