



ALLIANCE HEALTH PLUS TRUST

Financial Statements

For the Year Ended 30 June 2017

Alliance Health Plus Trust

Contents

For the year ended 30 June 2017

| | |
|---|----|
| Trust Directory | 3 |
| Statement of Comprehensive Revenue and Expenditure..... | 4 |
| Statement of Movements in Equity | 4 |
| Statement of Financial Position | 5 |
| Statement of Cash Flows | 6 |
| Statement of Accounting Policies..... | 7 |
| Notes to the Financial Statements | 12 |
| Audit Report | 23 |

Alliance Health Plus Trust

Trust Directory

For the year ended 30 June 2017

| | |
|----------------------|--|
| Nature of Business | Healthcare Services |
| Trustees | Ulu Aiono (Chairperson) Siro Fuatai (Vice-chairperson) Leo Foliaki Malakai 'Ofanoa Teuila Percival Mark Eustace |
| Address | 15b Vestey Drive Mt Wellington AUCKLAND 1060 |
| Bankers | ASB Bank Ltd |
| Lawyers | Simpson Grierson |
| Auditors | Stowers Audit Chartered Accountants |
| Charities Commission | Registration Number: CC45012 Registration Date: 24 August 2010 |
| IRD Number | 104-963-822 |

Alliance Health Plus Trust

Statement of Comprehensive Revenue and Expenditure For the Year Ended 30 June 2017

| | Notes | 30 June 2017 Actual \$ | 30 June 2016 Actual \$ |
|---|-------|------------------------------|------------------------------|
| Continuing Operations | | | |
| Revenue from exchange transactions | 1 | 35,111,889 | 37,331,242 |
| Cost of goods sold | 2 | 32,852,040 | 34,657,516 |
| Total gross surplus | | 2,259,849 | 2,673,726 |
| Expenses | | | |
| Operating | 3 | 1,519,298 | 1,359,461 |
| Administration | 4 | 751,032 | 807,079 |
| Depreciation | 5 | 97,846 | 110,877 |
| | | 2,368,176 | 2,277,418 |
| Net operating (loss)/surplus | | -108,327 | 396,309 |
| Share of profit of equity-accounted joint venture | 14 | 4,707 | 7,782 |
| Other Revenue | 6 | 150,550 | 195,259 |
| Net surplus for the year | | 46,931 | 599,350 |

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

Alliance Health Plus Trust

Statement of Movements in Equity For the Year Ended 30 June 2017

| | 30 June 2017 Actual \$ | 30 June 2016 Actual \$ |
|--|------------------------------|------------------------------|
| Equity at the beginning of the year | 2,749,033 | 2,149,684 |
| Equity transferred to Alliance Community Initiatives Trust | -78,813 | - |
| Equity recognised from Joint Venture | -13,176 | - |
| Restatement for PBE Standards | - | -133,313 |
| Net surplus for the year | 46,931 | 732,663 |
| Total recognised revenue and expenses | 46,931 | 599,350 |
| Equity at the end of the year | 2,703,976 | 2,749,033 |

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

Alliance Health Plus Trust
Statement of Financial Position
As at 30 June 2017

| | Notes | 30 June 2017 Actual | 30 June 2016 Actual |
|----------------------------------|-------|------------------------|------------------------|
| Equity | | 2,703,976 | 2,735,858 |
| Current assets | | | |
| Cash and Cash equivalents | 7 | 4,559,255 | 7,007,658 |
| Accounts receivable | 8 | 2,107,817 | 1,698,994 |
| Other exchange receivables | 8 | 165,440 | 206,135 |
| Total current assets | | 6,832,512 | 8,912,787 |
| Non-current assets | | | |
| Equity Accounting Joint Venture | | - | 13,176 |
| Plant and equipment | 9 | 184,516 | 252,414 |
| Total non-current assets | | 184,516 | 252,414 |
| Total assets | | 7,017,028 | 9,165,201 |
| Current liabilities | | | |
| GST due for payment | | 115,693 | 52,539 |
| Accounts payable | 10 | 281,984 | 1,408,611 |
| Other payables | 11 | 2,201,765 | 982,997 |
| Employee Entitlements | 12 | 90,012 | 161,103 |
| Income in advance | 13 | 1,623,598 | 3,824,093 |
| Total current liabilities | | 4,313,052 | 6,429,344 |
| Total liabilities | | 4,313,052 | 6,429,344 |
| Net assets | | 2,703,976 | 2,735,858 |

For and on behalf of the Board of Trustees

Chairman:

Trustee:

Date: 20 September 2017

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

Alliance Health Plus Trust
Statement of Cash Flows
For the Year Ended 30 June 2017

| | Notes | 30 June 2017 Actual | 30 June 2016 Actual |
|--|-------|------------------------|---------------------------|
| Cash Flows from operating activities | | | |
| Receipts from providing Goods and Services | | 32,483,888 | 37,752,765 |
| Cash Payments to suppliers and employees | | -34,579,948 | 35,959,707 |
| Interest Received | | 135,625 | 129,456 |
| Goods and Services Tax (Net) | | -317,817 | -3,246 |
| Donations paid | | -15,964 | -13,408 |
| Net cash from operating activities | | -2,294,215 | 1,905,860 |
| Cash Flows from investing activities | | | |
| Purchase of Property Plant & Equipment | | -154,188 | -239,364 |
| Net cash from investing activities | | -154,188 | -239,364 |
| Net Decrease/Increase in Cash and Cash Equivalents | | -2,448,403 | 1,666,496 |
| Cash and cash equivalents at start of the year | 7 | 7,007,658 | 5,341,162 |
| Cash and cash equivalents at end of the year | 7 | 4,559,255 | 7,007,658 |
| Reconciliation to the net cash flow from the operating activities | | | |
| Surplus from the statement of comprehensive Revenue and Expenditure | | 46,931 | 599,350 |
| Add/(less) non-cash items | | | |
| Depreciation and amortisation | | 97,846 | 110,877 |
| JV Surplus | | - | -7,782 |
| Add/(less) movements in working capital items | | | |
| Increase/(decrease) in creditors | | 155,294 | 906,557 |
| (Increase) / decrease in debtors | | -368,128 | -223,722 |
| Increase/(decrease) in employee entitlements | | -25,663 | 25,989 |
| Increase/(decrease) in Income in advance | | -2,200,495 | 494,591 |
| Net cash from operating activities | | -2,294,215 | 1,905,860 |

Alliance Health Plus Trust

Statement of Accounting Policies

For the Year Ended 30 June 2017

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.

BASIS OF ACCOUNTING

The financial statements 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. The financial statements were authorised for issue by the Trust's Board on 20 September 2017.

FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated Financial Statements are presented in NZD, which is the Entity's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

INVESTMENTS IN JOINT VENTURES

Joint ventures are those entities over whose activities the Trust has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Alliance Health Trust Plus only joint venture arrangement is in Ola Coalition Limited. Ola Coalition Limited is a Charitable Company (5087681) jointly owned by Alliance Health Plus Trust and National Hauora Coalition Limited. The Ola Coalition joint venture was dissolved as at 30 November 2016. Investments in jointly controlled entities are accounted for using the equity method.

CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policies for the year ended 30 June 2017. 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.

Alliance Health Plus Trust

Statement of Accounting Policies

For the Year Ended 30 June 2017

REVENUE RECOGNITION

Revenue from 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.

Contract revenue

The revenue recognition approach for AH+ contract revenue depends on the contract terms. Those contracts where the amount of revenue is substantively 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.

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 can 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.

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 repair and maintenance 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.

PROVISIONS

Provisions are recognised when AH+ 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

AH+ 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.

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.

Alliance Health Plus Trust
Notes to the Financial Statements
For the Year Ended 30 June 2017

| 1. Revenue from Exchange Transactions | 30 June 2017 Actual | 30 June 2016 Actual |
|---|--------------------------------|--------------------------------|
| | \$ | \$ |
| First contact care capitation | 18,031,696 | 19,042,343 |
| Flexible funding | 4,332,586 | 4,844,207 |
| Management fees | 726,020 | 988,597 |
| Other contracts | 12,021,587 | 12,456,096 |
| Total Revenue from exchange transactions | 35,111,889 | 37,331,242 |
| | | |
| 2. Cost of goods sold | 30 June 2017 Actual | 30 June 2016 Actual |
| | \$ | \$ |
| First contact care capitation | 18,031,696 | 19,037,879 |
| Flexible funding costs | 3,658,994 | 4,347,307 |
| Other contract costs | 11,161,350 | 11,272,330 |
| Total cost of goods sold | 32,852,040 | 34,657,516 |
| | | |
| 3. Operating expenses | 30 June 2017 Actual | 30 June 2016 Actual |
| | \$ | \$ |
| Wage and staff expenses | 1,151,484 | 1,021,419 |
| Other operating expenses | 121,275 | 147,211 |
| Computer expenses | 246,539 | 190,831 |
| Total operating expenses | 1,519,298 | 1,359,461 |
| | | |
| 4. Administration expenses | 30 June 2017 Actual | 30 June 2016 Actual |
| | \$ | \$ |
| Audit fees | 10,375 | 16,375 |
| Loss on disposal of fixed assets | - | 1,983 |
| Clinical Governance fees | 14,250 | 16,500 |
| Donations and Koha contribution | 15,964 | 13,408 |
| Legal expenses | 32,139 | 24,595 |
| Rents and rates | 176,235 | 216,018 |
| Trustee fees | 53,300 | 56,326 |
| Other administration expenses | 448,770 | 461,874 |
| Total administration expenses | 751,032 | 807,079 |

Alliance Health Plus Trust
Notes to the Financial Statements
For the Year Ended 30 June 2017

| 5. Depreciation | Note | 30 June 2017 Actual \$ | 30 June 2016 Actual \$ |
|---|------|------------------------------|------------------------------|
| Depreciation expenses | 9 | 97,846 | 110,877 |
| Total depreciation | | 97,846 | 110,877 |
| 6. Other Revenue | | 30 June 2017 Actual \$ | 30 June 2016 Actual \$ |
| Interest income | | 150,550 | 195,259 |
| Total other income | | 150,550 | 195,259 |
| 7. Cash and Cash Equivalents | | 30 June 2017 Actual \$ | 30 June 2016 Actual \$ |
| Bank – cheque account | | 100,991 | 45,227 |
| Bank – savings account | | 1,784,687 | 2,813,825 |
| Bank – Term Deposit | | 2,673,277 | 4,147,244 |
| Petty cash | | 300 | 1,362 |
| Total cash and cash equivalents | | 4,559,255 | 7,007,658 |
| 8. Accounts Receivable - exchange transactions | | 30 June 2017 Actual \$ | 30 June 2016 Actual \$ |
| Accounts Receivable - exchange transactions | | 2,107,817 | 1,698,994 |
| Other Receivables - exchange transactions | | 165,440 | 206,135 |
| Total Accounts Receivable from exchange transactions | | 2,273,257 | 1,905,129 |

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

| | 2017 | | | 2016 | | |
|--------------|------------------|------------|------------------|------------------|------------|------------------|
| | Gross | Impairment | Net | Gross | Impairment | Net |
| Current | 454,455 | - | 454,455 | 1,787,983 | - | 1,787,983 |
| 31-60 Days | 1,223,694 | - | 1,223,694 | 62,659 | - | 62,659 |
| 61-90 Days | 307,332 | - | 307,332 | 3,737 | - | 3,737 |
| > 90 Days | 63,242 | - | 63,242 | 50,750 | - | 50,750 |
| Total | 2,048,723 | - | 2,048,723 | 1,905,129 | - | 1,905,129 |

Alliance Health Plus Trust

Notes to the Financial Statements

For the Year Ended 30 June 2017

Accrued Income included in current \$141,664

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

| | 1 July 2016 | | | 2017 | | | | | 30 June 2017 | | |
|----------------------------------|----------------|--------------------------|--------------------|----------------|---------------------|--|--------------------------------|----------------------------|----------------|--------------------------|--------------------|
| | Cost | Accumulated Depreciation | Net Carrying Value | Additions | Acquisition by ACIT | Accumulated Depreciation transferred to ACIT | ACIT Depreciation up to Feb 17 | AH+ Full Year Depreciation | Cost | Accumulated Depreciation | Net Carrying Value |
| 2017 | | | | | | | | | | | |
| Computer equipment | 319,322 | 193,646 | 125,676 | 150,003 | -100,299 | 56,502 | -17,417 | -63,669 | 369,026 | 218,231 | 150,796 |
| Furniture and fittings | 118,418 | 27,987 | 90,431 | - | -80,869 | 16,793 | -6,644 | -2,997 | 37,549 | 20,835 | 16,714 |
| Office equipment | 63,510 | 30,465 | 33,044 | 4,185 | -22,331 | 5,965 | -2,509 | -3,793 | 45,363 | 30,804 | 14,560 |
| Plant and equipment | 8,233 | 4,970 | 3,262 | 0 | - | - | - | -816 | 8,233 | 5,786 | 2,447 |
| Total Plant and Equipment | 509,483 | 257,069 | 252,414 | 154,188 | -203,500 | 79,260 | -26,571 | -71,275 | 460,171 | 275,655 | 184,516 |

| | 1 July 2015 | | | 2016 | | | 30 June 2016 | | |
|----------------------------------|----------------|--------------------------|--------------------|----------------|----------------|-----------------|----------------|--------------------------|--------------------|
| | Cost | Accumulated Depreciation | Net Carrying Value | Additions | Disposals | Depreciation | Cost | Accumulated Depreciation | Net Carrying Value |
| 2016 | | | | | | | | | |
| Computer equipment | 186,169 | 105,800 | 80,369 | 136,369 | -34,382 | -87,759 | 306,196 | 198,152 | 108,045 |
| Furniture and fittings | 37,549 | 14,159 | 23,390 | 81,161 | - | -13,816 | 119,054 | 28,583 | 90,470.61 |
| Office equipment | 38,078 | 22,260 | 15,818 | 25,201 | -729 | -8,215 | 76,595 | 27,464 | 49,131 |
| Plant and equipment | 8,323 | 3,974 | 4,349 | - | - | -1,087 | 11,210 | 6,441 | 4,768 |
| Total Plant and Equipment | 270,119 | 146,193 | 123,926 | 242,731 | -35,111 | -110,877 | 513,055 | 260,640 | 252,414 |

10. Accounts Payable - exchange transactions

| | 30 June 2017 Actual \$ | 30 June 2016 Actual \$ |
|---|------------------------------|------------------------------|
| Trade Payables | 281,984 | 1,408,611 |
| Total Accounts Payable - exchange transactions | 281,984 | 1,408,611 |

11. Other Payables - exchange transactions

| | 30 June 2017 Actual \$ | 30 June 2016 Actual \$ |
|---|------------------------------|------------------------------|
| Accrued Expenses | 2,201,765 | 982,997 |
| Total Other Payables - exchange transactions | 2,201,765 | 982,997 |

Alliance Health Plus Trust
Notes to the Financial Statements
For the Year Ended 30 June 2017

| | 30 June 2017 | 30 June 2016 |
|---|---------------------|---------------------|
| | Actual | Actual |
| 12. Employee Benefit Liabilities | | |
| Employee Entitlements | \$ | \$ |
| Annual Leave | 90,012 | 161,103 |
| Total Employee Benefit Liabilities | 90,012 | 161,103 |
| 13. Income in advance | | |
| | \$ | \$ |
| Current | 1,623,598 | 3,824,093 |
| | 1,623,598 | 3,824,093 |

Income in advance relates to contract income which has been invoiced at balance date, but where costs have not yet been incurred.

All income in advance is current and will be recognised in the statement of financial performance within the next 12 months.

14. Joint Venture Arrangements

Ola Coalition Limited is a NZ Limited Company which is jointly owned by Alliance Health Plus Trust and National Hauora Coalition Limited. The Company was established on 2 April 2014. The company began trading on the 14 July 2014.

Alliance Health Plus Trust have recognised their interest in Ola Coalition Limited using the equity method. Ola Coalition Limited was liquidated as at 30 November 2016. The Surplus as at 30 November was evenly distributed to the JV partners.

The cash received as Income in advance of \$1.18 million was transferred to National Hauora coalition in December 2016. 50% of surplus (\$4,707) was recognised for FY2017.

Alliance Health Plus Trust

Notes to the Financial Statements
For the Year Ended 30 June 2017

| Ola Coalition Limited | 30 November 2016 Actual | 30 June 2016 Actual |
|---|------------------------------------|--------------------------------|
| Statement of Comprehensive Revenue and Expenditure | | |
| For the 5 months period ended 30 November 2016 | | |
| | \$ | \$ |
| Revenue from exchange transactions | 289,952 | 703,829 |
| Cost of goods sold | 142,909 | 338,286 |
| Total gross surplus | 147,043 | 365,543 |
| Expenses | | |
| Operating | 143,172 | 284,675 |
| Administration | 3,469 | 78,808 |
| Depreciation | 402 | 1,138 |
| Other expenses | - | 922 |
| | 147,043 | 365,543 |
| Net operating surplus | | - |
| Other income | 9,415 | 15,563 |
| Net surplus for the year | 9,415 | 15,563 |
| Alliance Health Plus – 50% Share of Net Surplus | 4,707 | 7,782 |

Alliance Health Plus Trust
Notes to the Financial Statements
For the Year Ended 30 June 2017

15. Operating lease commitments

Lease commitments under non-cancellable operating leases are as follows:

| | 30 June 2017 Actual | 30 June 2016 Actual |
|---------------------|--------------------------------|--------------------------------|
| | \$ | \$ |
| Current portion | 352,868 | 352,662 |
| Non-current portion | 103,540 | 373,429 |
| | 456,408 | 726,091 |

AH+ leases two business premises. The premises leases are for three year periods with options to renew for two additional three year terms from commencement of the leases. Other operating leases for office equipment and vehicles range from one to five year terms.

Lease payments are renegotiated at the time of renewal.

The leased properties have not been sublet.

During the year \$353,809 (2016 \$360,029) was recognised as an expense AH+ Statement of Comprehensive Revenue & Expense in respect of operating leases, \$77,807 was charged to ACIT

16. 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.

Alliance Health Plus Trust
Notes to the Financial Statements
For the Year Ended 30 June 2017

| | 30 June 2017 Actual | 30 June 2016 Actual |
|---|------------------------|------------------------|
| Board Members | | |
| Full-time equivalent members | 1.34 | 1.34 |
| Remuneration (\$) | 54,200 | 57,650 |
| Senior Leadership Team (SLT) | | |
| Full-time equivalent members | 6.4 | 6.4 |
| Remuneration | 897,676 | 959,724 |
| Total Full-time equivalent members | 7.7 | 7.7 |
| Total Key Management Personnel Remuneration | 951,876 | 1,017,374 |

Board Members Remuneration

| | | |
|--|---------------|---------------|
| Ulu Aiono (Chairperson) | 18,000 | 18,000 |
| Siro Fuatai | 9,000 | 9,000 |
| Teuila Percival | 6,900 | 10,350 |
| Malakai Ofanoa | 9,000 | 9,000 |
| Mark Eustace | 11,300 | 11,300 |
| Leo Foliaki | - | - |
| Alexander Fala (resigned February 2016) | - | - |
| Total Board Members' Remuneration | 54,200 | 57,650 |

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.

17. Commitments and Contingencies

There are no capital commitments or contingent liabilities (2016: Nil)

18. Events after Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Statement of Comprehensive Revenue and Expenditure (2016: Nil)

Alliance Health Plus Trust

Notes to the Financial Statements For the Year Ended 30 June 2017

19. Financial Instruments

| Financial instrument categories | 30 June 2017 Actual | 30 June 2016 Actual |
|--|------------------------|------------------------|
| The accounting policies for financial instruments have been applied to the line items below: | | |
| Financial Assets | | |
| Loans and Receivables | | |
| Cash and Cash Equivalents | 4,559,255 | 7,007,658 |
| Accounts Receivable and Other Receivables | 2,273,257 | 1,905,129 |
| Total Loans and Receivables | 6,832,512 | 8,912,787 |
| Financial Liabilities | | |
| Financial Liabilities Measured at Amortised Costs | | |
| Creditors and other payables | 2,483,749 | 2,391,608 |
| Total Financial Liabilities Measured at Amortised Cost | 2,483,749 | 2,391,608 |

Financial Instruments Risks

AH+'s activities expose it to a variety of financial risks including market risk (interest rate risk and currency risk), credit risk and liquidity risk.

AH+ 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:

| | CARRYING AMOUNT | CONTRACTUAL CASH FLOW | LESS THAN 6 MONTHS | 6-12 MONTHS | 1-2 YEARS | 2-3 YEARS | MORE THAN 3 YEARS |
|--|--------------------|--------------------------|-----------------------|----------------|--------------|--------------|-------------------------|
| 2017 | | | | | | | |
| Creditors and other payable | 2,483,749 | 2,483,749 | 2,483,749 | - | - | - | - |
| Total Financial Liabilities at Amortised Cost | 2,483,749 | 2,483,749 | 2,483,749 | - | - | - | - |
| 2016 | | | | | | | |
| Creditors and other payable | 2,391,608 | 2,391,608 | 2,391,608 | - | - | - | - |
| Total Financial Liabilities at Amortised Cost | 2,391,608 | 2,391,608 | 2,391,608 | - | - | - | - |

Alliance Health Plus Trust

Notes to the Financial Statements For the Year Ended 30 June 2017

Market Risk

Currency and Interest Rate Risk

AH+ 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 AH+'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.

| | 30 June 2017 | 30 June 2016 |
|---|-----------------|-----------------|
| The maximum credit exposure for each class of financial instrument is as follows: | | |

| | | |
|---|------------------|------------------|
| Cash and Cash Equivalents | 4,559,255 | 7,007,658 |
| Accounts Receivable and Other Receivables | 2,273,257 | 1,905,129 |
| Total Credit Risk On Loans and Receivables | 6,832,512 | 8,912,787 |

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- | 4,559,255 | 7,007,658 |
|-----|-----------|-----------|

Accounts Receivable and Other receivables

| | | |
|--|------------------|------------------|
| Existing counterparty with no defaults in the past | 2,273,257 | 1,905,129 |
| Total debtors and other receivables | 2,237,257 | 1,905,129 |
| Trade and Other Receivables | 2,237,257 | 1,905,129 |

Trade and Other Receivables

Trade and receivables mainly arise from AH+'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. AH+ is not exposed to any material concentrations of credit risk.

Trade and other receivables balances are monitored on an ongoing basis to ensure that the exposure to bad debts is not significant.

Alliance Health Plus Trust

Notes to the Financial Statements

For the Year Ended 30 June 2017

Liquidity Risk

Management of Liquidity Risk

Liquidity risk is the risk AH+ will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

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.

| | AH+ PROFIT / (LOSS) | |
|--|------------------------|-----------------|
| | +100BPS | -100BPS |
| Interest Rate Risk 2017 | | |
| Cash and Cash Equivalents | 45,593 | (45,593) |
| Total Sensitivity to Interest Rate Risk | 45,593 | (45,593) |
| | | |
| Interest Rate Risk 2016 | | |
| Financial Assets | | |
| Cash and Cash Equivalents | 70,077 | (70,077) |
| Total Sensitivity to Interest Rate Risk | 70,077 | (70,077) |

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 rates of 1.0%.

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 instruments recognised at fair value in the statement of financial position.