

Compass Health

Annual Report

For the Year Ended 30 June 2015

**Compass Health
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**Compass Health
Directory
For the Year Ended 30 June 2015**

Registration Number: AK 1205049

Settlor: Mark Blumsky

Date of commencement: Trust Deed Signed 8 May 1997
Incorporated on 11 April 2002

Trustees:
Dr Larry Jordan
Dr Richard Tyler - Ceased November 2014
Dale Coles
Dr Don Simmers
Dr Lynn McBain
Elaine Brazendale
Kerry Prendergast - Appointed November 2014
Gordon Strachan - Ceased November 2014
Mano'o Mulitalo
Melissa Simpson
Richard Medicott - Appointed November 2014
Simon Watt
Trevor Taylor

Principal place of business: 7th Floor
201 Willis Street
Wellington

Auditor: Grant Thornton New Zealand
PO Box 10712
Wellington 6143

Solicitor: Kensington Swan
PO Box 10-246
Wellington

Compass Health
Annual Report
For the Year Ended 30 June 2015

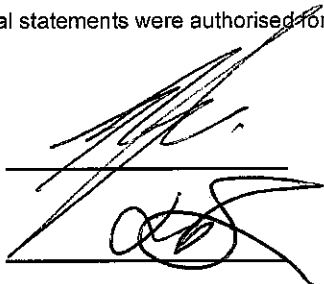
The Trustees are responsible for the preparation, in accordance with New Zealand law and Generally Accepted Accounting Practice, of financial statements which fairly reflect the financial position of Compass Health as at 30 June 2015 and the results of its operations and cash flows for the year ended on that date.

The Trustees consider that the financial statements of Compass Health have been prepared using accounting policies appropriate to Compass Health's circumstances, consistently applied and supported by reasonable and prudent judgments and estimates, and that these financial statements comply with New Zealand Generally Accepted Accounting Practice.

The Trustees are pleased to present the financial statements of Compass Health for the year ended 30 June 2015.

The financial statements were authorised for issue for and on behalf of the Trustees on 5 November 2015.

Trustee

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Trustee

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**Compass Health
Statement of Comprehensive Income
For the Year Ended 30 June 2015**

	Note	2015 \$	2014 \$
Revenue			
Revenue from services	2	68,270,849	63,824,501
Interest income		172,576	176,175
Total Revenue		<u>68,443,425</u>	<u>64,000,676</u>
Expenses			
Project direct expenses	3	54,451,207	57,592,873
Operating expenses	4	14,153,504	6,339,915
Total Expenses		<u>68,604,711</u>	<u>63,932,788</u>
Operating (Deficit)/Surplus		<u>(161,286)</u>	<u>67,888</u>
Share in Net Surplus of Associates	9	16,131	-
Gain on sale of Compass Health Limited		-	362,615
Net (Deficit)/Surplus for the Year		<u>(145,155)</u>	<u>430,503</u>
Total Comprehensive Income for the Year		<u>(145,155)</u>	<u>430,503</u>

These financial statements should be read in conjunction with the notes to the financial statements on pages 8 to 19.

**Compass Health
Statement of Movements in Equity
For the Year Ended 30 June 2015**

	Retained Earnings \$	Total \$
	<u> </u>	<u> </u>
Balance as at 1 July 2013	3,301,347	3,301,347
Net (Deficit)/Surplus for the Year	67,888	67,888
Other Comprehensive Income for the Year	362,615	362,615
Total Comprehensive Income for the Year	<u>430,503</u>	<u>430,503</u>
Balance as at 30 June 2014	3,731,850	3,731,850
Net (Deficit)/Surplus for the Year	(161,286)	(161,286)
Other Comprehensive Income for the Year	16,131	16,131
Total Comprehensive Income for the Year	<u>(145,155)</u>	<u>(145,155)</u>
Balance as at 30 June 2015	<u>3,586,695</u>	<u>3,586,695</u>

These financial statements should be read in conjunction with the notes to the financial statements on pages 8 to 19.

**Compass Health
Statement of Financial Position
As at 30 June 2015**

	Note	2015 \$	2014 \$
Equity			
Retained Earnings		3,586,695	3,731,850
Total Equity		<u><u>3,586,695</u></u>	<u><u>3,731,850</u></u>
<i>Represented by:</i>			
Current Assets			
Cash and cash equivalents	5	6,560,071	7,933,472
Trade and other receivables	6	2,414,684	2,079,302
Total Current Assets		<u>8,974,755</u>	<u>10,012,774</u>
Non-Current Assets			
Property, plant and equipment	7	396,243	371,890
Intangibles	8	70,934	136,794
Investment in Kelburn Medical Centre	9	274,186	243,870
Investment in Northland Village Surgery Limited	9	122,012	115,672
Total Non-Current Assets		<u>863,375</u>	<u>868,226</u>
Total Assets		<u><u>9,838,130</u></u>	<u><u>10,881,000</u></u>
Current Liabilities			
Trade and other payables	10	1,662,444	2,203,571
Receipts in advance	11	4,011,756	4,298,400
Employee entitlements	12	577,235	647,179
Total Current Liabilities		<u>6,251,435</u>	<u>7,149,150</u>
Total Liabilities		<u><u>6,251,435</u></u>	<u><u>7,149,150</u></u>
Net Assets		<u><u>3,586,695</u></u>	<u><u>3,731,850</u></u>

These financial statements should be read in conjunction with the notes to the financial statements on pages 8 to 19.

**Compass Health
Statement of Cash Flows
For the Year Ended 30 June 2015**

	Note	2015 \$	2014 \$
Cash flows from operating activities			
<i>Cash was received from:</i>			
Revenue from services		67,648,827	63,448,302
Interest income		172,576	176,175
GST received		-	110,160
		<u>67,821,403</u>	<u>63,734,637</u>
<i>Cash was applied to:</i>			
Payments to providers and employees		68,952,048	63,754,042
GST paid		10,099	-
		<u>68,962,147</u>	<u>63,754,042</u>
Net cash used in operating activities	13	<u>(1,140,744)</u>	<u>(19,405)</u>
Cash flows from investing activities			
<i>Cash was received from:</i>			
Proceeds re Sale Compass Health Limited		-	424,347
Proceeds from the disposal of property, plant and equipment		-	1,280
		<u>-</u>	<u>425,627</u>
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment		277,992	250,851
Purchase of intangible assets		(65,860)	107,469
Purchase of Associates		20,525	359,542
		<u>232,657</u>	<u>717,862</u>
Net cash used in investing activities		<u>(232,657)</u>	<u>(292,235)</u>
Net decrease in cash and cash equivalents		<u>(1,373,401)</u>	<u>(311,640)</u>
Cash and cash equivalents at the beginning of the year		7,933,472	8,245,112
Cash and cash equivalents at the end of the year		<u>6,560,071</u>	<u>7,933,472</u>
<i>Comprising:</i>			
Cash on hand, current accounts and call accounts		6,560,071	7,933,472
Total cash and cash equivalents		<u>6,560,071</u>	<u>7,933,472</u>

These financial statements should be read in conjunction with the notes to the financial statements on pages 8 to 19.

**Compass Health
Notes to the Financial Statements
For the Year Ended 30 June 2015**

1. Summary of Accounting Policies

Statement of Compliance

Compass Health is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide community based health services. Compass Health was incorporated as the Greater Wellington Health Trust under the Charitable Trusts Act 1957 on 11 April 2002.

Compass Health was registered as a charitable entity under the Charities Act 2005 on 30 June 2008, registration number CC29691.

Compass Health's financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for Public Benefit Entities.

Compass Health's Financial Statements are for the year ended 30 June 2015 and the Trustees have authorised them for issue on 27 October 2015.

Basis of Measurement

The financial statements have been prepared on a historical cost basis, except as noted below.

The financial statements are presented in NZ dollars and all values are rounded to the nearest dollar. Compass Health's functional currency is NZ dollars.

Specific Accounting Policies

The following specific accounting policies have been adopted in the preparation and presentation of the financial statements:

a) Taxation

Compass Health has been granted charitable status by the Inland Revenue and is therefore exempt from Income Tax under Income Tax Act 2007.

b) Cash and Cash equivalents

Cash and Cash equivalents comprise cash on hand and cash held in both current and on call accounts at the bank.

c) Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of Goods and Services Tax (GST) except for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from or payable to the Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

d) Revenue Recognition

Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the reporting date.

Interest Income

Interest revenue is recognised on an accrual basis using the effective interest rate method.

Management Fees

Management fees are recognised on an accrual basis when services are performed on behalf of the entities managed.

**Compass Health
Statement of Accounting Policies
For the Year Ended 30 June 2015**

e) Plant and Equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on Plant and Equipment. Depreciation is calculated on either a diminishing value or a straight line basis over the estimated useful life of the asset. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

The following rates are used in the calculation of depreciation:

Motor Vehicles	25-31.2%	Diminishing Value
Leasehold Improvements	16.7%	Straight Line
Computer, Office and Medical Equipment	30%	Diminishing Value

f) Intangible Assets

Acquired Computer Software

Acquired Computer Software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Internally Developed Software

Internally Developed Software is capitalised based on hours spent on the project at an average hourly rate for the developers. The amount initially recognised for the internally generated intangible asset is the sum of the expenditure incurred when the intangible asset meets the recognition criteria listed below.

Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit and loss within the Statement of Comprehensive Income in the period in which it occurred.

Recognition Criteria

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefit; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs associated with maintaining software are recognised as an expense when incurred.

The following rates and methods are used in the calculation of amortisation:

Software	50%	Straight Line
Internally Developed Software	50%	Diminishing Value

g) Impairment of Non-Financial Assets

At the reporting date, the carrying amounts of tangible and intangible assets are reviewed 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).

The estimated recoverable amount of an asset 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 current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where the asset does not generate cash flows that are independent from other assets, Compass Health estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in profit and loss within the Statement of Comprehensive Income.

**Compass Health
Statement of Accounting Policies
For the Year Ended 30 June 2015**

h) Statement of Cash Flows

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in bank current accounts and call accounts and investments in money market instruments, net of outstanding bank overdrafts. The following terms are used in the statement of cash flows;

Operating activities are the principal revenue producing activities of Compass Health and other activities that are not investing or financing activities;

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents; and

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

i) Fair Value Determination Method of Financial Assets and Liabilities

Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Compass Health only holds financial assets classified as loans and receivables.

Loans and receivables

Loans and receivables include trade and other receivables and cash and cash equivalents which are initially recorded at fair value and subsequently recorded at amortised cost less impairment using the effective interest rate method.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. A trade receivable is deemed to be uncollectible upon notification of insolvency of the debtor or upon receipt of similar evidence that Compass Health will be unable to collect the trade receivable. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed. In respect of financial assets carried at amortised cost, with the exception of trade receivables, the impairment loss is reversed through profit or loss in the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. Subsequent recoveries of trade receivables previously written off are credited against the allowance account.

Financial Liabilities

Financial liabilities are classified as either 'financial liabilities at FVTPL' or 'other financial liabilities'. Compass Health only holds 'other financial liabilities'.

**Compass Health
Statement of Accounting Policies
For the Year Ended 30 June 2015**

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

j) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern over which economic benefits from the lease asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are initially recorded as a liability and are recognised as a reduction of rental expense on a straight-line basis over the lease term.

k) Business Combinations

Acquisitions or amalgamations of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business acquisition or amalgamation is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree.

Acquisition/amalgamation related costs are generally recognised in profit or loss in the Statement of Comprehensive Income when incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under NZ IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition and/or amalgamation is recognised as an asset and initially measured at cost, being the excess of cost of the business combination over Compass Health's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, Compass Health's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business acquisition, the excess is recognised immediately in profit and loss in the Statement of Comprehensive Income.

l) Employee Benefits

A provision is recognised for benefits accruing to employees in respect of annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by Compass Health in respect of services provided by employees up to the reporting date.

m) Critical Judgements and Key Sources of Estimation Uncertainty

In the application of Compass Health's accounting policy the board is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

n) Comparative Amounts

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current year unless it is impracticable to do so. Where comparative information has been reclassified the change has been disclosed in the text below the relevant note.

o) Changes in Accounting Policies

There have been no changes in accounting policies during the period or previous period.

**Compass Health
Statement of Accounting Policies
For the Year Ended 30 June 2015**

p) Standards Issued But Not Yet Effective

The External Reporting Board (XRB) has introduced a revised Accounting Standards Framework. The revised framework has introduced Public Benefit Entity Accounting Standards (PAS) comprising International Public Sector Accounting Standards (IPSAS), modified as appropriate for New Zealand circumstances.

The Financial Reporting Act 2013 was enacted in December 2013 and will bring the revised framework into law. Under the revised Accounting Standards Framework Compass Health is expected to prepare annual financial statements in accordance in IPSAS based standards for the first-time for the year ended 30 June 2016.

The impact of IPSAS adoption on the annual financial statements of Compass Health is not yet known but is not expected to be significant, other than changes in presentation and additional disclosures.

**Compass Health
Notes to the Financial Statements
For the Year Ended 30 June 2015**

2. Revenue from Services	2015	2014
	\$	\$
Capitation		
Health Promotion	665,958	144,913
Services to Improve Access	1,695,803	371,054
Care Plus	3,912,614	3,490,125
First Contact Care	38,807,873	38,156,631
Integrated Performance & Incentive Framework	1,282,890	1,052,927
VLCA	769,181	804,170
Zero fees for Under Sixes	1,351,341	1,354,200
	<u>48,485,660</u>	<u>45,374,020</u>
DHB Income		
After Hours	521,471	258,445
Improving Access	346,196	953,148
Pharmacy	311,018	216,169
Immunisation	452,905	479,975
COPD	151,805	161,805
Diabetes	924,532	263,286
Population & Maori Health	110,000	472,080
Child Health & Maternity	782,922	522,735
Podiatry	311,665	259,144
Radiology	2,620,358	2,513,011
Retinal Screening	687,856	597,994
Mental Health	2,262,034	2,062,210
Sexual Health	2,273,744	2,230,110
Pacific Health	413,019	454,797
Other DHB Income	1,974,140	1,927,754
	<u>14,143,665</u>	<u>13,372,663</u>
Other Contract Income	975,724	1,538,955
Management Services Income	4,218,749	3,320,871
Other Income	447,051	217,992
	<u>68,270,849</u>	<u>63,824,501</u>

Comparative information has been reclassified to more accurately reflect Revenue from Services categories with no impact to the total 2014 Revenue from Services balance.

3. Project Direct Expenditure	2015	2014
	\$	\$
Capitation	46,395,749	44,669,860
After Hours	511,934	208,445
Improving Access	346,196	489,778
Immunisation	15,000	270,890
COPD	42,462	88,403
Diabetes	554,052	210,532
Population & Maori Health	6,969	350,931
Child Health & Maternity	270,316	353,909
Podiatry	112,936	126,197
Radiology	2,328,353	2,472,119
Retinal Screening	621,014	587,469
Mental Health	1,144,095	1,746,879
Sexual Health	791,272	2,106,184
Pacific Health	(13,767)	245,426
Other	1,324,626	3,665,851
	<u>54,451,207</u>	<u>57,592,873</u>

Comparative information has been reclassified to more accurately reflect Project Direct Expenditure categories with no impact to the total 2014 Project Direct Expenditure balance.

Compass Health
Notes to the Financial Statements
For the Year Ended 30 June 2015

4. Operating Expenses	2015	2014
	\$	\$
Audit Fees	26,775	33,010
Depreciation and amortisation	253,638	204,966
Directors and Committee Fees	237,934	230,821
Interest and Bank Charges	5,969	4,893
Insurance	32,196	27,362
Legal Fees	16,080	6,204
Staff Costs	353,275	474,925
Property Costs	471,838	416,330
Salaries & Wages	8,822,397	3,236,923
Telecommunications	258,881	254,275
Other Expenses	3,674,521	1,211,925
Investment Proposal	0	238,281
	14,153,504	6,339,915

Management have reclassified certain balances to more accurately reflect Compass Health's activities for the year. The Salaries & Wages in Operating Expenses for 2014 relates to Salaries & Wages for Management & Admin staff only. The comparative figure for 2015 is \$3,342,649.

5. Cash and Cash Equivalents	2015	2014
	\$	\$
Cash on hand, current accounts and call accounts	6,560,071	7,933,472
Total Cash and Cash Equivalents	6,560,071	7,933,472

6. Trade and Other Receivables	2015	2014
	\$	\$
<u>Trade Receivables</u>		
Healthpac and DHBs	1,882,001	1,811,574
Central PHO	22,545	4,737
Primary Care Alliance Trust	88,139	412
Other Debtors	271,871	137,568
<u>Other Receivables</u>		
Accrued Revenue	148,932	125,011
Current Account - Primary Care Alliance Trust	1,196	-
Total Trade and Other Receivables	2,414,684	2,079,302

Compass Health
Notes to the Financial Statements
For the Year Ended 30 June 2015

7. Plant and Equipment

	Computer, Office and Medical Equipment \$	Motor Vehicles \$	Leasehold Improvements \$	Total Property, Plant and Equipment \$
Opening gross carrying amount as at 1 July 2013	1,309,480	203,081	229,214	1,741,775
Opening accumulated depreciation	1,088,968	186,800	178,800	1,454,568
Opening carrying amount as at 1 July 2013	220,512	16,281	50,414	287,207
Additions	211,815	-	39,036	250,851
Disposals	-	45,599	-	45,599
Depreciation	140,854	5,757	18,277	164,888
Depreciation eliminated on disposal	-	44,319	-	44,319
Closing carrying amount as at 30 June 2014	291,473	9,244	71,173	371,890
Closing gross carrying amount as at 30 June 2014	1,521,295	157,482	268,250	1,947,027
Closing accumulated depreciation as at 30 June 2014	1,229,822	148,238	197,077	1,575,137
Closing carrying amount as at 30 June 2014	291,473	9,244	71,173	371,890
Opening gross carrying amount as at 1 July 2014	1,521,295	157,482	268,250	1,947,027
Opening accumulated depreciation	1,229,822	148,238	197,077	1,575,137
Opening carrying amount as at 1 July 2014	291,473	9,244	71,173	371,890
Additions	208,733	-	7,547	216,280
Disposals	-	145,514	-	145,514
Depreciation	164,805	2,216	20,757	187,778
Depreciation eliminated on disposal	-	141,365	-	141,365
Closing carrying amount as at 30 June 2015	335,401	2,879	57,963	396,243
Closing gross carrying amount as at 30 June 2015	1,730,028	11,968	275,797	2,017,793
Closing accumulated depreciation as at 30 June 2015	1,394,627	9,089	217,834	1,621,550
Closing carrying amount as at 30 June 2015	335,401	2,879	57,963	396,243

8. Intangible assets

	Financial System \$	Computer Software \$	Internally Developed Software \$	Total Intangible Assets \$
Opening gross carrying amount as at 1 July 2013	-	125,019	725,128	850,147
Opening accumulated amortisation	-	106,936	673,808	780,744
Opening carrying amount as at 1 July 2013	-	18,083	51,320	69,403
Additions	68,018	39,451	-	107,469
Amortisation	-	14,418	25,660	40,078
Closing carrying amount as at 30 June 2014	68,018	43,116	25,660	136,794
Closing gross carrying amount as at 30 June 2014	68,018	164,470	725,128	957,616
Closing accumulated amortisation as at 30 June 2014	-	121,354	699,468	820,822
Closing carrying amount as at 30 June 2014	68,018	43,116	25,660	136,794
Opening gross carrying amount as at 1 July 2014	68,018	164,470	725,128	957,616
Opening accumulated amortisation	-	121,354	699,468	820,822
Opening carrying amount as at 1 July 2014	68,018	43,116	25,660	136,794
Additions	-	-	-	-
Amortisation	34,009	19,056	12,795	65,860
Closing carrying amount as at 30 June 2015	34,009	24,060	12,865	70,934
Closing gross carrying amount as at 30 June 2015	68,018	164,470	725,128	957,616
Closing accumulated amortisation as at 30 June 2015	34,009	140,410	712,263	886,682
Closing carrying amount as at 30 June 2015	34,009	24,060	12,865	70,934

Internally developed software is made up of software programs designed and written by Compass Health's in-house Information and Technology team. Assets include Compass Health's Provider Portal, its Catalyst System, its Palladium Task System and the MSO/PHO websites for Compass Health, Central PHO and Matpro.

As at 30 June 2015 the carrying value of the internally developed software is \$12,865 (2014: \$25,660).

There were no impairment losses recognised during the year (2014: nil).

**Compass Health
Notes to the Financial Statements
For the Year Ended 30 June 2015**

9. Investment in Kelburn Medical Centre and Northland Village Surgery Limited

Compass Health's investment in Kelburn Medical Centre and Northland Village Surgery Limited is accounted for using the equity method in accordance with NZ IAS 28.

Compass Health purchased a 50% share in Kelburn Medical Centre on 1 April 2014. The consideration at the date of acquisition was \$243,870. An additional amount of \$20,525 was paid on 18 July 2014 for the purchase of fixed assets. The investment is recorded as the sum of the two amounts, which is the cost associated with the purchase of the share in the practice plus Compass Health's 50% share of the surplus recorded by the practice for the year.

Compass Health purchased a 50% share in Northland Village Surgery Limited on 1 November 2013. The investment is recorded at the cost associated with the purchase of the share in the practice plus Compass Health's 50% share of the surplus recorded by the practice for the year.

Summarised financial information for the practices is set out below:

	Kelburn Medical Centre	Northland Village Surgery Limited
	2015	2015
	\$	\$
Current Assets	174,230	116,614
Non-current Assets	540,474	209,016
Total Assets	714,704	325,630
Current Liabilities	134,223	27,139
Non-current Liabilities	-	-
Total Liabilities	134,223	27,139
Total Net Assets	580,481	298,491
	2015	2015
	\$	\$
Revenue	1,537,772	573,989
Surplus for the Year	19,582	12,680
Other Comprehensive Income for the Year	-	-
Total Comprehensive Income for the Year	19,582	12,680
Compass Health's 50% Share of Surplus	9,791	6,340
Total Share of Surplus of Associates		16,131

This financial information is taken from the financial statements for both practices with reporting periods ended 31 March 2015 and has been used to apply the equity method of accounting for the purpose of simplicity, with the difference in the results from the different reporting periods to that of Compass Health deemed to be immaterial.

10. Trade and Other Payables	2015	2014
	\$	\$
<u>Trade Payables</u>		
Trade payables	1,225,580	1,132,868
<u>Other Payables</u>		
Current account - Wellington General Practice	2,358	-
Current account - Primary Care Alliance Trust	-	1,601
Goods and Services Tax payable	312,364	322,463
Accrued expenses	122,142	746,639
Total Trade and Other Payables	1,662,444	2,203,571

Trade creditors and other payables are non-interest bearing and normally settled on thirty day terms. Their carrying amount approximates their fair value.

Compass Health
Notes to the Financial Statements
For the Year Ended 30 June 2015

11. Receipts in advance

Receipts in Advance relates to unspent funding committed to the following projects:

	2015	2014
	\$	\$
Capitation	1,185,624	662,479
After Hours	176,505	75,014
Improving Access	51,078	456,496
Immunisation	153,004	153,004
COPD	-	23,819
Diabetes	335,807	6,284
Hora Te Pai	309	
Population & Maori Health	126,148	300,435
Child Health & Maternity	178,440	101,850
Other Community Health	59,564	358
Podiatry	83,416	-
Radiology	412,041	416,042
Retinal Screening	29,549	56,549
Mental Health	132,722	132,722
Sexual Health	288,701	463,859
Pacific Health	63,823	43,359
ICT	125,000	-
CEO Office	610,025	172,628
Brought over from WCPHO and CPHCN	-	1,233,502
	4,011,756	4,298,400

12. Employee Entitlements

	2015	2014
	\$	\$
Accrued Salaries	209,763	433,633
Accrued Annual Leave	367,472	213,546
	577,235	647,179

13. Reconciliation of Operating (Deficit)/Surplus to Net Cash Flow from Operating Activities

	2015	2014
	\$	\$
Net (Deficit) for the year	(145,155)	430,503
Add/(Less) Non-Cash Items:		
Depreciation and amortisation	253,638	204,966
Share in Net Surplus of Associates	(16,131)	
Gain on sale of Compass Health Limited	-	(362,615)
	237,507	(157,649)
Less amounts included in investing		
Gain on sale of property, plant and equipment	-	-
Add/(Less) Movements In Working Capital Items		
Movement in total receivables	(335,382)	(464,886)
Movement in total payables	(897,714)	172,627
	(1,233,096)	(292,259)
Net cash used in operating activities	(1,140,744)	(19,405)

Compass Health
Notes to the Financial Statements
For the Year Ended 30 June 2015

14. Financial Instruments

Compass Health's financial instruments consist of cash and cash equivalents, trade and other receivables (designated as 'loans and receivables') and trade and other payables (designated as 'other financial liabilities at amortised cost').

Compass Health engages business in New Zealand and in the normal course of business is exposed to a variety of financial risks which include:

Credit Risk

Compass Health's credit risk arises from its financial assets, which include cash and cash equivalents, trade and other receivables. Exposure to credit risk arises from the potential default of the counterparty, with the maximum exposure equal to the carrying amount of the financial assets.

Liquidity Risk

Liquidity risk arises from the financial liabilities of Compass Health and the subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due. Compass Health maintains sufficient cash to meet its obligations as they fall due as part of its management of liquidity risk.

Fair Value

The carrying value of cash and cash equivalents, trade and other receivables and trade and other payables is equivalent to the fair value of these assets and liabilities.

	2015	2014
	\$	\$
Financial Assets		
Loans and Receivables	2,264,556	2,011,787
Cash and Cash Equivalents, on call	6,560,071	7,933,472
	2015	2014
	\$	\$
Financial Liabilities		
Financial Liabilities at amortised cost	2,239,678	2,755,762

Compass Health does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate risk

Compass Health is exposed to interest rate risk on the cash and cash equivalents held with registered banks.

Sensitivity analysis

The following analysis illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 0.25% (2014: +/- 0.05%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	2015		2014	
	\$		\$	
	Surplus/ (Deficit)	Equity	Surplus/ (Deficit)	Equity
0.25% increase in bank account interest rate	16,400	16,400	3,967	3,967
0.25% decrease in bank account interest rate	(16,400)	(16,400)	(3,967)	(3,967)

15. Capital Management

Compass Health's capital is its retained earnings from past financial years. Retained earnings are represented by net assets.

Compass Health's rules vest its affairs of the business, administration and management in the Trustees. The Trustees, in accordance with the rules, appoints Compass Health's Chief Executive who is directly responsible, to and under the control of the Trustees, for the general and financial administration of Compass Health.

Compass Health's capital is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings. The objective of managing Compass Health's capital is to ensure it achieves its objectives and remains a going concern.

16. Capital Commitments

There are no capital commitments as at 30 June 2015 (2014: nil).

Compass Health
Notes to the Financial Statements
For the Year Ended 30 June 2015

17. Contingent Liabilities

There are no contingent liabilities as at 30 June 2015 (2014: nil).

18. Related Party Disclosures

There have been no related party transactions during the year.

	2015	2014
	\$	\$
<i>Key management personnel compensation</i>		
Short term benefits	1,417,472	1,306,951

Key management personnel includes Compass Health's trustees, its chief executive and senior management team.

19. Leases

Operating leases relate to office sites with leases between 1 and 5 years. Lease information also relates to equipment and motor vehicle leases. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	2015	2014
	\$	\$
Not later than one year	349,407	333,604
Later than one year and not later than two years	233,364	130,049
Later than two years and not later than five years	442,858	20,579
Later than five years	-	-
	1,025,629	484,232

20. Subsequent Events

Compass Health entered into an agreement for the lease of new premises L4, The Willeston Centre, 22 Willeston Street, Wellington on 23 June 2015, with a commencement date of 15 October 2015. The lease term is six years with two rights of renewal of three years each and an annual rent of \$275,940 plus GST.

**Compass Health
Additional Information - Unaudited
For the Year Ended 30 June 2015**

1. Interests Register

Compass Health maintains an interests register

There are no loans or share transactions with any Trustee

Trustee	Interest
Dale Coles	<ul style="list-style-type: none"> · Deputy Chair, Whaiora Trust Board · Member, Alliance Leadership Team · Member, Compass Health Community Council · Member, Whanau Ora Wairarapa · Trustee, Papawai Kaikokiriri Trust Board · Chair of Compass Maori Health Committee
Dr Don Simmers	<ul style="list-style-type: none"> · Board Member NZMA Services Limited · Partner Newtown Medical Centre · Shareholder Wellington After Hours Medical Services Ltd · Contracted provider to Compass Health
Dr Larry Jordan	<ul style="list-style-type: none"> · Contract provider to Compass Health · Member Executive, General Practice NZ · Shareholder of Porirua After Hours Medical Ltd · Partner GP Whitby Doctors
Dr Lynn McBain	<ul style="list-style-type: none"> · Chair of Compass Health Clinical Quality Board · Chair of Wellington Regional Radiology Oversight Committee · Contracted provider to Compass Health · Member of the 3DHB Radiology Steering Group · Partner GP Brooklyn Medical Centre · Primary care representative on the SIDU 3 DHB Radiology steering group · Primary care representative on Clinical Reference Group for the 3DHB Integrated Labs Transition Programme · Shareholder Wellington After Hours Medical Services Ltd · Senior Lecturer in General Practice, University of Otago, Wellington
Richard Medicott	<ul style="list-style-type: none"> · Contracted GP provider to Compass Health · Director and shareholder of Island Bay Medical Centre · Medical Director of Medibank Health Solutions · Member - Medtech Advisory Group · Member of ICC CCDHB committee · Shareholder Wellington After Hours Medical Services Ltd
Elaine Brazendale	<ul style="list-style-type: none"> · Chairperson – Carter Society · Councillor - Carterton District Council · NZ Red Cross - NZRC member of Carterton Group and Wairarapa Area Councillor · Lay minister Anglican Church · Member of Carterton St John Area Committee

Kerry Prendergast	<ul style="list-style-type: none"> · Board Member - Advisory Board to Auditor General · Board Member - Motu Foundation · Board Member - Wellington Phoenix Football Club · Board Member - Women's Health Research Centre · Chair - Environmental Protection Authority · Chair - Tourism New Zealand · Chair - Wellington Jazz Music Festival Trust · Chair & Community Rep - Compass Health Community Council · Director - Kirkcaldie and Stains · Director - Wellington Free Ambulance · Director - WorkSafe New Zealand · Executive Chair - NZ International Arts Festival · Patron - Capital Vision Research Trust · Patron - Skylight · Patron - SPCA · Patron - Wellington High Performance Aquatic · Trustee - Endangered Species Foundation of NZ · Trustee - National Army Museum · Trustee - NZ Community Trust · Trustee - Victoria Foundation
Mano'o Mulitalo	<ul style="list-style-type: none"> · Chairperson, Pacific Health Committee of Compass Health · Chairperson, Institute of Samoan Studies Trust · Chairperson, M&M Trust · Director/shareholder of United Nations Investment Wall International Limited (UNIWALL) · International Business Consultant · Independent Trustee Pairoa Holding Trust · Managing Director/shareholder in MR Consultants & Ass. Ltd · Facilitator – Lifestyle Medicine Institute (CHIP) Loma Linda University, California, USA
Melissa Simpson	<ul style="list-style-type: none"> · Chronic care facilitator Otago University · Continuing Professional Development Oversight Group Otago University · Employee of Island Bay Medical Centre · Member of Compass Health Clinical Quality Board · Member of Compass Health Nurses Committee · Nursing Executive team which functions as an advisory group to the GPNZ Executive · Independent contractor to TAS
Simon Watt	<ul style="list-style-type: none"> · Board member and Partner, Bell Gully (Barristers & Solicitors) · In the above capacity, advises PHARMAC and periodically advises DHB Shared Services, DHBs collectively, individual DHBs and Health Benefits Limited · Trustee, Asia New Zealand Foundation
Trevor Taylor	<ul style="list-style-type: none"> · Chair, WorldSkills NZ · Chair, Wellington Free Ambulance Trust · Trustee, Life Flight Trust · Board Member, Surf Life Saving New Zealand · Board Member, New Zealand Olympic Committee
CEO	Interest
Martin Hefford	<ul style="list-style-type: none"> · Member of CCDHB Executive Management Team · Trustee of Primary Care Alliance Trust Board · Director of Wellington General Practices Limited · Trustee of brother Neil's practice in Auckland (Grey Lynn Family Medical Centre)

**Compass Health
Additional Information - Unaudited
For the Year Ended 30 June 2015**

1. Trustees Fees	2015
	\$
Dr Larry Jordan	18,248
Dr Richard Tyler - resigned	9,647
Dale Coles	15,156
Dr Don Simmers	18,099
Elaine Brazendale	12,996
Kerry Prendergast - part year	6,858
Gordon Strachan - resigned	5,415
Dr Lynn McBain	17,076
Mano'o Mulitalo	16,055
Melissa Simpson	14,916
Richard Medlicott - part year	10,076
Simon Watt	16,054
Trevor Taylor	13,836
	<hr/> 174,432

Trustees Fees represents fees paid to the Trustees for attendance at Compass Health Board meetings and also includes fees for attendance at Compass Health Committee meetings. Trustees Fees are for attendance only.

2. Staff Remuneration

One CH employee earned gross remuneration between \$270,000 - \$280,000

One CH employee earned gross remuneration between \$180,000 - \$190,000

One CH employee earned gross remuneration between \$140,000 - \$150,000

Four CH employees earned gross remuneration between \$130,000 - \$140,000

Three CH employee earned gross remuneration between \$120,000 - \$130,000

Four CH employees earned gross remuneration between \$110,000 - \$120,000

Two CH employee earned gross remuneration between \$100,000 - \$110,000

