TE RŪNANGA O
TOA RANGATIRA

Ora Toa PHO Limited

Financial Statements

For the year ended 30 June 2023

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Ora Toa PHO Limited
Corporate information

Nature of business
Primary health organisation

Date of incorporation
23 May 2007

Company number
1942404

Charities registration
CC42277

Registered office
3 Wi Neera Drive
Porirua
New Zealand

Shareholder	Ordinary share
Te Rūnanga o Toa Rangatira Incorporated	1

Auditors
Ernst & Young

Bankers
Westpac Banking Corporation

Solicitors
Dentons Kensington Swan
Wellington

Ora Toa PHO Limited
Directors' report

The directors present their annual report including financial statements of Ora Toa PHO Limited ("the Company") for the year ended 30 June 2023.

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

Auditors
The Company's auditors are Ernst & Young (2022: BDO Wellington Audit Limited). Ernst & Young were appointed auditors during the year and are willing to continue as the company auditors.

Directors' disclosures
The following held office as directors during the year:

Cassius Poe Kuresa	Appointed: 17 May 2018
Janet Mei Collier-Taniela	Appointed: 8 July 2021
Jennie Makareta Smeaton	Appointed: 19 September 2022
Renei Tara Wineera-Parai	Appointed: 8 July 2021
Stephen Arana Kenny	Appointed: 8 July 2021
Trini Te Uru Whakawaia Moana Ropata-Tawhiri	Appointed: 8 July 2021
Callum Mackie Katene	Appointed: 30 June 2023
Patariki Bern Hippolite	Resigned: 30 January 2023

There were no entries recorded in the register of interests.

No director acquired or disposed of any interest in shares in the Company.

Directors received $10,922 in total during the year for attendance of nine board meetings held in 2023. Directors received $10,750 in total during the year for attendance at the nine board meetings held in 2022.

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

The directors are covered by an indemnity insurance covering professional, management and general liability up to $10,000,000 for any one claim, and for employers and statutory liability up to $2,500,000. The insurance is part of an association combined insurance plan paid for by Te Rūnanga o Toa Rangatira Incorporated to cover the officers of the Company.

Donations
No donations were made by the Company during the year (2022: $nil).

Employee and director remuneration
Pursuant to section 211(g) of the Companies Act 1993, no employee or director received remuneration and/or any other benefits exceeding $100,000 during the year.

For and on behalf of the Board of Directors:

Stephen Kenny
Director - 27 October 2023

Trini Ropata-Tawhiri
Director - 27 October 2023

Ora Toa PHO Limited

Statement of Service Performance

For the year ended 30 June 2023

Who are we and why do we exist?

Who are we and why do we exist?

Ora Toa PHO is operated by Te Rūnanga o Toa Rangatira Inc. to provide service to the Porirua community.

The purpose of the Company is to:

- Offer high-quality, low cost primary health care to Māori and non-Māori living within the Porirua and Wellington regions.
- Provide several Covid support services, ranging from testing/ vaccinations all the way to community outreach.

What are our strategic focus areas?

Improve community health outcomes in Porirua and surrounding districts in accordance with Manatū Hauora service specifications.

Consolidate and integrate the delivery of health services to effectively meet the needs of the population.

Connect general practice services with other health services to ensure a seamless continuum of care.

Ora Toa PHO aligns itself with the overall oranga of Te Rūnanga o Toa Rangatira group in advancing the health and well-being of Ngāti Toa Rangatira.

In delivering the output for this entity expenditure is presented under the measure of Total expenses which includes Direct Costs and Operating Expenditure including depreciation and interest.

Ora Toa PHO Limited

Statement of Service Performance

For the year ended 30 June 2023

What did we do?

Our motivation is to continue to develop an agile and well-equipped workforce that provides Whānau-centered, innovative, accessible health care and emergency services, that both serve and support our communities today and going into the future.

Our overall patient numbers for 2023 are very stable with a slight increase compared to the number for 2022. However, the number of patients who are Ngati Toa is up from 5.3% in 2022 to 5.5% in 2023.

A great example of ongoing success from sustained effort is that of Skye Bailey. We have been working with her over the years since she first showed interest in a career in health whilst attending Mana College. Utilising tutoring and study help Skye is currently completing her Certificate in Health and Wellbeing with a view to enrolling in Bachelor of Nursing Māori at Whitireia.

Community events such as Rangatahi ki Runga organised by TROTR in partnership with others was very successful in attracting over 2000 young people, parents, and community members. This provided an opportunity for them to connect with a range of rangatahi-specific support networks gaining direct access to counsellors.

Ora Toa Health Services successfully delivered 68,858 Covid-19 vaccinations in 2022 followed up by a further 16,016 in 2023. We utilised a COVID-19 Car in the Community services that was instrumental in the successful delivery with the researchers going on to win the Otago University Student Poster Competition.

Another success story is that of Josaine Ngatai who took part in a study tour in three different countries focussing on indigenous leadership and outcome equity in priority populations. The goal was to get fresh perspectives to support health reforms to ultimately deliver change in the community, by looking at other high performing health care systems in the other countries. Also Claire Richards, an Asthma Nurse Educator for the last 16 years, was awarded the Asthma Educator Award at the Foundation's Respiratory Achievers' Awards in February 2023.

A wananga was held to revisit and realign the organisation with its foundational purpose, to innovate and adapt clinical practices and to enhance community engagement and feedback. The goal was to improve equitable health outcomes for Māori and this was attended by all health staff. During the year there were 31,894 GP consults and 10,593 Nurse/Other consults.

Although dental care access and affordability is an area of continued focus, there were 2370 dental consults in the year ending 30 June 2023.

How did we perform?

	2023	2022
Ora Toa Enrolled Patients	**18,119** Ora Toa enrolled patients	**18,102** Ora Toa enrolled patients
	989 Enrolled patients are Ngāti Toa	**968** Enrolled patients are Ngāti Toa
Medical Centre Contacts	**8,281** Total COVID-19 Vaccinations Administered	**63,525** Total COVID-19 Vaccinations Administered
	32,407 GP Appointments	**27,982** GP Appointments

How did we perform? (continued)

Medical Centre Contacts (continued)

	2023	2022
Nurse Appointments	11,792	10,137
Smoking Cessation Support Provided	1,022	689
Health Improvements Practitioner Consults	1,715	1,222
Cervical Smears	460	452
Palliative Care Home Visits	196	137

How did we perform? (continued)

	2023	2022
Community Events	**9** Community events held	**19** Community events held
	3,100 People attended	**3,990** People attended
Total Expenses	**$13m** Total expenses (including cost of sales)	**$12m** Total expenses (including cost of sales)

Outlook for 2024

Our driving force is to continue to develop an agile and well-equipped workforce supported by a robust and sustainable business model. This will provide Whānau-centered, innovative, accessible health care and emergency services, that both serve and support our communities today and going into the future. In order to extend our community outreach, the plan includes research and mobile facilities, technological advancement, integration of traditional Māori Healing into services provided, whilst ensuring efficient implementation of health reforms.

Ora Toa PHO Limited
Statement of comprehensive revenue and expenses
For the year ended 30 June 2023

	Note	2023 $000's	2022 $000's
Contract income	4	13,169	11,729
Cost of sales	5	(12,814)	(11,505)
Surplus from contract services		**355**	**224**
Grants received		(14)	14
Total revenue from operations		**341**	**238**
Less operating expenses			
Administration expenses		148	130
Accounting fees		-	10
Audit fees		16	15
Computer expenses		53	67
Other expenses		1	2
Motor vehicle expenses		-	2
Rent and rates		17	30
Personnel expenses		39	47
Total operating expenses		**274**	**303**
(Deficit)/surplus before depreciation		67	(65)
Total comprehensive revenue and expense for the year		**67**	**(65)**

The above statement of comprehensive revenue and expenses should be read in conjunction with the accompanying notes.

Ora Toa PHO Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $000's	2022 $000's
Assets			
Current assets			
Cash and cash equivalents	6	768	392
Trade and other receivables	7	1,877	1,742
Prepayments		1,478	1,914
		4,123	**4,048**
Non-current assets			
Property, plant, and equipment	8	-	-
		-	-
Total assets		**4,123**	**4,048**
Liabilities			
Current liabilities			
Trade and other payables	9	1,827	1,229
Income received in advance		-	2,144
Deferred Income		1,536	-
		3,363	**3,373**
Total liabilities		**3,363**	**3,373**
Net assets		**760**	**675**
Equity			
Share capital	10	-	-
Accumulated comprehensive revenue and expense		760	675
Total equity		**760**	**675**

For and on behalf of the Board, who authorised the issue of these financial statements on:

Stephen Kenny
Director - 27 October 2023

Trini Ropota-Tawhiri
Director - 27 October 2023

The above statement of financial position should be read in conjunction with the accompanying notes.

Ora Toa PHO Limited
Statement of changes in equity
For the year ended 30 June 2023

	Share Capital (note 10) $000's	Accumulated comprehensive revenue and expense $000's	Total Equity $000's
Balance at 1 July 2022	-	675	675
Prior Period Adjustment	-	18	18
Comprehensive revenue and expense			
Deficit for the year	-	67	67
Other comprehensive revenue and expense	-	-	-
	-	**67**	**67**
Balance at 30 June 2023	**-**	**760**	**760**
Balance at 1 July 2021	-	740	740
Comprehensive revenue and expense			
Surplus for the year	-	(65)	(65)
Other comprehensive revenue and expense	-	-	-
	-	**(65)**	**(65)**
Balance at 30 June 2022	**-**	**675**	**675**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Ora Toa PHO Limited

Statement of cash flows

For the year ended 30 June 2023

	Note	2023 $000's	2022 $000's
Cash flows from operating activities			
Proceeds from contract income		12,429	13,317
Proceeds from grants received		-	14
Payments made to suppliers and others		(12,035)	(14,524)
Net GST (paid)/received		(18)	141
Net cash inflow/(outflow) from operating activities		**376**	**(1,052)**
Cash flows from investing activities			
Repayments from/(advances to) related parties		-	500
Net cash inflow/(outflow) from investing activities		**-**	**500**
Cash flows from financing activities		-	-
Net cash inflow/(outflow) from financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		**376**	**(552)**
Cash and cash equivalents at 1 July		392	944
Cash and cash equivalents at 30 June	6	**768**	**392**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Reporting entity

The financial statements of Ora Toa PHO Limited (the Company) for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors.

The Company is a public benefit entity incorporated in New Zealand under the Companies Act 1993 and registered on the Charities Services register on 15 September 2009.

The charitable objectives of the Company are:

- improve community health outcomes in Porirua and surrounding districts in accordance with Ministry of Health service specifications;
- consolidate and integrate the delivery of services to more effectively meet the needs of the population; and
- pursue any other objectives the directors consider are consistent with the above objectives.

2 Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). As a registered charity, the Company is required to prepare financial statements in accordance with NZ GAAP as specified in standard XRB A1.

The Company is a public benefit entity for the purpose of complying with NZ GAAP. The company qualifies for Tier 2 reporting as it does not have public accountability and for the past two reporting periods it has had between $2m and $30m operating expenditure. The Company reports as a Tier 2 entity and has used accounting policies consistent with its shareholder, Te Rūnanga o Toa Rangatira Incorporated.

The Company has taken advantage of all reduced reporting disclosure requirements available under the Tier 2 Standards for Public Benefit Entities. The financial statements comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) as appropriate for Tier 2 not-for-profit public benefit entities.

These financial statements are for the year ended 30 June 2023 and were authorised for issue by the Board on 27 October 2023.

b) Measurement basis

The financial statements have been prepared on an historical cost basis, except where specifically identified in their relevant notes.

c) Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, which is the Company's functional currency.

d) Goods and services tax (GST)

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

e) Changes in accounting policies

Other than the adoption of new PBE standards and amendments to PBE standards as disclosed below, there have been no changes in the accounting policies of the Company during the year. All other accounting policies have been applied consistently to all periods presented in these financial statements.

2 Basis of preparation (continued)

e) Changes in accounting policies (continued)
The following accounting standards came into effect during the year and have been adopted by the Company.

PBE IPSAS 1 Going concern disclosures
Changes to PBE IPSAS 1 with specific relation to going concern disclosures came into effect on 1 July 2022. The Company has assessed these changes and there are no impacts on the financial statements as the Company remains a going concern.

PBE IPSAS 41 Financial instruments
The standard replaces parts of IPSAS 29 Financial instruments: recognition and measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied PBE IPSAS 41 prospectively, with an initial application date of 1 July 2022. The Company has not restated comparative information as it is not required by the standard, which continues to be reported under PBE IPSAS 29. There are no differences arising from the adoption of PBE IPSAS 41 that would have been recognised directly in accumulated comprehensive revenue and expense and other components of net assets/equity.

Adopting PBE IPSAS 41 at 1 July 2022 resulted in a change in measurement category of assets rather than any changes to the value of assets or liabilities. The nature of adjustments are described below:

(i) Classification and measurement of financial assets and liabilities
Under PBE IPSAS 41, financial assets are subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost or fair value through other comprehensive revenue and expense (FVOCRE). Financial liabilities are subsequently measured at fair value through surplus or deficit (FVTSD) or amortised cost. Financial instruments measured at amortised cost replaces the previous measurement category: loans and receivables, the change in category is outlined in the table below. The classification is based on two criteria: (1) the Company's business model for managing the assets; and (2) whether the instruments' contractual cash flows represent 'soley payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as at the date of initial application, namely 1 July 2022. The assessment of whether contractual cash flows on debt instruments are soley comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Receivables from exchange and non-exchange transactions, term deposits and loans to related parties were classified as 'loans and receivables' at at 30 June 2022 and are held to collect contractual cash flows and give rise to cash flows representing soley payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning on 1 July 2022.

Upon adoption of PBE IPSAS 41, the Company had the following required or elected reclassifications as at 1 July 2022.

	Measurement category		Measurement category	
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29 $000's	PBE IPSAS 41 $000's
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	392	392
Trade and other receivables	Loans and receivables	Amortised cost	1,742	1,742
Financial liabilities				
Accounts payable	Amortised cost	Amortised cost	1,229	1,229

2 Basis of preparation (continued)

(ii) Impairment

The adoption of PBE IPSAS 41 has changed the Company's accounting for impairment losses of financial assets by replacing PBE IPSAS 29's incurred loss approach with forward-looking expected credit loss (ECL) approach. PBE IPSAS 41 requires the Company to recognise and allowance for ECL's for all debt instruments not held at fair value through surplus or deficit.

Upon adoption of PBE IPSAS 41 on 1 July 2022, the Company did not recognise any additional impairment.

(iii) Hedge accounting

The Company does not apply hedge accounting and consequently, there was no impact on adopting PBE IPSAS 41.

f) Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

3 Significant accounting policies

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

a) Cash and cash equivalents

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

There are no restrictions over any of the cash and cash equivalent balances held by the Company.

b) Trade and other receivables

Trade and other receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

c) Trade and other payables

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

d) Revenue

Revenue arises from non-exchange transactions. Revenue is recognised when the amount of revenue can be measured reliably and it is probable that benefits will flow to the Company. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria in relation to the Company's revenue streams must also be met before revenue is recognised.

Revenue from non-exchange transactions

Non-exchange transactions are those where the Company receives an inflow of resources but provides nominal, or no direct consideration in return for the inflow. Inflow of resources from non-exchange transactions are only recognised as assets where it is probable that the associated future economic benefit or service will flow to the entity and fair value can be reliably measured.

(i) Funding for Health Services

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

3 Significant accounting policies (continued)

d) Revenue (continued)

(ii) Management contract

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

(iii) Government grants and other assistance

The recognition of non-exchange revenue from government contracts, grants, donations, and koha depends on the nature and any stipulations attached to the inflow of economic resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue. Stipulations that are 'conditions' specifically require the company to return the inflow of resources received if they are not used as stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the company to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a nonexchange liability, which results in the immediate recognition of non-exchange revenue. Government grants that have restrictive conditions are recognised as income in the period it is received.

e) Operating leases

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

f) Income tax

The Company has charitable status for income tax purposes and is therefore not liable for income tax.

g) Financial instruments

Financial Assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVOCRE, or FVTSD.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of short-term receivables and payables that do not contain a significant financing component or for which the Company has applied a practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through surplus or deficit, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCRE, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through surplus or deficit, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCRE are held within a business model with the objective of both holding to collect contractual cash flows and selling.

The Company's financial assets include: cash and short-term deposits, receivables from exchange and non-exchange transactions, loans, loans to related parties, unquoted financial instruments and derivative financial instruments.

3 Significant accounting policies (continued)

Financial assets (continued)

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:

- financial assets at amortised cost (debt instruments)
- financial assets at FVOCRE with recycling of cumulative gains or losses (debt instruments)
- financial assets at fair value through surplus or deficit.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains or losses are recognised in surplus or deficit when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables from exchange transactions, receivables from non-exchange transactions, investments in related parties, short-term deposits and a loan to an associate included under other noncurrent financial assets.

(iii) Financial assets at FVOCRE (debt instruments)

For debt instruments at FVOCRE, interest income and impairment losses or reversals are recognised in the statement of financial performance and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCRE. Upon derecognition, the cumulative fair value change recognised in OCRE is recycled to surplus or deficit. The Company's debt instruments at FVOCRE are derivative financial instruments.

(iv) Financial assets at fair value through surplus or deficit

A financial asset is measured at fair value through surplus or deficit unless it is measured at amortised cost or at fair value through other comprehensive revenue and expense. Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of financial performance. This category includes derivative instruments, investments in related parties, investment in joint ventures, and other investments which are held for trading and which the Company had not irrevocably elected to classify at FVOCRE. Dividends on listed equity investments are recognised as revenue from exchange transactions in the statement of financial performance when the right of payment has been established.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(vi) Impairment

PBE IPSAS 41 requires the Company to record expected credit losses on all of its debt instruments classified at amortised cost or FVOCRE. The Company recognises loss allowances for expected credit losses (ECLs) on financial assets at amortised cost, the allowances for receivables of exchange and non-exchange transactions are measured, using the simplified approach, at an amount equal to lifetime ECLs, while all other debt instruments classified at amortised cost are measured using the general approach.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on historical experience, informed credit assessments, and including forward looking information.

3 Significant accounting policies (continued)

Financial Assets (continued)

(v) Impairment (continued)

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company; or
- the financial asset is more than 90 days old.

The Company considers writing off a financial asset primarily when the debt is older than a year and there has been no response after six months of being sent to debt collectors, however this is treated on a case by case basis.

The Company considers fixed interest and term deposit financial instruments to have low credit risk when its credit rating is equivalent to a credit rating of A+ or higher. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to the credit risk.

Debt instruments at amortised cost are held to maturity and may generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities at amortised cost are classified, at initial recognition and include loans and borrowings, or payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include payables under exchange transactions and loans and borrowings.

(ii) Subsequent measurement

After initial recognition, interest-bearing loans and borrowings or payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of financial performance.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, waived, cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, then such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of financial performance.

(iv) Derivative financial instruments and hedge accounting

The Company does not use derivative financial instruments, such as foreign currency or interest rate swaps to manage foreign currency or interest rate risks.

4 Revenue from non-exchange transactions

	2023	2022
	$000's	$000's
Health services contract income	13,169	11,729
Total trading revenue from non-exchange transactions	**13,169**	**11,729**

5 Cost of sales

	2023 $000's	2022 $000's
Programme expenses	(12,785)	(11,423)
Other cost of sales	(29)	(82)
Total cost of sales	**(12,814)**	**(11,505)**

6 Cash and cash equivalents

	2023 $000's	2022 $000's
Cash at bank and on hand	768	392
Cash and cash equivalents in the statement of cash flows	**768**	**392**

7 Trade and other receivables

Current	Note	2023 $000's	2022 $000's
Trade and other receivables			
Trade receivables from non-exchange transactions		1,877	1,742
Total current trade and other receivables		**1,877**	**1,742**

8 Property, plant and equipment

2023	Motor vehicles $000's	Office equipment $000's	Plant and furniture $000's	Total $000's
Cost				
Balance at 1 July 2022	-	11	12	23
Balance at 30 June 2023	**-**	**11**	**12**	**23**
Accumulated depreciation				
Balance at 1 July 2022	-	11	12	23
Balance at 30 June 2023	**-**	**11**	**12**	**23**
Net book value at 30 June 2023	**-**	**-**	**-**	**-**
2022				
Cost				
Balance at 1 July 2021	23	11	12	46
Disposals	(23)	-	-	(23)
Balance at 30 June 2022	**-**	**11**	**12**	**23**
Accumulated depreciation				
Balance at 1 July 2021	23	11	12	46
Disposals	(23)	-	-	(23)
Balance at 30 June 2022	**-**	**11**	**12**	**23**
Net book value at 30 June 2022	**-**	**-**	**-**	**-**

9 Trade and other payables

	Note	2023 $000's	2022 $000's
Trade payables from exchange transactions		-	9
Sundry accruals		23	37
GST payable		1	-
Related party payables	11	1,803	1,183
Total trade and other payables		**1,827**	**1,229**

10 Share capital

	2023 $000's	2022 $000's
1 ordinary share - issued and fully paid at $1.00	-	-

Ordinary shares have no par value and carry the right to vote at meetings of shareholders. Shares do not hold the right to receive a dividend, or distribution, as profits are required to be applied consistent with the objectives of the Company, and will receive an equal share of residual assets on dissolution of the Company where these have not been distributed by the liquidator for charitable purposes.

Ordinary shares may be held only by an entity that is established exclusively for charitable purposes that is consistent with the objectives of the Company.

11 Related party disclosures

a) Ultimate parent

Te Rūnanga o Toa Rangatira Incorporated is the ultimate controlling entity and owns 100% of the shares in the Company.

b) Transactions with related parties

The Company provides funding to the parent entity as a service provider. Ora Toa Health and Ora Toa Medical units are services provided by Te Rūnanga o Toa Rangatira Incorporated and these units are recipients of contract income from the company.

The Company pays administration fees, and reimburses staff wages and rent to Te Rūnanga o Toa Rangatira Incorporated.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Expenses recharges $000's	Related party advances $000's	Related party payables $000's
Ultimate controlling entity	2023	206	-	1,803
	2022	234	-	1,183

The Company provides funding to the Health Units and Medical Centres amounting to $14,529,000 by way of funding to Te Rūnanga o Toa Rangatira Incorporated (2022: $13,658,000). 2023 funding to Te Rūnanga o Toa Rangatira Incorporated includes a prepayment of $1,451,000 (2022: $1,915,000).

11 Related party disclosures (continued)

b) Transactions with related parties (continued)

Ika Toa Limited, Kapiti Tours Limited, Kenepuru Limited Partnership, Kimihia Number 1 Limited, Kimihia Number 2 Limited, Ngāti Toa Limited, Rangatuhi Number 1 Limited, Rāranga Limited, Sheltered Haven Limited, Te Tumu Whatupu Limited, Tiaki Toa Limited, Toa Building Supplies Limited, Toa Developments Limited, Toa Homes Limited, Toa Kenepuru Transition Limited, and Te Ahuru Mowai Limited Partnership are 100% owned by Te Rūnanga o Toa Rangatira Incorporated. There were no transactions between the Company and other related companies during the year.

Toa Rangatira Trust, a trust formed in December 2012 to hold the Ngāti Toa Rangatira historical settlement assets, is a related party. Toa Rangatira Trust and its subsidiaries are related to the Company as they are all 100% controlled by Te Runanga o Toa Rangatira Incorporated. There were no transactions between the Company and Toa Rangatira Trust and its subsidiaries this year.

12 Key management personnel

Key management personnel of the Company includes the parent entity board members, the directors of the Company, and senior management. During the year $10,922 in total was paid to board members for attendance at nine board meetings (2022: $10,750). Senior management are employed by other group companies, with no recharge to the Company for their services.

13 Contingencies and commitments

a) Contingent liabilities

At balance date there are no known contingent liabilities (2022: $nil). The Company has not granted any securities in respect of liabilities payable by any other party whatsoever.

b) Commitments

There were no commitments other than those in the ordinary course of business (2022: $Nil) and no securities or guarantees had been provided by the Company (2022: $Nil).

14 Significant events after balance date

There were no significant events occurring after balance date which may affect either the Company's operations or results of those operations or the Company's state of affairs.

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Independent Auditor's Report

To the members of Ora Toa PHO Limited

Opinion

We have audited the financial statements and statement of service performance (the "performance report") of Ora Toa PHO Limited (the "Entity"), which comprises the service performance information, the statement of financial position of the Entity as at 30 June 2023, and the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year then ended of the Entity and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the performance report presents fairly, in all material respects;

- the financial position of the Entity as at 30 June 2023 and its financial performance and cash flows for the year then ended
- the service performance for the year ended 30 June 2023 in accordance with the Entity's service performance criteria

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

This report is made solely to the Entity's members, as a body. Our audit has been undertaken so that we might state to the Entity's members 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 Entity and the Entity's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) and the audit of the service performance information in accordance with NZ AS 1 *The Audit of Service Performance Information ("NZ AS 1")*. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the performance report* section of our report.

We are independent of the Entity in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other than in our capacity as auditor we have no relationship with, or interest in, the Entity. Partners and employees of our firm may deal with the Entity on normal terms within the ordinary course of trading activities of the business of the Entity.

Other matter

The corresponding figures in the service performance information of the Entity, being those measures related to the year ended 30 June 2023, were not audited.

The independent audit report in relation to the Group's consolidated financial statements for the year ended 30 June 2022 was issued by another assurance provider who expressed an unmodified opinion on the consolidated financial statements on 1 November 2022.

Directors' responsibilities for the performance report

The directors are responsible, on behalf of the Entity, for;

- the preparation and fair presentation of the financial statements and service performance information in accordance Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;
- service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board; and
- such internal control as the directors determine is necessary to enable the preparation of financial statements and service performance information that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the directors are responsible for assessing on behalf of the entity the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the performance report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and service performance information are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) and NZ AS 1 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 economic decisions of users taken on the basis of this performance report.

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A further description of our responsibilities for the audit of the performance report is located at the External Reporting Board website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-14/. This description forms part of our auditor's report.

Ernst + Young

Chartered Accountants
Wellington
31 October 2023