



ANNUAL REPORT 2015-16

JULY 1, 2015 – JUNE 30, 2016



Our vision

Hospice philosophy of care is freely available for all patients and their families/whanau at the end of life.

Our mission

Hospice Taranaki works in partnership with patients, their families/whanau and organisations to provide and influence best practice care, support and understanding at the end of life.

Our values

Compassion - Aroha	Dignity - Whakarangatira
Respect - Whakaute	Fairness - Tika
Trust - Whakawhirinaki	Honesty - Pono
Choice - Puwharu	

Trustees 2015/16

Mike Brooke, chairman

Dianne Bezuidenhout, chair South Taranaki committee

Tim Coleman

Peter Cottam

Dr John Doran

Judy Drummond

Neil Evetts

Paul Lamb

Christine Taylor

Claire Poole

chairman's report



The last 12 months have been a year for breaking records, some of which we are thrilled about but others bring a tinge of sadness.

The good news is that our shops continue to increase their turnover and profitability. Budgets are being exceeded and it is satisfying to know that our decision to move to a new shop in Stratford was the right one. And because we still own the old premises on Broadway there are occasions when there are 2 shops in Stratford. All the other shops are performing very well thanks again to our amazing volunteers.

The Waiwakaiho

shop had outgrown the building and have now moved to another larger property in the same part of town. All these moves are expensive but, in the long term, are worth it and they certainly bring the best out of our volunteers who can see the benefits and spare no effort to achieve a result.

"All the other shops are performing very well thanks again to our amazing volunteers and staff."

Our overall results from the shops show increased income which is directly proportional to the amount of goods donated by the public and the number of volunteer hours to sort and sell it, both of which are new records.

Probably the best thing done this year was to implement a process to reduce the amount of rubbish and un-saleable items being left in our drop off bays. The decision to pay somebody to monitor incoming goods, particularly at weekends, is very worthwhile and our landfill charges are at a record low.

Another record was broken by the Community Nursing Team who made a huge number of home visits throughout the year. Outstanding.

I suppose you could say that the results of our Service Development Team, Lisa Mourie, Mary Harker and Joanne Robinson, have been a record but as this was its first official year there isn't anything to compare it with. All care facilities in the province are visited to help their nursing staff to recognise and treat residents needing palliative care.

Donations, whilst not at record levels were substantial and events organised by members of the public with the proceeds going to Hospice made a major contribution. Another donation fulfilled our intentions to install smart TV's in the in-patient rooms. Simply fantastic.

So what about the downside?

We have received a record number of referrals and occupancy rate which translates into more members of our community being affected by life-threatening illness but we have been able to provide the excellent service

"We have received a record number of referrals . . . "

for which we are known.

We have had people stealing from our drop off bays and selling items on Trade Me and other sites. Scumbags. The police are dealing with the offenders.

Our strategic plan has been implemented and is working very well. Our Health and Safety policy is under regular if not constant review.

We accepted the challenge set by the Institute of Accountants to transition to their new reporting standards even though it was a very expensive exercise and the benefits escaped us. More work and money for no obvious advantage.

During the year we were fortunate to fill our Medical Officer position and now have a full medical team.

The Board welcomed a new member, Claire Poole, who lives in South Taranaki and currently works at the Opunake pharmacy which is in a part of the province where we haven't had previous representation. Her father-in-law has been a Hospice Volunteer for several years.

Roger Malthus and his talented group manage the Foundation which deals with our reserve funds ensuring astute investment usually based on the free advice provided by Craigs. This is a very critical service for us as we endeavour to achieve good results in a period of low interest rates. A round of applause for everyone involved.

You may know that a book is being written about the 25 years of Hospice by a professional journalist. It should be out soon and we are looking forward to it as it will concisely document our fascinating history.

Our funders continue to provide a large amount of our income and we appreciate their continued support. Thanks to everyone who enables us to meet our challenges.

Finally, Kevin is retiring next year. Terrific job done. Big boots to fill. More about that as the time draws closer but another hard task for the Board sub-committee to tackle.

It has, as always, been a pleasure being the Chairman of such a positive and thriving organisation which is always ready for anything. The Board, staff and volunteers make it all possible and I know that I echo the feeling of the community at large when I say a sincere "thank you all".

– Mike Brooke, Chairman

"staff and volunteers make it all happen . . . "

ceo's year in review

Change continues apace in the health sector, influenced mainly by increasing need and limited government funding. However the long awaited boost in funding by the government for the hospice sector has restored us to a more sustainable position. *More on that in the financial section of this report.*

"support from our community has again been outstanding . . .

The support from our community has again been outstanding and in particular the feedback from patients and families/whanau which demonstrates that our services and people make a real difference to those facing the end of life. The flow on support from the community at large is

essential and has continued throughout the year in so many different ways.

There have been a number of highlights from my perspective. As a consequence of the government allocating additional funding to hospices to develop service initiatives which are aimed at ensuring that the needs of our aging population for end of life care can be provided in all settings.

In Taranaki we have concentrated on the relationship with aged care facilities. Many people are now reaching the end of life in an aged care facility at one of 3 different levels. They may be living independently in a villa, they may be in residential care, or they may be at hospital level of care. In 2016 34% of hospice patients died in an aged care facility. This ratio is only going to grow in the future so the new initiative which supports the staff in aged care where there are palliative patients is a key direction for the future. We have been delighted with the positive response to this new initiative combining specialist nursing and counselling support to staff in the facilities. The concept is to extend the reach of the hospice philosophy of care to all those who need it in aged care.

Although we have yet to finalise the details I am also very pleased to see our hospitals increasing the awareness of end of life care and in turn recognising the value of the in-reach service we have been providing, particularly at Base Hospital for a number of years. The decision to allocate specific doctor time to this important area of medicine is a significant milestone. We have been lobbying for this (small as it is) for several years.

The shift of our Stratford HospiceShop into the larger new premises has been an outstanding success with sales almost triple of that previously. The appointment of a manager (Tania Brown) along with a big increase in volunteer hours has seen the shop go from strength to strength. With great contributions from the other 3 HospiceShops (and the warehouse operation) we saw total sales reach another all time high.

"Stratford HospiceShop has been an outstanding success. "

"excellent staff we have, it is their dedication . . . which makes Hospice Taranaki a very special organisation "

Our organisation continues to be held in high regard throughout the province and this is due to the excellent staff we have, it is their dedication to providing the very best of care which makes Hospice Taranaki the very special organisation it is. Likewise the staff of our HospiceShops and warehouse all do great work in their

respective roles. Across the organisation the volunteers bring with them not only their commitment and willingness to help but they provide a tremendous link in to the Taranaki community.

The senior leadership team at Te Rangimarie Heather Koch, Jenny Blyde, Lianne McElroy, Suzy Dymock (replaced by Cath Anderson-Carroll) are all talented and capable people – thank you for your knowledge, skill and support throughout the year. Similarly the HospiceShop management team of Judy Spranger, Lynda Bennett, Ainslee Shiels, Tania Brown, Ngakiri Antonovich and Michelle Porter and their respective teams I believe are without peer in the hospice sector.

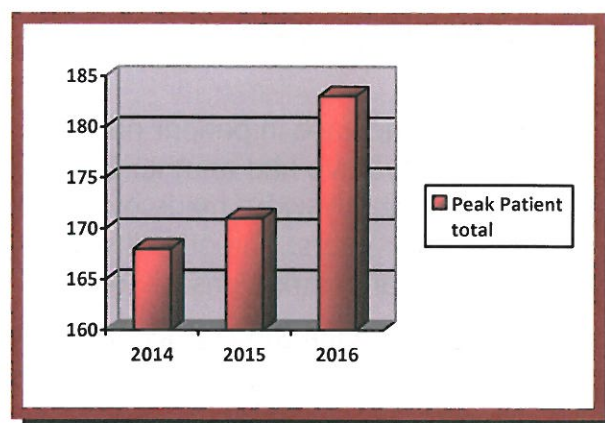
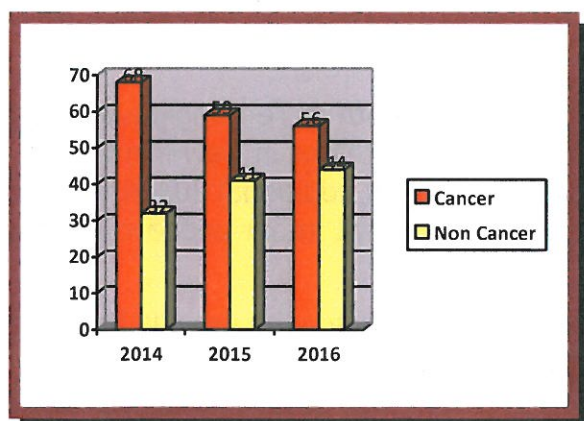
Again I want to personally thank chair Mike Brooke and the Board of trustees for the support they provide me in my role. They are a pleasure to work with and it makes life so much better when the Board and management are on the same page.

Very importantly I want to acknowledge all the Taranaki people and organisations that have supported Hospice Taranaki in any way through the year – thank you one and all.

Kevin Nielsen, Chief Executive

palliative care report

The well established trend of increasing patient numbers has continued throughout a busy 2015/2016 year. A total of 558 new referrals were received compared with 503 the year before. This is a 10% increase year on year. Just over 40% of patients were suffering from illnesses other than cancer. We are seeing the non cancer patient numbers increasing and as the population ages we are seeing more patients with co-morbidities which can make managing the various symptoms more complex and challenging for our team.



We reached an all time high of 183 patients receiving hospice care and support across the province in February 2016. Occupancy at Te Rangimarie averaged just under 80% with the average length of stay

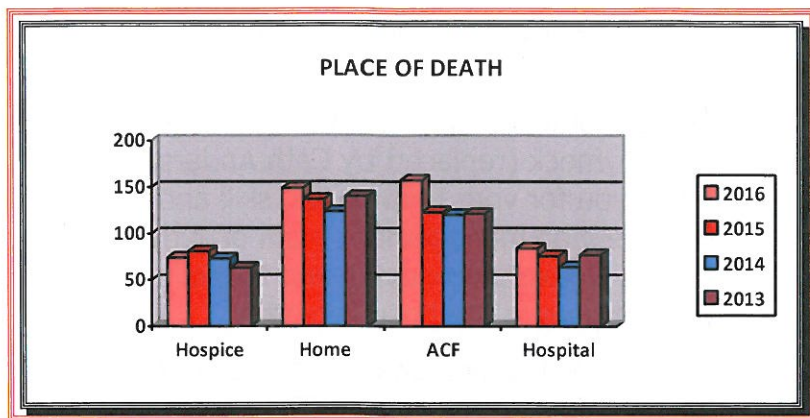
"We reached an all time high of 183 patients"

increasing slightly to 7 days.

There were 7 days in the year when the IPU was full and we could not accept an admission. In most cases these patients were already in a hospital bed and were able to be managed in that setting.

The implementation of the new aged care support service in June which includes 1.4FTE specialist nursing and .6FTE counselling has become an important component of the range of palliative services and it is very likely to require increased resource in the years ahead. Along with the extensive education we

are providing to aged care staff this represents a very significant commitment to our aim of working in partnership with providers of "generalist" palliative care.



PLACE OF DEATH

One of our important indicators

The impression that "hospice" is a place where you go to die is consistently being dispelled as the graphic (left) shows. Our main goal is for patients to die in their place of choice whenever possible – most often this is at home, but sometimes it will be in hospital, sometimes in Te Rangimarie and increasingly in an aged care facility.

nursing team

With the increase in patient numbers the nursing team both in Te Rangimarie and the community have had another busy year. The community teams in New Plymouth, Stratford and Hawera made over 8100 home visits and an additional 304 visits were made after hours. The on call service is a crucial component in our endeavours to avoid un-necessary admissions to hospital.

We acknowledge the District Nurses in Inglewood and Mokau who provide the home nursing care in those areas with our specialist support.

". . . . increased complexity of patients"

The increased complexity of those patients admitted for symptom management or end stage care in Te Rangimarie has necessitated an increase in the nursing team at those busy times.

Although occupancy was on a par with the year prior there were 17% more admissions than the year prior. The average length of stay crept up to 7 days however this was influenced by just a small number of patients being admitted for longer period of time.

Several of the nursing team have undertaken post graduate study during the year and it is now a condition of employment that all new staff have to commit to this professional development.

medical team

The unfortunate departure of Dr Swanevelder for medical reasons in November 2015 was an unexpected loss of our palliative medicine specialist and Medical Director.

However securing the employment of Dr Diana Rae (from Auckland at the time, but from the UK) and Dr Paola Valli from the UK who are both very experienced in palliative medicine has allowed us to again be restored to a full medical team. Along with Dr Catherine Page, Dr Tom Bull (contracted from TDHB) and Dr Nina Bray (casual) we have an excellent team. It is hoped that in early 2017 Dr Bray will achieve specialist status. Dr Ian Smiley our long standing GP and palliative medicine specialist is now able to gradually reduce his role but remains a valued person for the medical team to call on. Dr Judith Teague (GP) also provides periodic weekend cover.

Regular visits are made to central and south Taranaki by one of the team.

counselling and bereavement support

Our Family Support team (counselling, social work and chaplaincy) were also kept very busy. A total of 963 sessions were facilitated by our 2 counsellors which were with either patient alone, patient and related others or related others only. Our remembrance services in New Plymouth (2) and Hawera (1) were again very well attended.

In addition 31 carers and bereaved persons took part in either the carers" groups or bereaved groups during the year.

Our chaplain was involved with 66 patients and our social worker assisted 235 of our patients. The popular biography services volunteers contributed 354 hours putting patient stories together.

Jenny Blyde ably assisted by Rawiri Doorbar continued implementation of the Hospice NZ Spirituality programme. This is a comprehensive programme which recognises the important role that spirituality plays when we (all people) are faced with a life threatening illness.

"A total of 963 sessions were facilitated by our counsellors"

In the last month of the year (June) Mary Harker joined the team as part of the Aged Care service development and her services have been welcomed in that sector.

education

This part of our service continues to grow in both activity and importance. The aging population in our country means that palliative and end of life care need is growing at a

rapid pace and the need for increased knowledge and skills of general practitioners and aged care staff will be essential if we are to achieve our aim that all dying people will have access to the best quality end of life care and support.

During the year 177 participated in our sessions. There which is more than the year, which Yarrow Wing Education Suite.

"56 sessions which is an average of more than 1 each week"

staff from aged care facilities range of palliative care were a total of 56 sessions one course a week throughout makes great use of our

Regular contact with the aged care facilities through our Link Nurse programme is an important part of our working relationship with these facilities.

day programme

This programme which is available each Wednesday and Friday at Te Rangimarie is really enjoyed by those patients well enough to attend. On average each day 6 or 7 patients attend and a diverse range of activities are on offer during the year. In total there 577 attendances in the year. From children's choirs; multi ethnic entertainment and food; auction of donated items; housie; garden party; various guest speakers; visits out; it is a terrific programme. Of course always interspersed with morning tea and lunch prepared by our kitchen team

Each year John Rae arranges for some of the Americana cars to visits and offer rides to our Day programme attendees. This year he bought along Greg Murphy and delighted one of our patients particularly as we were told her daughter has a photo of Greg on her wall!



financial performance operating surplus/deficit

After 2 years of financial deficits which have been funded by our Foundation to the tune of \$230,000, the 15/16 year has seen a major turn-around in our overall result. We have recorded a surplus of \$239,629 which on the face of things is an outstanding outcome.

The main contributing factors to the much improved results are multi-faceted.

- ✚ Much needed increase in government funding through our DHB. The funding increase was announced in 2015 and confirmed in the 2015/16 budget. This amounted to an annual increase of \$352,000 in funding from TDHB.
- ✚ The TSB Community Trust operating grant increased from \$50,000 to \$100,000 for the year and has been a huge boost.

"TSB Community Trust grant increased to \$100,000"

- ✚ A number of grants for capital items from the Hospice Taranaki Foundation (\$38,000); Southern Trust (\$16,000); the Lion Foundation (\$15,000) and Innovations Funding capital grant of \$22,850. These grants totalled \$91,850 and consequently inflated the year's revenue by this amount as of course capital grants impact only by the amount of their annual depreciation.

- ✚ Our HospiceShops, led by an outstanding result from the new Stratford shop again increased sales over the prior year.

So while we can feel well pleased with the overall result for this year we cannot expect a similar outcome in the 16/17 year.

There is no doubt that community fundraising is becoming more challenging as more and more organisations are having to seek community support to be able to sustain their services. In our case we can be assured that we will see very little if any increase in our DHB funding in the year ahead. The impact of our aging population on the health dollars is only going to increase in the years ahead of us.

revenue

The combination of the preceding points saw total revenue increase by 13.9% to \$5,587,380. Funding through the Taranaki District Health Board increased by \$352,000, all of which came directly from the Ministry of Health tagged for Hospice Taranaki and therefore had no impact on other services funded by TDHB.

Grants and donations totalled \$328,234. *Note this shows a considerable drop from 2015, however this is due to the re-purposing of the accounts into the new Reporting Standards which came into effect this year.* In fact general donations were on a par with the prior year.

Total fundraising, including donations, increased by 8.5% mainly due to the increased sales through our 4 wonderful HospiceShops.

"Total fundraising increased by 8.5%"

expenditure

With the increase in patient numbers we have seen a significant rise (6.5%) in operating expenditure of providing our services as well as increases in the operating costs of our HospiceShops.

Remuneration increased by 5.7% which is high. However there were a number of factors behind that increase some of which were one-offs.

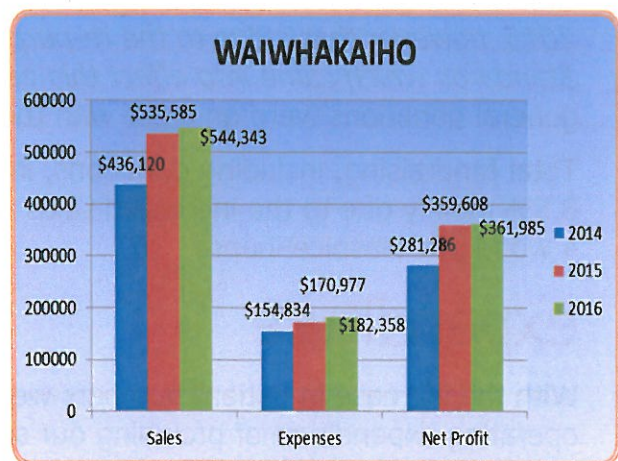
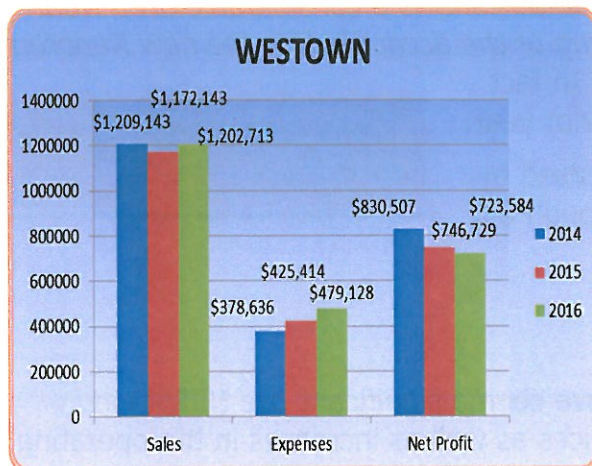
- Administration salaries were up by 4.3% however half of that increase was recovered through the Innovations project funded by the Ministry of Health. The underlying increase was just 2%.
- Nursing wages increased by 6.4%, however of this increase funding was received for the Innovations Project which reduced the increase to 5.4%. We have had to slightly increase the nursing team, which is our largest workforce by far, to manage the increased patient numbers in the community and the busyness of the in-patient unit.
- The employment of temporary staff in our warehouse pushed HospiceShops wages up by 11%. We also increased staff at Waiwhakaiho with their sales pushing past half a million dollars. Removing the effect of the temporary staff the increase was 4.5%

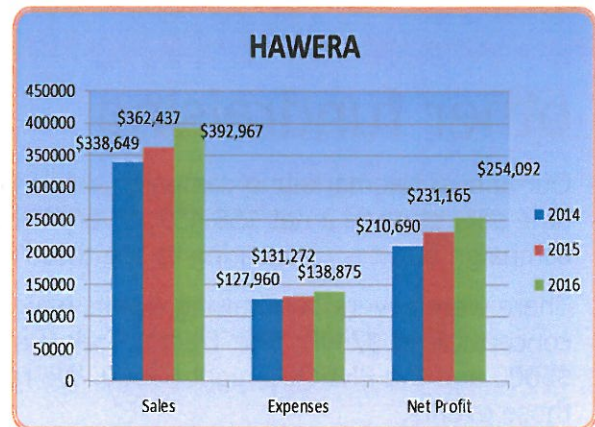
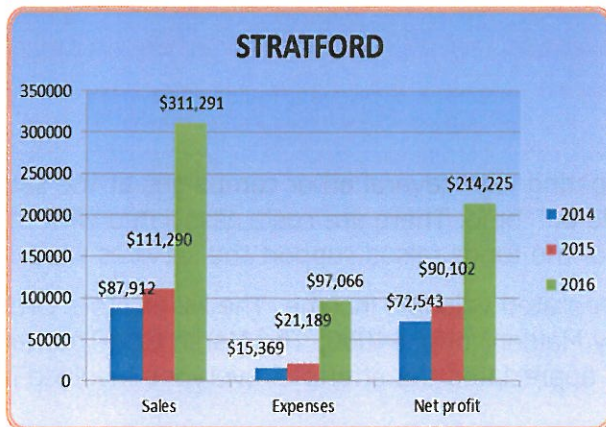
Other areas of expenditure to increase significantly were: Rent with the move of the Stratford HospiceShop; Repairs and Maintenance; Training and education and vehicle expenses.

While the increase in costs is a concern our services are people focussed and the key to the high standard of hospice are (and our reputation) is having our people being able to spend the time with patients and families in their hours of need. Remuneration represents 73% of our total operating expenditure and 85% of our remuneration is for those staff directly involved with patient and family/whanau care and support.

"the high standard of hospice care (and our reputation) is having our people being able to spend the time"

hospiceshops





Another excellent year for our HospiceShops. While all the shops did exceedingly well Stratford stood out as it became established in their new shop with sales effectively triple that in the prior year. And, double what we had anticipated when we made the decision to relocate. While there were some diverse opinions about the new site the location has been well and truly vindicated. Tania and the team have done a superb job! Waiwhakaiho continued to increase sales and this has resulted in a move to a new location (on the same site) since balance date.

"HospiceShop sales increased by 12% "

Hawera set new records and Westown continues to be our highest grossing outlet. The shops are underpinned by the Borrell Ave warehouse and that team does a great job managing the incoming goods.

The build up of clothing necessitated the employment of short term staff on two occasions as the volunteer team just could not keep up with the volume. This affected the costs of the Westown shop.

Our HospiceShops and warehouse are where the largest number of our volunteers are deployed and along with the permanent staff we have a great set up.

AUCTIONS:

Another 4 successful auctions were held and a total of \$50351 was raised. We appreciate the support of the Devon Hotel and Conference Centre; South Taranaki Club; Stratford Rugby and Sports Club; Eftpos Specialists Taranaki; and McDonald Real Estate.

To Tom Phillipson for his many hours of sorting and cataloguing and Peter McDonald for his outstanding auctioneering, a big thank you.

The extra hours put in by Judy and other staff and volunteers in preparation for the auctions and for the work on the day are what make them so successful.

It never fails to amaze just how many valuable auction items we find among our thousands of donated goods.

other fundraising

Our annual telemarketing campaign, while competing with several other campaigns at the same time still returned a net \$56,459, a very valuable outcome. There are costs associated with the campaign but it is re-assuring to see that 70% of the funds raised support the services we provide.

There were several fundraising events which generated valuable income. The NZ Doctors Orchestra concert raised \$7448; The Tractor Trek (Rodney Maiden) over \$4000; The Marsh Golf Tournament \$6000 and the BNI Quiz night \$3600. We really appreciated the efforts of everyone involved in those events.

grants

We thank the following organisations for grants during the year which are essential to our service: TSB Community Trust; TET; NZ Community Trust; New Plymouth Club; Southern Trust and Lion Foundation

our sponsors

We are fortunate to have a number of long standing sponsors and we are indebted to them all for their on-going support. Budget Rentals (HospiceShop Westown truck); Central Finance (HospiceShop warehouse van); The Devon Hotel and Conference Centre (Antique and Collectible auction facilities); McDonald Real Estate (Cash sponsorship and auctioneering by Peter McDonald); RJ Eagar Stratford; BDO.

knitting group:

Another outstanding year by this group of dedicated knitters. \$12,055 raised from their beautiful work, what a great result. Apart from the actual knitting Cathryn Phillips and her team also staff the numerous sales stalls they have during the year.

trees of remembrance:

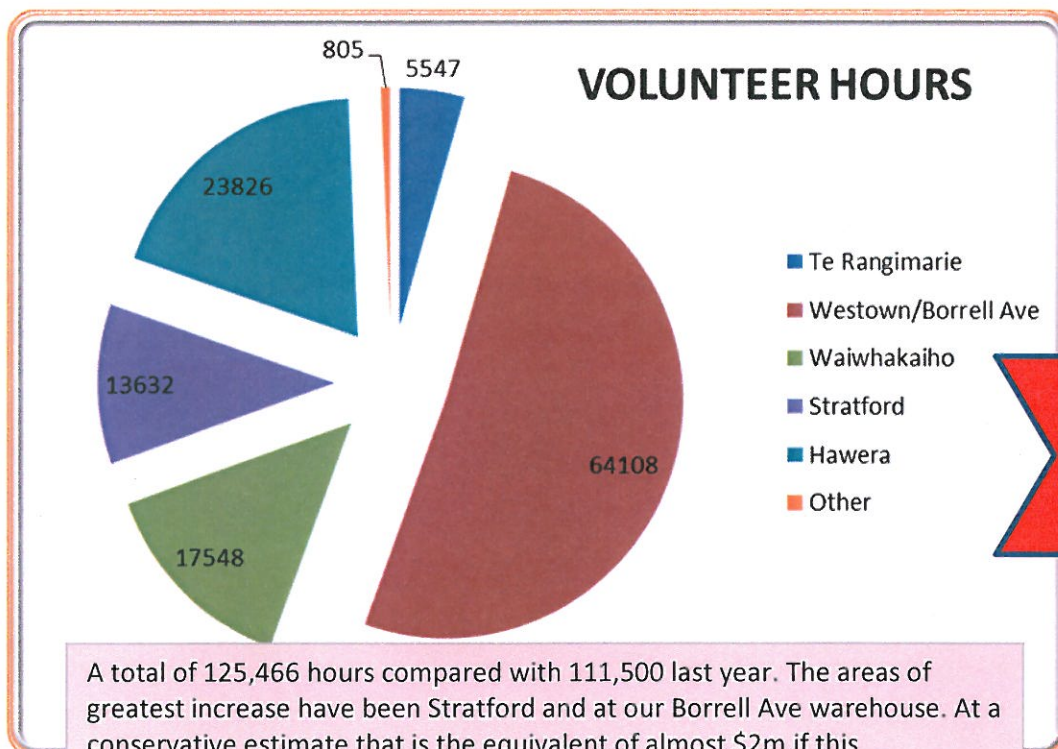
The Tree of Remembrance in New Plymouth was again in Farmers as part of their promotion in support of hospices throughout the country. The Trees of Remembrance were also in Opunake (Rosalie Drummond organiser), Kaponga (Karl and Tina Turner at their 4 Square Store), Hawera (South Taranaki Hospice Committee) and Stratford (Judy Drummond organiser). The Farmers promotion raised \$14,297 and the other Trees of Remembrance raised another \$2102. Thank you all!

These groups and individuals organised fundraising events during the year with us as the benefactors – thank you!

Antique Fair Charitable Trust; Eagar's Family Flick Night; Riding for hospices – Picton to Bluff Jeff and Virginia Hall and Tony Ellis; Mitre 10 Mega; Fabric-a-brac; Gravetye Gardens; NP Bowling Club – Bowling tournament, Inglewood Club - annual Spud competition, BNI Taranaki chapters – Energise, Late for Breakfast and Success Like No Other -quiz night; Great NZ Tractor Trek, Phil Aish, Rodney Maiden, John Hodges, Robin Aitken and Michael Archer; House of Travel New Plymouth; Jennifer Tooley quiz night; Jimmy Lim – London Marathon; Marsh Insurance brokers - golf tournament; New Plymouth Joggers and Walkers Daily News half marathon; Z Service Stations – Good in the Hood (Courtenay Street), De Burgh Adams Lodge – birthday celebration, Farmers Trading Company – Christmas promotion of Caring Connections in our Community; Taranaki Music Sessions.

volunteers

Yet again the hours contributed by our wonderful volunteer team increased. Up to a total of over 125,000 hours, simply amazing! We are absolutely blessed with the number and quality of volunteers, while always seeking more, overall we do very well. The volunteers bring so much to our organisation, not least of all a great link into the community that we serve.



A total of 125,466 hours compared with 111,500 last year. The areas of greatest increase have been Stratford and at our Borrell Ave warehouse. At a conservative estimate that is the equivalent of almost \$2m if this contribution was paid for even at the minimum wage and that would not reflect just what volunteers bring to our organisation.

south taranaki committee

The committee comprises: Dianne Bezuidenhout, Malcolm McDonald, Margaret Robinson-Davies, Karen Scott, Jenny Wasley, Margaret McCallum, Pam Jensen, and Vera Madgwick.

This group undertook a number of fundraising activities during the year and also arranged the annual tree of remembrance and the memorial service in Hawera. The support from this committee is invaluable and we appreciate their on-going support for professional development for the South Tki nurses.

hospice taranaki foundation

While the trustees are focussed on achieving a good return on the funds they are absolutely committed to supporting our delivery of care and support services. We acknowledge the very generous support of Craigs Investment partners (Michael Regan and Andrew Butterworth) for their portfolio management services which they provide free of charge.

We appreciated the valuable support of the Foundation to the tune of \$38,000 for replacement motor vehicles.

The trustees are: Roger Malthus Chairman, Paul Bourke, Brian Busing, Tim Coleman and Mike Brooke.

**HOSPICE TARANAKI INCORPORATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

HOSPICE TARANAKI INCORPORATED
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FOR THE YEAR ENDED 30 JUNE 2016

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INDEPENDENT AUDITOR'S REPORT
To the Trustees of Hospice Taranaki Incorporated

Report on the Financial Statements

We have audited the financial statements of Hospice Taranaki Incorporated pages 5 to 26, which comprise the statement of financial position as at 30 June 2016, and the statement of changes in net assets/equity, statement of comprehensive revenue and expenses, statement of cash flow's for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Trustees, as a body, in accordance with the Trust Deed of Hospice Taranaki Incorporated. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Trustees Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit) and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial statements.

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

In addition to audit services, our firm provides other services in the area of compilation. We have no other relationship with or interests in Hospice Taranaki Incorporated.

Basis for Qualified Opinion

As stated in the notes to the accounts, control over income received from fundraising and donations prior to being recorded is limited, and there are no practical audit procedures to determine the effect of this limited control. Consequently we were unable to determine whether any adjustments should be made to the reported outcome of these income streams.

Qualified Opinion of Statement of Comprehensive Revenue and Expenses

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the statement of comprehensive revenue and expenses of Hospice Taranaki Incorporated for the year ended 30 June 2016 is presented fairly, in all material aspects, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit).

Opinion on Statement of Financial Position

In our opinion, the Statement of Financial Position of Hospice Taranaki Incorporated as at 30 June 2016 is presented fairly, in all material respects in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit).

Emphasis of Matter

We draw attention to the accounting policies on pages 9 to 16, which state that these are the financial statements of Hospice Taranaki Incorporated only and that consolidated financial statements of the group consisting of Hospice Taranaki Incorporated and its controlled entities, Hospice Taranaki Foundation and Noel Yarrow Hospice Trust, are available on request



BDO Taranaki
16 November 2016
Taranaki
New Zealand

HOSPICE TARANAKI INCORPORATED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
		\$	\$
Revenue	Note		
Revenue from exchange transactions	6	68,256	82,525
Revenue from non-exchange transactions	7	3,013,284	2,757,848
Services rendered	8	2,505,839	2,065,017
Total revenue		<u>5,587,380</u>	<u>4,905,390</u>
Expenses			
Wages, salaries and employee benefits	9	(3,918,374)	(3,707,803)
Supplies and consumables used		(74,911)	(57,234)
Depreciation and amortisation expense	10	(68,023)	(74,340)
Fundraising		(29,495)	(38,948)
Other expenses	11	(1,264,091)	(1,149,900)
Total expenses		<u>(5,354,894)</u>	<u>(5,028,225)</u>
Finance income		7,143	7,630
Finance expenses		-	-
Net finance income/(expense)	12	<u>7,143</u>	<u>7,630</u>
Surplus/(deficit) for the year from continuing operations		<u>239,629</u>	<u>(115,205)</u>
Other comprehensive revenue and expense		-	-
Total Comprehensive revenue and expense for the year		<u>239,629</u>	<u>(115,205)</u>

These financial statements should be read in conjunction with the notes to the accounts

HOSPICE TARANAKI INCORPORATED
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

30 June 2016	Accumulated revenue and expenses \$	Total net assets/equity \$
Balance at 1 July 2015	178,275	178,275
Total comprehensive income for the year	178,275	178,275
Surplus for the year	239,629	239,629
<i>Total comprehensive income for the year</i>	<u>417,904</u>	<u>417,904</u>
Balance at 30 June 2016	<u>417,904</u>	<u>417,904</u>

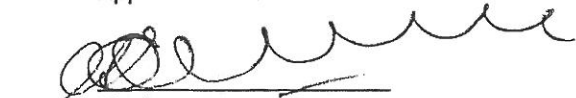
30 June 2015	Accumulated revenue and expenses \$	Total net assets/equity \$
Balance at 1 July 2014	293,480	293,480
Total comprehensive income for the year	293,480	293,480
Surplus for the year	(115,205)	(115,205)
<i>Total comprehensive income for the year</i>	<u>178,275</u>	<u>178,275</u>
Balance at 30 June 2015	<u>178,275</u>	<u>178,275</u>

These financial statements should be read in conjunction with the notes to the accounts.

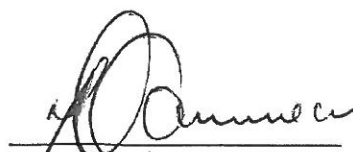
HOSPICE TARANAKI INCORPORATED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2016

		2016 \$	2015 \$
	Note		
ASSETS			
Current assets			
Cash and cash equivalents	13	292,339	152,247
Receivables (from exchange transactions)	14	309,476	213,000
Medical consumables	15	2,443	1,512
Prepayments and other assets		21,170	19,920
Total current assets		625,428	386,679
Non-current assets			
Property, plant and equipment	17	346,649	292,518
Intangibles	18	523	870
Other investments	16	16,000	16,000
Total non-current assets		363,172	309,388
Total assets		988,600	696,067
NET ASSETS/EQUITY AND LIABILITIES			
NET ASSETS/EQUITY			
Equity at start of the period		178,275	293,480
Accumulated revenue and expense		239,629	(115,205)
Total net assets/equity		417,904	178,275
LIABILITIES			
Current liabilities			
Payables (from exchange transactions)	19	258,354	194,240
Employee benefit liability	20	312,342	323,553
Total Liabilities		570,696	517,793
Total net assets/equity and liabilities		988,600	696,067

Approved for and on behalf of the Board of Trustees:


Chairperson

16/11/2016
Date


Trustee

These financial statements should be read in conjunction with the notes to the accounts



HOSPICE TARANAKI INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
Note		
Cash flows from operating activities		
Proceeds from:		
Goods and services provided	2,409,360	2,057,403
Grants, donations and bequests	328,234	581,221
Fundraising	2,753,306	2,259,152
Payments to suppliers and employees	(5,236,148)	(4,876,210)
Net cash inflow/(outflow) from operating activities	254,752	21,566
Cash flows from investing activities		
Proceeds from:		
Interest received	7,144	7,610
Gain on disposal of property, plant & equipment	1,792	1,088
Payments for purchase of property, plant & equipment	(123,597)	(53,421)
Net cash inflow/(outflow) from investing activities	(114,661)	(44,723)
Net increase/(decrease) in cash and cash equivalents	140,091	(23,157)
Cash and cash equivalents at beginning of year	152,247	175,404
Cash and cash equivalents at the end of year	292,339	152,247

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These financial statements should be read in conjunction with the notes to the accounts.

HOSPICE TARANAKI INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Note 1 - Reporting entity

Hospice Taranaki Incorporated is a Charitable Trust incorporated under the Incorporated Societies Act 1908.

This is the Society's first set of financial statements presented in accordance with PBE Standards. Upon transition to PBE Standards RDR the Society has applied a number of the transitional provisions afforded in FRS 47. These are detailed in Note 24.

The Society is primarily involved in providing medical care and support to families in the Taranaki community, and operates an opportunity shop as part of its core fundraising activities.

Note 2 - Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with *Public Benefit Entity Standards* Reduced Disclosure Regime ("PBE Standards RDR"), as appropriate for Tier 2 not-for-profit sector public benefit entities.

The Society qualifies as a Tier 2 reporting entity as for the current and prior periods it has had between \$2m and \$30m operating expenditure.

These financial statements were authorised for issue by the Board of Trustees on 16 November 2016.

Separate Financial Statements

Hospice Taranaki Incorporated controls Hospice Taranaki Foundation and Noel Yarrow Hospice Trust. For the purposes of financial reporting the Incorporated Society is the Parent and the Foundation and Noel Yarrow Hospice Trust are the controlled entities.

In order to clearly report the financial performance and position of the Hospice operation including the Hospice Shops, these financial statements of only Hospice Taranaki Incorporated have been prepared.

Hospice Taranaki Incorporated has no direct equity investment in the Foundation or the Noel Yarrow Hospice Trust.

The consolidated financial statements are available for viewing on request.

(b) Measurement basis

The financial statements have been prepared on the historical cost basis, except for the following items in the statement of financial position which are measured at fair value.

- Available-for sale financial instruments

(c) Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the entity's functional and presentation currency.

There has been no change in the functional currency during the year.

Note 3 - Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the financial statements include the following:

- Revenue recognition - non-exchange revenue (conditions vs. restrictions)

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2016 include the following:

- Useful life, recoverable amount, depreciation/amortisation method and rate
- Determination of fair values (refer to note 2(b))

Note 4 - Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the entity.

Certain comparative amounts in the statement of comprehensive revenue and expense and the statement of financial position have been reclassified and or represented as a result of changes in accounting policies for compliance with NZ PBE Standards. These changes are detailed in Note 5.

The significant accounting policies of the entity are detailed below:

- (a) Revenue
- (b) Employee benefits
- (c) Finance income and finance costs
- (d) Financial instruments
- (e) Impairment of non-derivative financial assets
- (f) Inventory
- (g) Property, plant and equipment
- (h) Intangible assets
- (i) Leases

(a) Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the entity, and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the entity's revenue streams must also be met before revenue is recognised.

i. Revenue from exchange transactions

Membership fees and subscriptions

Revenue is recognised over the period of the membership or subscription (usually 12 months). Amounts received in advance for memberships or subscriptions relating to future periods are recognised as a liability until such time that period covering the membership or subscription occurs.

Dividends received

Income from dividends is recognised when the Society's right to receive payment is established, and the amount can be reliably measured.

HOSPICE TARANAKI INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

ii. Revenue from non-exchange transactions

Non-exchange transactions are those where the entity receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

Inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value is reliably measurable.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be reliably estimated.

The following specific recognition criteria in relation to the entity's non-exchange transaction revenue streams must also be met before revenue is recognised.

Sale of goods

The entity receives considerable donations of second hand goods for sale through the Opportunity Shops. Donations are received primarily from private benefactors. Revenue from the sale of donated goods is measured at the fair value of the consideration received.

Revenue is recognised when ownership is transferred to the customer, which occurs at the point of sale.

Fundraising

The Society's fundraising activities involve selling of donated goods through the Hospice Shops, telemarketing for donations and various fundraising activities.

Fundraising non-exchange revenue is recognised at the point at which a receipt is formally acknowledged.

Grants, donations, legacies and bequests

The recognition of non-exchange revenue from *Donations, Legacies and bequests* depends on the nature of any stipulations attached to the inflow of 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 entity to return the inflow of resources received if they are not utilised in the way 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 entity 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 *non-exchange liability*, which results in the immediate recognition of *non-exchange revenue*.

iii. Rendering of services

The Society receives operating grants to fund the provision of services to the community. These grants are recognised as revenue for services rendered in surplus or deficit.

Revenue for services rendered is invoiced in arrears following provision of the services to the grant provider. There has been no adjustment to recognise amounts received in advance as a liability.

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(b) Employee benefits

i. Short-term employee benefits

Short-term employee benefit liabilities are recognised when the entity has a legal or constructive obligation to remunerate employees for services provided within 12 months of the reporting date, and is measured on an undiscounted basis and expensed in the period in which employment services are provided.

(c) Finance income and finance costs

Finance income comprises interest income on financial assets, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through surplus or deficit, and gains on the remeasurement to fair value of any pre-existing interest in an acquiree. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

Finance costs comprise interest expense on financial liabilities, unwinding of the discount on provisions, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through surplus or deficit, impairment losses recognised on financial assets, and fair value adjustments on concessionary loans issued.

(d) Financial instruments

The Society initially recognises financial instruments when the entity becomes a party to the contractual provisions of the instrument.

The Society derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Society derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Society also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Society classifies financial assets into the following categories: *fair value through surplus or deficit*, *held-to-maturity*, *loans and receivables*, and *available-for-sale*.

The Society classifies financial liabilities into the following categories: *fair value through surplus or deficit*, and *amortised cost*.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

i. Fair value through surplus or deficit

A financial instrument is classified as *fair value through surplus or deficit* if it is:

- *Held-for-trading*: Derivatives where hedge accounting is not applied
- *Designated at initial recognition*: If the entity manages such investments and makes purchase

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

and sale decisions based on their fair value in accordance with the entity's documented risk management or investment strategy.

The Society doesn't hold any financial instruments classified as *fair value through surplus or deficit*.

ii. Held-to-maturity

If the Society has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as *held-to-maturity*.

The entity doesn't hold any *held-to-maturity* financial assets.

iii. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses (refer Note 4(e)).

Loans and receivables comprise Receivables (from exchange transactions).

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

Available-for-sale financial assets are subsequently measured at fair value with gains or losses (other than foreign exchange gains or losses) recognised in other comprehensive revenue and expense and presented in the *AFS fair value reserve* within net assets/equity, less impairment (refer Note 4(e)).

Upon derecognition, the accumulated gain or loss within net assets/equity is reclassified to surplus or deficit.

Available-for-sale financial assets comprise equity securities classified as non current other investments.

iv. Amortised cost financial liabilities

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

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

Financial liabilities classified as *amortised cost* comprise accounts payable, inter-entity advance from Hospice Taranaki Foundation, salary accruals and GST payable.

(e) Impairment of non-derivative financial assets

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty; restructuring of an amount due to the entity on terms that the entity would not consider otherwise; indications that a counterparty or issuer will enter bankruptcy; adverse changes in the payment status of borrowers or issuers in the entity; economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an equity security classified as an *available-for-sale*

HOSPICE TARANAKI INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

i. Financial assets classified as held-to-maturity and loans and receivables

The Society considers evidence of impairment for financial assets measured at amortised cost (*loans and receivables* and *held-to-maturity*) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Society uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against *loans and receivables* or *held-to-maturity*. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

ii. Financial assets classified as available-for-sale

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in net assets/equity to surplus or deficit.

The cumulative loss that is reclassified from net assets/equity to surplus or deficit is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in surplus or deficit.

Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired *available-for-sale* debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit. However, any subsequent recovery in the fair value of an impaired *available-for-sale* equity security is recognised in other comprehensive revenue and expense.

(f) Inventory

Inventory comprising medical consumables is initially measured at cost.

Inventories are subsequently measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Items that are acquired through non-exchange transactions comprise goods donated, primarily by private individuals, for sale through the Opportunity Shops. The deemed cost of donated goods is nil.

(g) Property, plant and equipment

i. Recognition and measurement

Items of property plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

recognition.

Items of property, plant and equipment are subsequently measured under the cost model, being cost (or fair value for items acquired through non-exchange transactions) less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the entity. Ongoing repairs and maintenance is expensed as incurred.

iii. Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment. 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 diminishing value depreciation rates are:

- | | | |
|-------------------------|-------------|----------------------|
| • Plant and machinery | 9.5%-39.6% | (2015: 9.5% - 39.6%) |
| • Motor vehicles | 20.0%-31.2% | (2015: 20% - 31.2%) |
| • Fixtures and fittings | 7.5%-48.0% | (2015: 7.5% - 48%) |
| • Computer equipment | 33.0%-40.0% | (2015: 33% - 40%) |

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

(h) Intangible assets

i. Recognition and measurement

Intangible assets are initially measured at cost, except for intangible assets acquired through non-exchange transactions (measured at fair value).

All of the Society's intangible assets are subsequently measured in accordance with the *cost model*, being cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment, except for the following items which are not amortised and instead tested for impairment:

- Intangible assets with indefinite useful lives, or not yet available for use.

The Society has no intangible assets with indefinite useful lives.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in surplus or deficit as incurred.

iii. Amortisation

Amortisation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of each amortisable intangible asset.

The diminishing value amortisation rates are:

- Software 36% - 40% (2015: 36% - 40%)

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

(i) Leases

i. Classification and treatment

Leases in terms of which the entity assumes substantially all the risks and rewards of ownership are classified as *finance leases*.

Leases that are not *finance leases* are classified as *operating leases*.

Operating leases

Operating leases are not recognised in the entity's statement of financial position. Payments made under operating leases 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.

ii. Determining whether an arrangement contains a lease

At the inception of an arrangement the Society determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfilment of the arrangement is dependent on the use of a specific assets or assets, and
- The arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Society separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Society concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the entity's incremental borrowing rate.

Note 5 - Changes in accounting policy

The accounting policies have been applied consistently to all periods presented in these financial statements, except as explained in note 26, which addresses changes in accounting policies as a result of the initial adoption of NZ PBE Standards.

Certain comparative amounts in the Statement of Comprehensive Revenue and Expense and Statement of Financial Position have been reclassified to conform with the current year's presentation.

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 6 - Revenue from exchange transactions

	2016	2015
	\$	\$
Dividends received	-	848
Other income from exchange transactions	68,256	81,677
	<u>68,256</u>	<u>82,525</u>

Note 7 - Revenue from non-exchange transactions

	2016	2015
	\$	\$
Sales of donated goods	2,451,314	2,176,456
Donations received	316,274	325,971
Sponsorship received	16,448	5,000
Grants received	217,288	250,250
Other revenue from non-exchange transactions	11,960	171
	<u>3,013,284</u>	<u>2,757,848</u>

Note 8 - Services rendered

	2016	2015
	\$	\$
Funding received - Taranaki District Health Board	2,491,508	2,059,066
Funding received - Clinical Training Agency	5,470	5,518
Funding received - ACC	8,861	433
	<u>2,505,839</u>	<u>2,065,017</u>

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 9 - Wages, salaries and employee benefits

	2016	2015
	\$	\$
Wages	3,843,733	3,638,968
Kiwi saver contribution	74,641	68,835
	<u>3,918,374</u>	<u>3,707,803</u>

Note 10 - Depreciation and amortisation

	2016	2015
	\$	\$
Amortisation	347	579
Depreciation	67,676	73,761
	<u>68,023</u>	<u>74,340</u>

Note

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Note 11 - Other expenses

	2016	2015
	\$	\$
ACC levies	11,999	29,967
Accounting fees	10,822	4,600
Audit fees	19,615	26,376
Administration expenses	148,467	126,603
Occupancy expenses	102,100	95,860
Rent	465,909	421,676
Repairs and maintenance	129,747	118,231
Training	37,884	16,110
Vehicle expenses	69,710	62,937
Loss on disposal of property, plant and equipment	51	1,604
Other expenses	267,787	245,938
	<u>1,264,091</u>	<u>1,149,900</u>

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 12 - Net finance income

	2016	2015
	\$	\$
Finance Income		
Interest received - bank	7,143	7,630
	<u>7,143</u>	<u>7,630</u>
Net Finance Income/(expense)	<u>7,143</u>	<u>7,630</u>

Note 13 - Cash and cash equivalents

	2016	2015
	\$	\$
Cash on hand	2,880	1,930
TSB Bank - general account -00	7,707	6,019
TSB Bank - Incorporated society -80	255,164	119,897
TSB Bank - South Taranaki -01	875	1,414
TSB Bank - South Taranaki -81	9,102	7,037
TSB Bank - term investment	16,611	15,950
Total cash and cash equivalents per statement of cash flows	<u>292,339</u>	<u>152,247</u>

Per annum annual interest rate ranges applicable to components of cash and cash equivalent:

Bank deposits	2%	2%
Call deposits	2% - 3.2%	2% - 4.2%

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

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 14 - Receivables - exchange transactions

	2016	2015
	\$	\$
Trade receivables	309,127	212,650
Accrued interest	349	350
	<u>309,476</u>	<u>213,000</u>

There has been no impairment of receivables from exchange transactions.

Note 15 - Inventories

	2016	2015
	\$	\$
Medical consumables	2,443	1,512
	<u>2,443</u>	<u>1,512</u>

Note 16 - Other investments

	2016	2015
	\$	\$
<i>Available-for-sale financial assets</i>		
Equity securities - Waikato Property Ltd shares	16,000	16,000
Balance at 30 June	<u>16,000</u>	<u>16,000</u>
Classified as:		
Current	-	-
Non current	16,000	16,000
Balance at 30 June	<u>16,000</u>	<u>16,000</u>

The assessed fair value of Available-for-sale financial assets is approximate to cost and no fair value reserve has been established at balance date.

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 17 - Property, plant and equipment

Cost or valuation	Note	Motor vehicles	Office equipment	Furniture & fittings	Computer hardware	Plant & equipment	Total
		\$	\$	\$	\$	\$	\$'000
Balance at 1 July 2015							
Cost		237,100	42,142	256,264	37,249	314,318	887,073
Additions		64,109	-	9,659	4,522	45,307	123,597
Disposals		(17,896)	-	-	-	(889)	(18,785)
Balance at 30 June 2016		283,313	42,142	265,923	41,771	358,736	991,885

Accumulated depreciation

Balance at 1 July 2015							
Accumulated depreciation		140,983	29,476	164,968	21,008	238,120	594,555
Less disposals during the year		(16,383)	-	-	-	(612)	(16,995)
Current year depreciation		24,466	2,627	15,169	6,240	19,174	67,676
Balance at 30 June 2016		149,066	32,103	180,137	27,248	256,682	645,236

Net book value

At 1 July 2015		96,117	12,666	91,296	16,241	76,198	292,518
At 30 June 2016		134,247	10,039	85,786	14,523	102,054	346,649

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HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 17 - Property, plant and equipment (continued)

Cost	Note	Motor vehicles	Office equipment	Furniture & fittings	Computer hardware	Plant & equipment	Total
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2014							
Cost		228,820	41,500	237,203	51,203	293,878	852,604
Additions		8,280	642	19,061	4,577	21,376	53,936
Disposals		-	-	-	(18,531)	(936)	(19,467)
Balance at 30 June 2015		237,100	42,142	256,264	37,249	314,318	887,073

Accumulated depreciation

Balance at 1 July 2014	113,204	26,107	147,655	30,693	220,419	538,078
Accumulated depreciation				(17,090)	(773)	(17,863)
Less disposals during the year	-	-	-			
Current year depreciation	27,779	3,369	17,313	7,405	18,474	74,340
Balance at 30 June 2015	140,983	29,476	164,968	21,008	238,120	594,555

Net book value

At 1 July 2014	115,616	15,393	89,548	20,510	73,459	314,526
At 30 June 2015	96,117	12,666	91,296	16,241	76,198	292,518

In 2016 the entity received no plant and machinery through non-exchange transactions attached with restrictive stipulations that require the entity to disclose.

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 18 - Intangibles

	2016		2015	
Cost	Software \$	Total \$	Software \$	Total \$
Balance as at 1 July	23,848	23,848	23,848	23,848
Additions		-		-
Balance as at 30 June	<u>23,848</u>	<u>23,848</u>	<u>23,848</u>	<u>23,848</u>
Accumulated amortisation and impairment	Software \$	Total \$	Software \$	Total \$
Balance as at 1 July	22,978	22,978	22,399	22,399
Current amortisation	347	347	579	579
Balance as at 30 June	<u>23,325</u>	<u>23,325</u>	<u>22,978</u>	<u>22,978</u>
Carrying value as at 30 June	<u>523</u>	<u>523</u>	<u>870</u>	<u>870</u>

Amortisation expense is included in other expenses in the statement of comprehensive revenue and expense.

Note 19 - Payables - exchange transactions

		2016 \$	2015 \$
Trade payables		136,011	92,095
Accruals		80,558	68,422
GST payable		36,468	28,406
Loan from Hospice Taranaki Foundation	23	5,317	5,317
		<u>258,354</u>	<u>194,240</u>

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 20 - Employee benefit liability

	2016	2015
	\$	\$
Provision for employee leave	290,787	246,410
Provision for salary and wages	21,555	77,143
	<u>312,342</u>	<u>323,553</u>
Current	312,342	323,553
Non Current	-	-
	<u>312,342</u>	<u>323,553</u>

Note 21 - Financial instruments

	Loans and receivables	Available for sale	Liabilities at amortised cost	Total carrying amount
30 June 2016	\$	\$	\$	\$
Cash and cash equivalents	292,340	-	-	292,340
Receivables (from exchange transactions)	309,476	-	-	309,476
Equity securities	-	16,000	-	16,000
Payables (from exchange transactions)	-	-	(258,355)	(258,355)
	<u>601,816</u>	<u>16,000</u>	<u>(258,355)</u>	<u>359,461</u>

	Loans and receivables	Available for sale	Liabilities at amortised cost	Total carrying amount
30 June 2015	\$	\$	\$	\$
Cash and cash equivalents	152,248	-	-	152,248
Receivables (from exchange transactions)	213,000	-	-	213,000
Equity securities	-	16,000	-	16,000
Payables (from exchange transactions)	-	-	(517,793)	(517,793)
	<u>365,248</u>	<u>16,000</u>	<u>(517,793)</u>	<u>(136,545)</u>

HOSPICE TARANAKI INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 22 - Operating leases

	2016	2015
	\$	\$
Less than one year	232,131	277,105
Between one and five years	45,056	140,801
More than five years	-	-
Balance at 30 June	<u>277,187</u>	<u>417,906</u>

The Society has entered into an operating lease for land and buildings in New Plymouth, Hawera and Stratford.

Note 23 - Related party transactions

	2016	2015
	\$	\$
Opening balance 1 July	5,317	5,317
Repayments received	-	-
Further advances made	-	-
Balance at 30 June	<u>5,317</u>	<u>5,317</u>

Lease of land and buildings

During the period the Society leased land and buildings for an amount of \$320,010 (2015: \$320,010) from Hospice Taranaki Foundation on trade terms and conditions.

Grants received

During the period the Society received an operating grant of \$38,000 (2015: \$110,000) from Hospice Taranaki Foundation.

Advances received

The Society has been provided with a short-term advance facility from Hospice Taranaki Foundation for \$5,317. The advance is non-interest bearing. A reconciliation of opening and closing balances with payments received and additional advances made is presented above.

Services rendered

Hospice Taranaki Incorporated have entered into minor and insignificant transactions with Clelands Construction Limited. Peter Cottam, a member of the Board of Trustees of Hospice Taranaki Incorporated is a director of Clelands Construction Limited.

(ii) Key management personnel remuneration

The Society classifies its key management personnel into one of three classes:

- Members of the governing body
- Executive team, responsible for operations and reporting to the Board of Trustees

Members of the governing body receive no remuneration payments.

HOSPICE TARANAKI INCORPORATED **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2016**

The executive team are employed as employees of the Society, on normal employment terms.

The aggregate level of remuneration paid and number of persons (measured in 'people' for Members of the governing body, and 'full-time-equivalents' (FTE's) for each class of key management personnel is presented below.

	2016		2015	
	Remuneration	FTEs	Remuneration	FTEs
	\$		\$	
Executive team	368,803	3.2	477,605	3.6
	<u>368,803</u>	<u>3.2</u>	<u>477,605</u>	<u>3.6</u>

Note 24 - Commitments and contingencies

(i) Commitments

The Society had no commitments at balance date (2015: nil)

(ii) Contingent liabilities

The Society had no contingent liabilities at balance date (2015: nil)

(iii) Contingent assets

The Society had no contingent assets at balance date (2015: nil)

Note 25 - Events after reporting date

There are no events after reporting date that affect the financial statements. (2015: nil)

Note 26 - Effect of PBE Standards adoption

As stated in note 5, there are the first financial statements of the Society prepared in accordance with PBE standards. The accounting policies set out in Note 4 have been applied in preparing the financial statements of the Society for the year ended 30 June 2016, the comparative information presented in these financial statements for the year ended 30 June 2015 and the preparation of the opening PBE Standards statement of financial position as 1 July 2014 (the Society's date of transition to PBE Standards).

In preparing the opening statement of financial position at 1 July 2014, the Society has made no adjustments to amounts previously reporting in financial statements prepared in accordance with NZ FRS Old New Zealand GAAP.

The Society has elected to use exemptions that are available PBR FRS 47: First time adoption of PBE Standards by entities other than those applying NZ IFRSs, and these are listed below.

The Society has elected not to use fair value as deemed cost for plant and equipment upon transition, resulting in no change to the carrying amount at 1 July 2014.

The Society has elected not to use fair value as deemed cost for intangible assets upon transition, resulting in no change to the carrying amount as at 1 July 2014.