

TURANGANUI PHO LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

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TURANGANUI PHO LIMITED

**DIRECTORY
AS AT 30 JUNE 2007**

INCORPORATION:

1242107

DIRECTORS:

R Ropiha
J Peters
K McFarlane
D Scott
J F Macaskill-Smith
A Stewart
T Tangihaere
P Brown

SHAREHOLDERS:

Te Hauora O Turanganui A Kiwa Ltd
(Turanga Health)
Pinnacle Incorporated

150 Shares
150 Shares

ACCOUNTANTS:

Pinnacle Group Ltd
Hamilton

AUDITORS:

KPMG
P O Box 929
Hamilton

SOLICITORS:

Beattie Rickman Legal
Hamilton

REGISTERED OFFICE:

610 Victoria Street
Hamilton

BANKERS:

National Bank of New Zealand

PRINCIPAL ACTIVITIES:

Primary Health Funding Services

TURANGANUI PHO LIMITED
ANNUAL REPORT
AS AT 30 JUNE 2007

In accordance with Section 208 of the Companies Act 1993, the Directors of Turanganui PHO Limited submit the following report for the year ended 30 June 2007.

GENERAL DISCLOSURES

In accordance with Section 211(1) of the Companies Act 1993 the Directors disclose the following information.

Company Business

The company business is to provide primary health services in the Tairāwhiti District.

Financial Statements

The financial statements for the company for the year ended 30 June 2007 immediately follow this report.

Changes in Accounting Policies

All policies have been applied on bases consistent with those used in the prior year.

Dividends

No dividend has been proposed or declared.

Share Dealings

There were no share transactions involving the Directors of the company during the period.

Directors' Interests

No Director has had any financial interest or transaction with the company during the year.

Directors' Remuneration

R Ropira	\$ 3,300
J Peters	3,900
K McFarlane	3,900
D Scott	7,200
S Keown	275
J Macaskill-Smith	3,300
A Stewart	3,300
T Tangihaere	3,300
P Brown	875

29,350

TURANGANUI PHO LIMITED
ANNUAL REPORT
AS AT 30 JUNE 2007

Directors Holding Office

The following directors held office at 30 June 2007:

R Ropiha
J Peters
K McFarlane
D Scott
J Macaskill-Smith
A Stewart
T Tangihare
P Brown

The following director resigned during the 2007 year:

S Keown resigned 31 July 2006

Employee Remuneration

No employees earned over \$100,000 in the 2007 year.

Use of Company Information

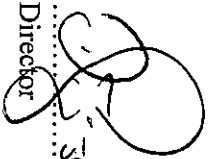
The Board did not receive any notices during the year from directors requesting to use company information received in their capacity as directors which would not have been otherwise available to them.

Donations

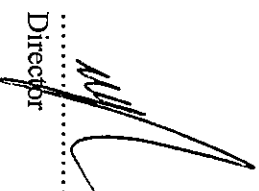
The company did not make donations during the accounting period. (2006 - Nil).

Auditor

The principal auditor of the company is KPMG. KPMG provide audit services for which they are remunerated. An amount of \$5,500 will be payable to the auditors.


..... SR S.P.R.
Director

09/10/07
.....
Date


.....
Director

4/10/07
.....
Date

TURANGANUI PHO LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007

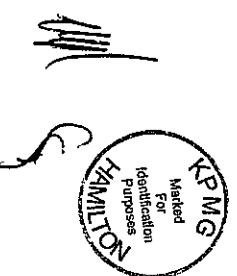
	Note	2007	2006
		\$	\$
OPERATING ACTIVITIES			
Operating Revenue	2	1,950,932	1,859,304
Expense	3	(1,956,039)	(1,730,340)
Net Operating Surplus (Deficit)		<u>(5,107)</u>	<u>128,964</u>

TURANGANUI PHO LIMITED

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	\$	\$
EQUITY AT THE START OF YEAR	270,109	141,145
SURPLUS AND MOVEMENTS IN RESERVES		
Net Operating Surplus (Deficit)	(5,107)	128,964
Total Recognised Revenues and Expenses	(5,107)	128,964
EQUITY AT THE END OF YEAR	<u>265,002</u>	<u>270,109</u>

The accompanying notes form part of these financial statements.



TURANGANUI PHO LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2007

	Note	2007	2006
		\$	\$
EQUITY			
Share Capital	4	-	-
Retained Earnings and Reserves		<u>265,002</u>	<u>270,109</u>
		265,002	270,109
CURRENT LIABILITIES			
Accrued Audit Fees		5,500	5,000
Payables	5	819,451	1,093,326
Hire Purchase - Minolta Copier	6	<u>1,439</u>	<u>4,312</u>
		826,390	1,102,638
NON CURRENT LIABILITIES			
Hire Purchase - Minolta Copier	6	-	1,439
		<u>1,091,392</u>	<u>1,374,186</u>

Represented by:

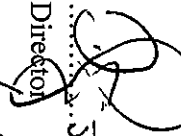
CURRENT ASSETS

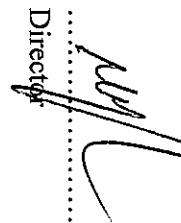
National Bank Cheque Account		20,727	44,482
National Bank 01 Account		194,742	256,024
UDC On Call Account	7	205,427	380,957
South Canterbury Finance Ltd	7	518,935	525,135
Receivables	8	<u>119,311</u>	<u>133,282</u>
		1,059,142	1,339,880

NON CURRENT ASSETS

Property, Plant & Equipment	9	32,250	34,306
		<u>1,091,392</u>	<u>1,374,186</u>

For and on behalf of the board who authorised these financial statements, for issue on the date shown below.


 Director
 09/10/07
 Date


 Director
 9/10/07
 Date

The accompanying notes form part of these financial statements.



TURANGANUI PHO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Turanganui PHO Limited is a company incorporated under the Companies Act 1993. The financial statements comply with the Financial Reporting Act 1993. The financial statements are prepared on the basis of historical cost.

Specific Accounting Policies

The following specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

Differential Reporting Exemptions

The company qualifies for differential reporting as it is not publicly accountable and all owners are represented on the board of directors. The company has taken advantage of all available differential reporting exemptions.

Accounts Receivable

Accounts receivable are stated at their estimated realisable value.

Fixed Assets and Depreciation

Depreciation of fixed assets is calculated on a straight line basis at depreciation rates calculated to allocate the assets' cost less estimated residual values over their useful lives as follows:

Computer Equipment	Straight Line Value Percentage
Office Furniture	25.0%
	15.0%

Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

Taxation

Turanganui PHO Limited is exempt from Income Tax under section CB4(i)(e) as a result of being granted charitable status by the Inland Revenue Department.

Leased Property

The entity leases property, plant and equipment.

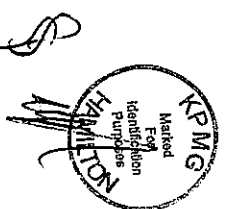
Finance leases, which effectively transfer substantially to the entity all of the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the lease payments. The leased assets and corresponding liabilities are disclosed, and the leased assets are depreciated over the period for which the entity is expected to benefit from their use. Operating lease payments, where the lessors effectively retain substantially all of the risks and benefits of ownership of the leased items, are recognised in the determination of the operating surplus in equal instalments over the lease term.

Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis, with the exception of Accounts Receivable and Payable which include GST.

Changes in Accounting Policies

All policies have been applied on bases consistent with those used in the prior year.



TURANGANUI PHO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

2. OPERATING REVENUE

	2007	2006
	\$	\$
Interest Received	88,414	81,463
Other Revenue	<u>1,862,518</u>	<u>1,777,841</u>
	<u>1,950,932</u>	<u>1,859,304</u>

First Contact Care Revenue and Expenditure of \$4,226,979 (2006 - \$3,879,228) has been excluded from the Statement of Financial Performance, because the PHO acts in an agency capacity for this funding between the DHB and General Medical Practitioners. There is no impact on the reported net surplus as a result of this treatment.

3. EXPENSES

	2007	2006
	\$	\$
Audit	5,500	5,000
Depreciation	11,460	9,941
Directors Fees	29,350	32,732
Interest	641	587
Rental and operating lease payments	41,513	32,179
Other Expenses	<u>1,867,575</u>	<u>1,649,901</u>
	<u>1,956,039</u>	<u>1,730,340</u>

4. SHARE CAPITAL

	2007	2006
	\$	\$
300 Ordinary Shares	<u>-</u>	<u>-</u>

All shares carry the right to one vote on a poll at a meeting of the company on any resolution. Upon wind up, the surplus assets must be distributed to the shareholders, each being tax exempt charitable entities in accordance with section CB4 of the Income Tax Act 1994.



TURANGANUI PHO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

5. PAYABLES

	2007	2006
Accounts Payable	71,836	47,007
Accruals	20,942	3,076
GST Payable	-	6,393
Holiday Pay Accrual	15,817	11,515
PAYE Clearing	5,479	5,605
Related Party Payables	126,659	139,041
Income in Advance	578,718	880,689
	819,451	1,093,326

6. HIRE PURCHASE - MINOLTA COPIER

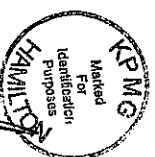
	2007	2006
Current	1,439	4,312
Noncurrent	-	1,439
	1,439	5,751

7. INVESTMENTS

Investments are recorded at cost.

8. RECEIVABLES

	2007	2006
Accounts Receivable	36,751	110,880
Related Party Receivables	773	1,945
GST Receivable	18,657	-
Accruals	63,130	20,457
	119,311	133,282



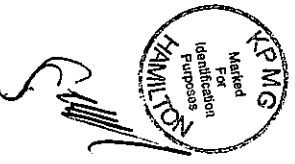
TURANGANUI PHO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

9. FIXED ASSETS

2007 Year	Cost	Accum Depn	Book Value	Depn
Office Equipment	30,604	11,195	19,409	4,375
Computer Equipment	31,653	18,812	12,841	7,085
	62,257	30,007	32,250	11,460

2006 Year	Cost	Accum Depn	Book Value	Depn
Office Equipment	27,403	6,809	20,594	3,738
Computer Equipment	25,422	11,710	13,712	6,203
	52,825	18,519	34,306	9,941



TURANGANUI PHO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

10. RELATED PARTY DISCLOSURES

Pinnacle Incorporated is a shareholder of the company. Pinnacle Incorporated provides general practice network services, clinical quality assurance programmes and implementation of clinical service projects for the company. The company paid fees to Pinnacle Incorporated during the period.

Pinnacle Group Limited is a related party. The company paid Management Service Organisation and Project Management fees to Pinnacle Group Limited during the year.

Turanga Health Limited is a shareholder of the company. Turanga Health Limited provides implementation of clinical service projects, workforce development and health promotion services for the company. The company paid fees to Turanga Health Limited during the period.

No related party debts have been written off or forgiven during the year.

11. COMMITMENTS

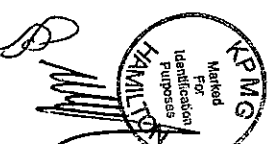
The following amounts have been committed to by the company but are not recorded in either the statement of financial position or the statement of financial performance.

11.1 NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	2007	2006
Current	40,052	39,775
Noncurrent	22,025	50,056
	<u>62,077</u>	<u>89,831</u>

12. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2007 (2006 – Nil).





Audit report

To the shareholders of Turanganui PHO Limited

We have audited the financial statements on pages 5 to 11. The financial statements provide information about the past financial performance of the company and its financial position as at 30 June 2007. This information is stated in accordance with the accounting policies set out on page 7.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company as at 30 June 2007 and the results of its operations for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgments made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have no relationship with or interests in the company.



Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;
- the financial statements on pages 5 to 11:
 - comply with New Zealand generally accepted accounting practice;
 - give a true and fair view of the financial position of the company as at 30 June 2007 and the results of its operations for the year ended on that date.

Our audit was completed on 9 October 2007 and our unqualified opinion is expressed as at that date.

KPMG

Hamilton