



MINISTRY OF HEALTH

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010



MINISTRY OF HEALTH

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MINISTRY OF HEALTH

DIRECTORY

Minister

Hon. Nandi Glassie
Minister of Health

Head of Ministry / Title

Elizabeth Iro
Secretary of Health

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Auditor

Cook Islands Audit Office

Banker

Australia New Zealand Banking Group Limited, Avarua, Rarotonga

Westpac Banking Corporation, Avarua, Rarotonga

Bank of the Cook Islands, Avarua, Rarotonga

Solicitor

Crown Law Office



MINISTRY OF HEALTH

STATEMENT OF RESPONSIBILITY

In terms of Section 30 of the Ministry of Finance and Economic Management Act 1995-96, I am responsible for the preparation of the Ministry of Health's financial statements and the judgements made in the process of producing those statements.

I have the responsibility of establishing and maintaining internal controls. I have established and maintained a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

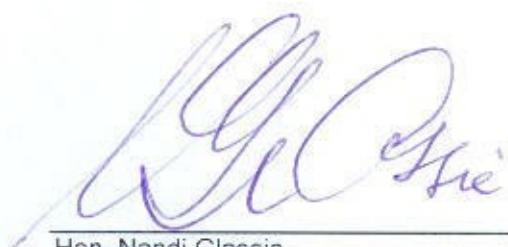
The Minister and the Head of the Ministry were not responsible during the financial year covered by these financial statements.

In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry of Health for the year ended 30 June 2010.



Elizabeth Iro
Secretary of Health

01 May 2013
Date



Hon. Nandi Glassie
Minister of Health

01 May 2013
Date



AUDIT REPORT

TO THE READERS OF THE FINANCIAL STATEMENTS OF THE MINISTRY OF HEALTH FOR THE YEAR ENDED 30 JUNE 2010

We have audited the financial statements on pages 7 to 25. The financial statements provide information about the past financial performance of the Ministry of Health and its financial position as at 30 June 2010. This information is stated in accordance with the accounting policies set out on pages 15 to 18.

Responsibilities of the Ministry of Health

Section 28(2) of the Ministry of Finance and Economic Management Act 1995-96 requires the Ministry of Health to prepare financial statements in accordance with GAAP, as approved by the International Federation of Accountants as applicable to governments and their agencies, which fairly present the financial position, borrowings and commitments of the Ministry of Health as at 30 June 2010, and the results of its operations and cash flows for the year ended 30 June 2010.

Auditor's Responsibilities

Section 28(4) of the Ministry of Finance and Economic Management Act 1995-96 requires the Cook Islands Audit Office to audit the financial statements presented by the Ministry of Health. It is the responsibility of the Cook Islands Audit Office to express an independent opinion on the financial statements and report its 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 Ministry of Health in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Ministry of Health'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 give 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 auditor, we have no relationship with or interests in the Ministry of Health.



Basis of Qualified Opinion

Work in Progress Assets – Scope limitation

Work in progress reported at \$169,835 relates to projects that were in progress during the 2003/04 financial year. Management provided no evidence regarding the completion and final costings of these projects. Therefore we were unable to verify the completeness, existence and valuation of work in progress assets reported at \$169,835.

Inventory – Scope limitation

We were unable to verify the existence, accuracy and valuation of inventory reported at \$666,095. There were unexplained variances in the quantities of certain inventory items we confirmed through our physical inventory count. Due to lack of supporting evidence we were also unable to confirm valuation of individual inventory items.

Qualified Opinion

In our opinion, except for the matters noted above, the financial statements of the Ministry of Health:

- Comply with International Public Sector Accounting Standards; and
- Fairly present in all material respects, the financial position, borrowings and commitments of the Ministry of Health as at 30 June 2010 and its financial performance and cash flow for the year ended on that date.

Our audit was completed on **1 May 2013** and our qualified opinion is expressed as at that date.



Allen Parker
Director of Audit
Cook Islands Audit Office
Rarotonga, Cook Islands.



MINISTRY OF HEALTH

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010

In New Zealand Dollars	Notes	2010	2009
Revenue			
Crown Appropriation		10,418,871	10,620,302
Trading Revenue		465,411	469,577
Other Revenue	2	1,881	193,769
Total Revenue		10,886,163	11,283,648
Expenditure			
Personnel expenses	10	7,635,647	7,631,599
Audit Fees		4,000	4,000
Litigation Settlements		-	1,333
Change in Provision for Doubtful Debts		37,047	12,903
Depreciation / Amortisation		614,863	577,917
Other Expenses	3	2,686,719	2,517,499
Total Expenditure		10,978,276	10,745,251
Operating Surplus / (Deficit)		(92,113)	538,397
Aid Revenue	11	1,605,891	710,844
Aid Expenses	11	(1,456,875)	(601,659)
Aid Surplus / (Deficit)		149,016	109,185
Net Surplus / (Deficit)		56,903	647,582

The accompanying notes should be read in conjunction with these Financial Statements.



MINISTRY OF HEALTH

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

In New Zealand Dollars	Notes	2010	2009
Taxpayer's Funds			
Accumulated surplus / deficits		740,862	1,321,560
Owner Contributions		3,275,180	2,982,811
TOTAL TAXPAYER'S FUNDS		<u>4,016,042</u>	<u>4,304,371</u>
Represented by:			
Current Assets			
Cash and Equivalents	4	1,047,205	776,066
Prepayments		(89)	5,800
Inventory	7	666,095	719,607
Debtors and Other Receivables	5	1,487,521	3,072,048
		<u>3,200,732</u>	<u>4,573,521</u>
Non-Current Assets			
Property, Plant, and Equipment	13	4,020,628	4,238,124
Work in Progress	14	169,835	169,835
		<u>4,190,463</u>	<u>4,407,959</u>
TOTAL ASSETS		<u>7,391,195</u>	<u>8,981,480</u>
Current Liabilities			
Creditors and Other Payables	6	2,712,576	4,032,742
Trust Liabilities	9	565,640	551,623
Employee Entitlements	8	68,828	66,180
		<u>3,347,044</u>	<u>4,650,545</u>
Non-Current Liabilities			
Employee Entitlements	8	28,108	26,564
		<u>28,108</u>	<u>26,564</u>
TOTAL LIABILITIES		<u>3,375,153</u>	<u>4,677,109</u>
NET ASSETS		<u>4,016,042</u>	<u>4,304,371</u>


Elizabeth Iro
Secretary of Health

01 May 2013

Date

The accompanying notes should be read in conjunction with these Financial Statements.



MINISTRY OF HEALTH

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

In New Zealand Dollars	Notes	Accumulated Surplus / Deficit	Contributions from Crown	Total Equity
Balance as at 30 June 2009 brought forward		1,321,560	2,982,812	4,304,372
Changes in equity for the year:				
Net surplus / (deficit) for the year		56,904		56,904
Capital funding from the Crown			292,368	292,368
Correction of prior year errors		(22,739)		(22,739)
Depreciation to be repaid to the Crown		(614,863)		(614,863)
BALANCE AS AT 30 JUNE 2010		740,862	3,275,180	4,016,042

MINISTRY OF HEALTH

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

In New Zealand Dollars	Notes	Accumulated Surplus / Deficit	Contributions from Crown	Total Equity
Balance as at 30 June 2008 brought forward		(207,502)	2,876,748	2,669,246
Changes in equity for the year:				
Net surplus / (deficit) for the year		647,582		647,582
Capital funding from the Crown			631,928	631,928
Asset transfers			(525,865)	(525,865)
Correction of prior year errors		1,459,397		1,459,397
Depreciation to be repaid to the Crown		(577,917)		(577,917)
BALANCE AS AT 30 JUNE 2009		1,321,560	2,982,812	4,304,371

The accompanying notes should be read in conjunction with these Financial Statements.



MINISTRY OF HEALTH

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

In New Zealand Dollars	2010	2009
Cash Flows From Operating Activities		
<i>Cash was provided from:</i>		
Crown Appropriation	11,999,510	10,017,802
Receipt from Clients	413,122	487,291
VAT Refunds	189,093	-
POBOC Receipts	-	186,436
Aid Monies Received	1,640,919	595,216
	<u>14,242,645</u>	<u>11,286,745</u>
<i>Cash was applied to:</i>		
Payments to Employees	7,622,604	7,596,578
Aid Monies Spent	1,456,875	601,659
Payments to Suppliers	2,595,485	2,578,283
	<u>11,674,964</u>	<u>10,776,520</u>
Net Cash Flows from Operating Activities	<u>2,567,681</u>	<u>510,225</u>
Cash Flows from Investing Activities		
<i>Cash was provided from:</i>		
Sale of Fixed Assets	1,737	6,667
	<u>1,737</u>	<u>6,667</u>
<i>Cash was applied to:</i>		
Purchase of Fixed Assets	399,103	974,588
	<u>399,103</u>	<u>974,588</u>
Net Cash Flows from Investing Activities	<u>(397,366)</u>	<u>(967,921)</u>
Cash Flows From Financing Activities		
<i>Cash was provided from:</i>		
Capital funding from Crown	292,368	631,928
	<u>292,368</u>	<u>631,928</u>
<i>Cash was applied to:-</i>		
Repayment to the Crown	2,191,545	-
	<u>2,191,545</u>	<u>-</u>
Net Cash Flows from Financing Activities	<u>(1,899,177)</u>	<u>631,928</u>
Net Increase/(Decrease) in Cash Held	271,138	174,232
Opening Cash Balances	776,066	601,834
Closing Cash Balance	<u>1,047,205</u>	<u>776,066</u>

The accompanying notes should be read in conjunction with these Financial Statements.

MINISTRY OF HEALTH

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

In New Zealand Dollars	2010	2009
Reconciliation of Net Surplus to Cash Flows from Operating Activities		
Reported Surplus	56,904	647,582
<i>Add / (less): Non-cash items</i>		
Depreciation	614,863	577,917
Other Equity Adjustments	-	(92,775)
Non-Exchange Revenue - Aid-Funded Assets	-	(109,185)
Change in Employee Entitlements	4,193	(498)
Provision for Doubtful Debts	37,047	12,903
Prior Year Adjustments	(22,739)	-
(Gain)/Loss on Sale of Assets	-	(6,667)
	<u>690,267</u>	<u>1,029,277</u>
<i>Add / (less): Movements in working capital items</i>		
(Increase) / decrease in Accounts Receivable	(68,120)	16,683
(Increase) / decrease in Crown Receivables	1,580,639	(602,500)
(Increase) / decrease in Aid Receivables	21,011	(21,157)
(Increase) / decrease in Sundry Debtors	13,950	(14,869)
(Increase) / decrease in Prepayments	5,889	117,666
(Increase) / decrease in Inventory	53,512	(323,767)
Increase / (decrease) in Accounts Payable	132,245	(354,850)
Increase / (decrease) in Crown Payable	-	577,920
Increase / (decrease) in Aid Liabilities	14,017	14,714
Increase / (decrease) in VAT Payable	189,093	15,234
Increase / (decrease) in Payroll Accruals	8,850	35,519
Increase / (decrease) in Sundry Creditors	(73,672)	20,355
	<u>1,877,414</u>	<u>(519,052)</u>
Net Cash Flows from Operating Activities	<u>2,567,681</u>	<u>510,225</u>

The accompanying notes should be read in conjunction with these Financial Statements.



MINISTRY OF HEALTH

STATEMENT OF APPROPRIATIONS
FOR THE YEAR ENDED 30 JUNE 2010

In New Zealand Dollars

Year Ended 30 June 2010	Appropriation Voted	Revenue/ Expenditure Actual	Surplus / (Deficit)
Output 1: Community Health Services	1,785,919	1,727,212	58,707
Output 2: Hospital Health Services	5,928,548	6,117,706	(189,158)
Output 3: Outer Islands Health Services	2,239,188	2,390,617	(151,430)
Output 4: Funding & Planning	865,216	742,739	122,477
	<u>10,818,871</u>	<u>10,978,274</u>	<u>(159,403)</u>
Included in the Appropriation Vote:			
Trading Revenue	400,000	465,411	65,411
Other Revenue		1,881	1,881
Aid Revenue		149,016	149,016
Net Surplus (Deficit)			<u>56,904</u>

Year Ended 30 June 2009

Output 1: Community Health Services	1,920,119	1,754,049	166,070
Output 2: Hospital Health Services	6,169,007	5,951,237	217,770
Output 3: Outer Islands Health Services	1,858,555	2,168,986	(310,431)
Output 4: Funding & Planning	1,004,621	870,979	133,642
	<u>10,952,302</u>	<u>10,745,251</u>	<u>207,051</u>
Included in the Appropriation Vote:			
Trading Revenue	332,000	469,577	137,577
Other Revenue	-	193,769	193,769
Aid Revenue		109,185	109,185
Net Surplus (Deficit)			<u>647,582</u>

The accompanying notes should be read in conjunction with these Financial Statements.



MINISTRY OF HEALTH

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2010

Statement of Unappropriated Expenditure

Unappropriated expenditure incurred during the year was \$92,113 (2009: nil)

Statement of Commitments

There were no financial commitments at balance date (2009: nil).

Statement of Trust Monies

The Ministry held no trust monies at balance date (2009: nil).

Statement of Specific Fiscal Risks

The Ministry is not exposed to specific fiscal risk.

Statement of Borrowings

The Ministry does not have any borrowings with third parties.

Statement of Contingent Liabilities

Case 1

There is a claim of approximately ninety three thousand dollars (NZD93,000) against the Ministry of Health relating to special damages, general damages for pain, suffering of mobility and general loss of enjoyment of life, the cost of and incidental to this action.

The plaintiff undertook surgeries to repair a ruptured achilles tendon at the Rarotonga Hospital.

There were three exploratory surgeries undertaken it is alleged that those surgeries were without success resulting in plaintiff's ongoing pain, distress and associated mobility issues and loss of enjoyment of life. With these suffering, the plaintiff paid own expenses to New Zealand for consultation in New Zealand. At the time of the surgery, the plaintiff was advised the causes of the pain which now has been removed by the New Zealand Specialist which was alleged to be caused by the surgeries that were previously undertaken.

Case 2

There is a claim of approximately two hundred thousand dollars (NZD200,000) against the Ministry of Health for:

- i) negligence in the discharge of its duties;
- ii) declaratory order that MOH actively and persistently engages in discriminatory practices on the grounds of ethnicity; and
- iii) declaratory order that MOH actively and persistently engages in discriminatory practices on the grounds of intoxication.

Case 3

There is a claim of approximately fifty thousand dollars (NZD50,000) against the Ministry of Health for special damages for loss of income, general damages and other incidental costs to the alleged action undertaken. The plaintiff alleged to have suffered loss as a result of the alleged breaches by the Ministry of its contractual duties.

The accompanying notes should be read in conjunction with these Financial Statements.



MINISTRY OF HEALTH

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2010

Case 4

The Counsel for the potential plaintiff is alleging that the Ministry of Health breached a contract of partnership in the establishment and operation of a medical school in the Cook Islands. This matter is currently under negotiation for settlement. The liability exposure cannot be forecasted at this stage but could be envisaged to be around the realm of US1 - 2 million.

Case 5

This matter is currently been investigated by the Ombudsman's Office. It is a claim similar to, in essence Case 2 above in that the allegation is discriminatory practice in levying of medical fees and patient referrals between alcohol related & non-alcohol related patients. The likely forecasted claim would be in or around \$50,000.

Case 6

This matter is similar to case 2 & 5 with regard to discriminatory practice of referral charges against alcohol related charges. The patient owes the Ministry of Health \$5,853 and does not intend to pay. The potential forecasted claim against the Ministry of Health is in the area of \$15,000 to \$25,000.

Case 7

The Plaintiff, former employee (Nurse), is suing the Ministry for demonstrating bias and predetermination in the selection of criteria for employees to work in the Ministry; and taking into account irrelevant considerations and failing to take into account relevant considerations and acting otherwise than in good faith in the restructure of nursing arrangements within the Ministry of health so as to procure the redundancy of the Plaintiff. The Plaintiff is seeking general damages in the sum of \$55,000 for loss of consortium, enjoyment of life, distress and humiliation.

The accompanying notes should be read in conjunction with these Financial Statements.



MINISTRY OF HEALTH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 1: Statement of Accounting Policies

Basis of Preparation

(i) Reporting Entity

These financial statements are for the Ministry of Health which is considered to be an agency of the Crown.

(ii) Statement of Compliance

These financial statements have been prepared in accordance with the Ministry of Finance and Economic Management Act 1995-96 and with the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board (IPSASB).

(iii) Measurement Base

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

These financial statements have been prepared using the historical cost method to report results, cashflows and the financial position of the Ministry of Health. The financial statements have been prepared under the accrual basis of accounting and are presented in New Zealand dollars rounded to the nearest dollar.

Significant Accounting Policies

The following accounting policies, which significantly affect the measurement of financial performance, financial position and cash flows have been applied:

(i) Revenue

The Ministry of Health derives revenue from the Crown for the provision of services to the Crown in the form of the production of certain outputs disclosed in the Statement of Appropriations on page 12. Revenue is also provided from the provision of services to third parties. All such revenue is recognised when it is earned.

(ii) Expenses

Expenses are recognised when incurred and are reported in the financial period to which they relate.

Realised gains or losses arising from sales of assets or the early settlement of a liability are recognised in the Statement of Financial Performance in the period in which the transaction is concluded.

(iii) Foreign Aid

Aid monies received are recorded in the Statement of Financial Performance as they are utilised. Revenue is recognised at the same time the equivalent expense is incurred. Any unused aid money is held as an Aid Liability until such time as it is used and/or any applicable conditions attached to the funding are satisfied.

(iv) Taxation

The Ministry of Health, as an agency of the Crown, is exempt from the payment of income tax in terms of the Income Tax Act 1997. Accordingly, no charge for income tax has been provided for.



MINISTRY OF HEALTH

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED

Significant Accounting Policies (continued)

(v) Inventories

Inventories are recorded at the lower of cost or current replacement value. Appropriate allowance has been made for obsolescence where it is deemed necessary.

Inventories held for use will be valued at Cost of Current Replacement Value.

Inventories received at nominal or nil cost will be valued at Current Replacement Value as if those inventories had been purchased in normal market conditions.

Write offs of inventories or write downs of inventory values will be recognised as an expense in the Statement of Financial Performance.

(vi) Plant, Property, and Equipment

Plant, property and equipment are recorded at cost less accumulated depreciation.

The cost of purchased plant, property, and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

When an item of plant, property and equipment is disposed, the gain or loss associated with that item will be recognised in the Statement of Financial Performance.

Work in Progress is recognised as cost less impairment and is not depreciated.

Depreciation of plant, property, and equipment is provided on a straight line basis so as to allocate the cost of assets to their estimated residual value over their estimated useful lives. Typically, the estimated useful lives are:

Computer Equipment	3 - 4 years
Motor Vehicles	5 years
Furniture and Fittings	4 - 10 years
Office Equipment	3 - 4 years
Buildings	10 years
Wharf / Harbour Structures	10 years

(vii) Provision for Employee Entitlements

Annual leave, and time off in lieu of overtime worked are recognised as they accrue to employees.

A long-service bonus (LSB) is paid out on the completion of 3 years continuous service within Government. The bonus is the equivalent of a fortnight's pay of the employee.

The LSB is recognised as it accrues. The accrual is recorded as a pro-rated percentage of the time served against the 3-year condition. However, as the bonus is not paid out on a pro-rata basis, the accrual for all current employees is weighted by a probability-of-completion factor. This factor recognises that the closer an employee comes to the 3-year timeframe, the higher probability there will be of that employee claiming the bonus. The weighting factors are listed below:



MINISTRY OF HEALTH

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED

Significant Accounting Policies (continued)

(vii) Provision for Employee Entitlements (continued)

Time Served	Factor
1 year or less	20% of the pro-rated accrual amount
1 - 2 years	50% of the pro-rated accrual amount
2 - 2.5 years	80% of the pro-rated accrual amount
2.5 - 3 years	100% of the pro-rated accrual amount

The total LSB accrual in the Statement of Financial Position will be split between Current (payable within the next financial year) and Non-Current (payable beyond the next financial year).

(viii) Foreign Currencies

Foreign currency transactions are recorded at the exchange rates in effect at the date of the transaction. Monetary assets and liabilities arising from trading transactions or overseas borrowings are translated at closing rates. Gains and losses due to currency fluctuations on these items are included in the Statement of Financial Performance.

(ix) Financial Instruments

Financial instruments primarily consist of bank balances, receivables and payables. Gains and losses in relation to all financial instruments are recognised in the Statement of Financial Performance.

(x) Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

(xi) Contingent Liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

(xii) Cash and Equivalents

Cash and Equivalents include cash on hand, deposits on call with the bank, and investments with a maturity of less than 3 months.

(xiii) Statement of Cash Flows

Cash is considered to be cash balances on hand and current accounts in banks, net of bank overdrafts.

Operating activities include cash received from all income sources of the Ministry of Health and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments.

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

MINISTRY OF HEALTH

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED

Significant Accounting Policies (continued)

(xiv) Value Added Tax (VAT)

All statements of account are exclusive of VAT. The Statement of Financial Position is exclusive of VAT except for payables and receivables which are stated VAT inclusive as these represent the total amount to be paid or collected by the Ministry to or from third parties.

The amount of VAT owing to or from the Revenue Management Division at balance date, being the difference between Output VAT and Input VAT, is included in payables or receivables as appropriate.

(xv) Trade Receivables

Trade receivables are carried at the original invoice amount less any provision for doubtful debts. Provisions for doubtful debts are based on a review of outstanding amounts as at year-end. Bad debts are written off when identified.

(xvi) Trade Creditors

Trade creditors are carried at the original invoice amount.

(xvii) Superannuation Schemes

The Ministry of Health contributes to the National Super Fund. This is classified as a Defined Contribution Scheme for the Ministry. As such, the only impact on these financial statements is in the Statement of Financial Performance where payments into the scheme are recognised as an expense in the period they are due.

Taxpayer's Funds

This represents the Crown's net investment in the Ministry of Health.

Changes in Accounting Policies

There have been no changes in accounting policies since the date of the last audited Financial Statements

MINISTRY OF HEALTH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 2: Other Revenue	2010	2009
H1N1 Contingency Funding	-	186,436
Gain on Sale - PPE	-	6,667
Other	1,881	667
Total Other Income	1,881	193,769

Note 3: Other Expenses	2010	2009
Communication	168,507	176,336
Expensed Assets	62,738	66,679
Freight	31,759	48,560
Repairs and Maintenance	175,101	293,984
Fuel and Oil	8,999	12,501
Medical and Consumables	120,573	229,254
Electricity	357,533	394,235
Entertainment	26,028	21,212
Travel	84,489	64,310
Pharmaceuticals	1,040,665	449,680
Laboratory Services	218,122	261,585
Kitchen Supplies	67,183	80,060
Laundry & Linen	54,698	54,822
Medical Gas	63,661	72,279
Other	206,663	292,002
Total Other Expenses	2,686,719	2,517,499

Note 4: Cash and Equivalents	2010	2009
Bank Balances	516,201	213,132
Petty Cash	9,630	9,630
Undeposited Funds	-	1,599
<i>Trust Accounts</i>		
Global Fund	148,018	218,793
UNFPA	41,118	58,765
World Health Organisation	102,292	49,388
Jim Price	99,502	94,990
Fred Hollows Foundation	6,408	5,693
European Union	124,037	124,075
Total Trust Accounts	521,374	551,705
Total Cash and Equivalents	1,047,205	776,066

Trust Accounts

The trust accounts which make up a portion of the Cash and Cash Equivalents note above, are held in trust capacity and are represented by equivalent Trust Liabilities detailed in Note 9.

These accompanying notes should be read in conjunction with the Financial Statements.

MINISTRY OF HEALTH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
Note 5: Debtors and Other Receivables		
Accounts Receivable	262,562	194,442
Provision for Doubtful Debts	(139,509)	(102,462)
Aid Receivables	146	21,157
Sundry Debtors and Receivables	919	14,869
	<u>124,118</u>	<u>128,006</u>
Inter-ministry receivables included above to Crown Agencies	48,258	8,873
POBOC receivable	15,326	15,326
Prior Years Crown Receivable	731,749	2,191,542
Current Year Crown Receivable	616,328	737,174
	<u>1,363,403</u>	<u>2,944,042</u>
Total Debtors and Other Receivables	<u>1,487,521</u>	<u>3,072,048</u>
Note 6: Creditors and Other Payables		
Accounts Payable	225,691	93,446
Sundry Creditors and Accruals	63,041	136,713
VAT Payable	414,398	225,305
Accrued Payroll	141,918	133,068
	<u>845,048</u>	<u>588,532</u>
Inter-ministry payables included above to Crown Agencies	13,536	8,003
Prior Years Depreciation Payable	1,267,223	2,332,827
Prior Years Surplus Payable	(14,558)	533,466
Current Year Depreciation Payable	614,863	577,917
	<u>1,867,527</u>	<u>3,444,210</u>
Total Creditors and Other Payables	<u>2,712,576</u>	<u>4,032,742</u>
Note 7: Inventory		
Inventory Held for Use	666,095	719,607
Total Inventory	<u>666,095</u>	<u>719,607</u>

These accompanying notes should be read in conjunction with the Financial Statements.



MINISTRY OF HEALTH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2010 2009

Note 8: Employee Entitlements

Current

Provision for Annual Leave	42,636	41,523
Provision for Long-Service Bonus	26,193	24,657
	<u>68,828</u>	<u>66,180</u>

Non-Current

Provision for Long-Service Bonus	28,108	26,564
	<u>28,108</u>	<u>26,564</u>

Total Employee Entitlements	<u>96,937</u>	<u>92,744</u>
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Note 9: Trustee Liabilities

Trust liabilities offset the Trust Accounts detailed in Note 4 and are comprised of the following:

Global Fund	148,018	222,028
UNFPA	41,118	55,531
World Health Organisation	102,292	49,388
Jim Price	99,502	94,990
Fred Hollows Foundation	6,408	5,693
European Union	124,037	123,993
NZ Aid	44,266	-
Total Trust Liabilities	<u>565,640</u>	<u>551,623</u>

Note 10: Personnel Expense Reconciliation

Wages and Salaries	7,632,602	7,606,346
Increase / (Decrease) in Long-Service Bonus Accruals	8,502	3,808
Increase / (Decrease) in Payroll Accrual	(5,457)	21,445
Total Personnel Costs	<u>7,635,647</u>	<u>7,631,599</u>

These accompanying notes should be read in conjunction with the Financial Statements.



MINISTRY OF HEALTH

NOTES TO THE FINANCIAL STATEMENTS
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	2010	2009
Note 11: Aid Revenue and Expenses		
Aid Revenue Received from Crown:		
New Zealand Aid	206,081	164,210
Total Aid Revenue Received from Crown	<u>206,081</u>	<u>164,210</u>
Aid Revenue Received from Donors:		
United Nations Aid	1,187,491	126,706
European Union Aid	18,483	-
Other Aid	193,836	419,928
Total Aid Revenue Received from Donors	<u>1,399,810</u>	<u>546,634</u>
Total Aid Revenue Received	<u><u>1,605,891</u></u>	<u><u>710,844</u></u>
Aid Expenses Incurred:		
New Zealand Aid	206,081	164,210
United Nations Aid	1,204,535	47,946
European Union Aid	18,483	-
Other Aid	27,776	389,503
Total Aid Expenses Incurred	<u><u>1,456,875</u></u>	<u><u>601,659</u></u>

Note 12: Related Parties

The Ministry of Health is a wholly owned entity of the Crown, however, the Government protects it through its legislation from undue influence and significant control.

The Crown provides the Ministry with significant funding in the form of an annual appropriation to assist the Ministry in discharging its duties and obligations. The Ministry also enters into transactions with other Government ministries, Crown agencies and State Owned Enterprises in an arms-length basis. As such, these do not need to be disclosed. Any transactions between related parties which are not subject to arms-length consideration will be detailed below.

The key management personnel are members of the senior management group.

The aggregate remuneration of members of the senior management group and the number of individuals determined on a full time equivalent basis receiving remuneration within this category are:

Aggregate remuneration	325,505	360,391
Number of persons	5	4

These accompanying notes should be read in conjunction with the Financial Statements.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 13a: Plant, Property, and Equipment 2010

Category	Opening Cost	Additions	Disposals	Closing Cost	Opening Accum Depn	Depreciation	Accum Depn on Disposals	Closing Accum Depreciation	Net Book Value
Computer Equipment	269,761	28,498		298,259	112,585	50,473		163,058	135,201
Furniture & Fittings	290,963	7,603		298,566	69,659	28,072		97,731	200,835
Motor Vehicles	731,396	141,700		873,096	400,709	124,821		525,530	347,566
Plant & Equipment	4,796,582	112,095		4,908,677	1,344,752	399,415		1,744,167	3,164,510
Buildings	77,127	107,470		184,597	-	12,082		12,082	172,515
Total Plant, Property, & Equipment	6,165,829	397,366	-	6,563,195	1,927,705	614,863	-	2,542,568	4,020,628

Note 13b: Plant, Property, and Equipment 2009

Category	Opening Cost	Additions	Disposals	Closing Cost	Opening Accum Depn	Depreciation	Accum Depn on Disposals	Closing Accum Depreciation	Net Book Value
Computer Equipment	269,761			269,761	66,011	46,574		112,585	157,176
Furniture & Fittings	220,637	70,326		290,963	45,164	24,495		69,659	221,304
Motor Vehicles	736,484	29,579	34,667	731,396	314,785	120,591	34,667	400,709	330,687
Plant & Equipment	3,960,139	836,443		4,796,582	958,495	386,257		1,344,752	3,451,830
Buildings	-	77,127		77,127	-	-		-	77,127
Total Plant, Property, & Equipment	5,187,021	1,013,475	34,667	6,165,829	1,384,455	577,917	34,667	1,927,705	4,238,124



MINISTRY OF HEALTH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 14a: Work in Progress 2010

Category	Opening Cost	Additions	Disposals	Closing Cost	Opening Accum Depn	Depreciation	Accum Depn on Disposals	Closing Accum Depreciation	Net Book Value
Outer Islands Health Clinics	169,597			169,597					169,597
Other	238	1,737		238					238
Work in Progress	169,835	1,737		169,835	-	-	-	-	169,835

Note 14b: Work in Progress 2009

Category	Opening Cost	Additions	Disposals	Closing Cost	Opening Accum Depn	Depreciation	Accum Depn on Disposals	Closing Accum Depreciation	Net Book Value
Outer Islands Health Clinics	695,462			525,865	169,597				169,597
Other	39,125	38,240		77,127	238				238
Work in Progress	734,587	38,240		602,992	169,835	-	-	-	169,835



MINISTRY OF HEALTH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 15: Financial Instruments

Currency, Interest Rate and Credit Risks

i) Currency

The Ministry of Health undertakes transactions denominated in foreign currencies from time to time and resulting from these activities, exposures in foreign currency arise.

ii) Interest Rate

There is no significant exposure to interest rate risk.

iii) Concentrations of Credit Risk

In the normal course of business, the Ministry of Health incurs credit risk from trade debtors and transactions with financial institutions. The Ministry has a credit policy, which is used to manage this risk. As part of this policy, limits on exposure with counter parties had been set and are monitored on a regular basis.

The Ministry of Health has no significant concentrations of credit risk. It does not require any collateral or security to support financial instruments due to the quality of financial institutions and trade debtors dealt with.

Fair Values

The estimated fair values of the Ministry of Health's financial assets and liabilities are their carrying values.

Note 16: Subsequent Events

Nil

These accompanying notes should be read in conjunction with the Financial Statements.

