Te Korowai Hauora o Hauraki

Te Korowai Hauora o Hauraki Inc

Financial Statements for the year ended 30th June 2017

Mō tātou o Hauraki

Health and Wellbeing services for everyone in our Community

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Independent auditor's report

To the members of Te Korowai Hauora o Hauraki Inc

The financial statements comprise:

- the statement of financial position as at 30 June 2017;
- the statement of comprehensive revenue and expense for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flow for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements of Te Korowai Hauora o Hauraki Inc (the Society), present fairly, in all material respects, the financial position of the Society as at 30 June 2017, its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Society.

Responsibilities of the Executive Committee for the financial statements

The Executive Committee are responsible, on behalf of the Society, for the preparation and fair presentation of the financial statements in accordance with PBE standards RDR, and for such internal control as the Executive Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Committee either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

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Independent auditor's report

Te Korowai Hauora o Hauraki Inc

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/

This description forms part of our auditor's report.

Who we report to

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

The engagement partner on the audit resulting in this independent auditor's report is Matthew White.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
30 November 2017

Hamilton

Statement of comprehensive revenue and expense
For the year ended 30 June 2017

	Notes	**2017 $'000**	2016 $'000
Revenue from exchange transactions			
Government and patient funding		**8,960**	**8,910**
Other income	4	**215**	**129**
Revenue from non-exchange transactions			
Grant income	13	**193**	**164**
Total revenue		**9,368**	**9,203**
Depreciation expense	5a	**177**	**176**
Amortisation expense	5a	**18**	**20**
Employee benefits expense	5a	**7,364**	**6,980**
Other expenses	5a	**1,744**	**1,729**
Finance costs - net	5b	**48**	**59**
Total operating expenses		**9,351**	**8,964**
Surplus/(deficit) for the year		**17**	**239**
Total other comprehensive revenue and expenses		**0**	**0**
Comprehensive revenue and expense		**17**	**239**

For and on behalf of the Executive Committee:

H Mikaere
Chairman

L Steel
Deputy Chairman

Date: 23rd November 2017

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

Statement of financial position
As at 30 June 2017

	Notes	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	790	779
Trade and other receivables	7	423	473
Total current assets		1,213	1,252
Non-current assets			
Property, plant and equipment	8	2,607	2,632
Intangibles	8	51	60
Total non-current assets		2,658	2,692
Total assets		3,871	3,944
LIABILITIES			
Current liabilities			
Trade and other payables	9	1,544	1,363
Borrowings	10	465	68
Total current liabilities		2,009	1,431
Borrowings	10	247	915
Total non-current liabilities		247	915
Total liabilities		2,256	2,346
Net assets		1,615	1,598
Net Assets/equity			
Accumulated comprehensive revenue and expense		1,615	1,598
Total net assets/equity		1,615	1,598

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

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Statement of changes in net assets/equity
For the year ended 30 June 2017

	Accumulated Comprehensive revenue & expense $'000	Total net assets/equity $'000
Balance as at 1 July 2015	1,359	1,359
Comprehensive revenue and expense		
Surplus or (deficit) for the year	239	239
Total comprehensive revenue and expense	239	239
Balance as at 30 June 2016	1,598	1,598

	Accumulated Comprehensive revenue & expense $'000	Total net assets/equity $'000
Balance as at 1 July 2016	1,598	1,598
Comprehensive revenue and expense		
Surplus or (deficit) for the year	17	17
Total comprehensive revenue and expense	17	17
Balance as at 30 June 2017	1,615	1,615

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

Statement of cash flow
For the year ended 30 June 2017

	2017 $'000	2016 $'000
Cash flows from operating activities		
Cash generated from grant income	**192**	**146**
Cash generated from government and patient funding	**9,131**	**9,256**
Cash generated from other income	**181**	**180**
	9,504	**9,582**
Cash paid for employee benefits	**(7,356)**	**(6,904)**
Cash paid for other expenses	**(1,648)**	**(1,776)**
	(9,004)	**(8,680)**
Net cash inflow from operating activities	**500**	**902**
Cash flows from investing activities		
Interest received	**2**	**7**
Proceeds from sale of property, plant, motor vehicles and equipment	**14**	**10**
	16	**17**
Payments for software development costs	**0**	**(44)**
Payments for property, plant, motor vehicles and equipment	**(180)**	**(100)**
	(180)	**(144)**
Net cash inflow (outflow) from investing activities	**(164)**	**(127)**
Cash flows from financing activities		
Cash paid for interest	**(50)**	**(65)**
Repayment of borrowings	**(271)**	**(66)**
Net cash inflow (outflow) from financing activities	**(321)**	**(131)**
Net increase(decrease) in cash and cash equivalents	**15**	**644**
Cash and cash equivalents at the beginning of the financial year	**779**	**135**
Cash and cash equivalents at end of year	**794**	**779**

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

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1 General Information

Te Korowai Hauora o Hauraki Inc. (the Society) is an iwi-based, non-profit oriented society established by the Hauraki Maori Trust Board in May 1995 to provide quality health services.

The Society is incorporated and domiciled in New Zealand. The address of its registered office is 210 Richmond Street, Thames.

These general purpose financial statements have been approved for issue by the Executive Committee on 23rd November 2017.

The Executive Committee does not have the power to amend these general purpose financial statements once issued.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements of the Society have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

Statement of compliance

The financial statements of the Society have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) and authoritative notices that are applicable to not-for-profit public benefit entities.
The financial statements have been prepared in accordance with Tier 2 PBE Standards Reduced Disclosure Regime (PBE Standards RDR). In adopting PBE Standards RDR the Society has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.
The criteria under which an entity is eligible to report in accordance with Tier 2 PBE Standards are that the Society has no public accountability and is not large as defined in XRB A1.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000).

Reporting entity

The general purpose financial statements are for Te Korowai Hauora o Hauraki Inc. as a separate legal entity.

The Society is designated as a public benefit entity for financial reporting purposes.

Statutory base

Te Korowai Hauora o Hauraki Inc. is a Society registered under the Incorporated Societies Act 1908 and the Charitable Trust Act 2005.

Historical cost convention

These general purpose financial statements have been prepared under the historical cost convention.

b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, excluding Goods and Services Tax, rebates and discounts and after eliminating sales within the Society. Revenue is recognised as follows:

(i) Sales of services
Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(ii) Interest Income
Interest income is recognised using the effective interest method.

When a loan or receivable is impaired, the Society reduces the carrying amount (the Discount) to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument. The Discount is unwound as interest income.

Interest income on impaired loans or receivables are recognised using the original effective interest rate.

(iii) Rental income
Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(iv) Grants, including government grants

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when the conditions of the grant are satisfied.

c) Income tax

The Society is wholly exempt from New Zealand Income tax and gift duty having fully complied with all statutory conditions for these exemptions.

d) Goods and Services Tax (GST)

The profit and loss component of the statement of comprehensive revenue and expense has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

e) Leases

(i) The Society is the lessee

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under an operating lease (net of any incentives received from the lessor) are charged to revenue and expense component of the statement of comprehensive revenue and expense on a straight-line basis over the period of the lease.

(ii) The Society is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

f) Financial instruments

Financial assets and financial liabilities are recognised when the Society becomes a party to the contractual provisions of the financial instrument.

The Society derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Society has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Society has transferred substantially all the risks and rewards of the asset; or
- the Society has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(i) Financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.
Purchases and sales of financial assets are recognised on trade-date, the date on which the Society commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all the risks and rewards of ownership.
Financial assets are classified into the following categories for the purposes of measurement:

- fair value through surplus or deficit
- loans and receivables; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired. The Society has classified all of its financial assets as loans and receivables.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Society's cash and cash equivalents, short-term investments and receivables from exchange transactions fall into this category of financial instruments.

(iii) Impairment of financial assets

The Society assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. Amounts charged to the allowance account are written off against the carrying amount of impaired financial assets when it is certain that the amounts are not recoverable. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Society first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Society determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial asset's with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus of deficit.

(iv) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through surplus or deficit, payables or loans and borrowings as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables and borrowings, net of directly attributable transaction costs.

The Society's financial liabilities include trade and other creditors (excluding GST) and borrowings.

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost is the category of financial liabilities that is most relevant to the Society. After initial recognition, trade and other creditors and borrowings, are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the effective interest rate amortisation process. The effective interest rate amortisation is included as interest expense in the surplus or deficit of the statement of comprehensive revenue and expense.

Trade and other creditors are unsecured and are usually paid with 30 days of recognition. Due to their short-term nature they are not discounted.

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

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h) Trades and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivable are recognised initially at fair value, less provision for doubtful debts.

A provision for impairment of trade receivables is established when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit component of the statements of comprehensive revenue and expense 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other expenses' in surplus and deficit component of the statement of comprehensive revenue and expense.

i) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All costs are charged to the surplus or deficit component of the statement of comprehensive revenue and expense during the financial period in which they are incurred.

Land is not depreciated. Depreciation of property, plant and equipment is calculated using straight line depreciation rates so as to expense the cost of the assets over their useful lives. The rates are as follows:

-	Buildings	3% - 20%
-	Vehicles	20%
-	Computer equipment	20% - 40%
-	Plant & equipment	13.5% - 20%
-	Furniture & fittings	20%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit component of the statement of comprehensive revenue and expense.

j) Software costs

Software and development costs are capitalised at cost less accumulated amortisation and impairment. The carrying value is amortised over its useful life, being three years.

Costs associated with maintaining software is expensed as incurred.

k) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within year or in the normal operating cycle of the business if longer. If not, they are presented as non-current liabilities . Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

l) Borrowings

Borrowings are initially recognised at fair value plus transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the proceeds (plus transaction costs) and the redemption amount is recognised in the surplus or deficit component of the statement of comprehensive revenue and expense over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Society has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs are expensed as incurred.

m) Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for employee entitlements is carried at the present value of the estimated future cash flows.

n) Going concern

The financial statements of the Society have been prepared on a going concern basis, which assumes the continuity of normal business activity and realisation of assets and settlement of liabilities in the normal course of business for at least 12 months from the approval of these financial statements. The Society has reported a profit for both their year ends 2016 and 2017 however is currently forecasting losses for the next two years. The Society is currently reporting negative working capital of $796k however this includes $451k of borrowing facilities renewed subsequent to balance date and $571k of deferred revenue which the Society does not anticipate it will need to repay as it expects to fulfil its obligations in services during 2018.

The Society believes that it is able to take reasonable steps to reduce forecasted losses and additionally with borrowing facilities put in place subsequent to year end has sufficient funding available to support cash requirements for the foreseeable future.

3 Financial instruments

Financial assets - loans and receivables	**At 30 June 2017 $'000**	**At 30 June 2016 $'000**
Trade and other receivables	423	357
Cash and cash equivalents	790	779
	1,213	1,136

Financial liabilities measured at amortised cost	**$'000**	**$'000**
Borrowings	712	983
Trade and other payables (Refer to Note 9)	202	310
	914	1,293

4 Other income

	2017 $'000	**2016 $'000**
Rental income	117	107
Other income	98	29
Total other income	215	136

5a Expenses

Total comprehensive revenue & expense includes the following specific expenses:	2017 $'000	2016 $'000
Depreciation		
Buildings	60	59
Vehicles	44	34
Computer equipment	33	23
Plant & equipment	34	50
Furniture & fittings	6	10
Total depreciation	177	176
Amortisation of intangibles	18	20
Staff salaries and wages	7,353	6,964
Executive committee fees	11	16
Employee benefits expense	7,364	6,980
Bad debts expense	0	56
Operating lease expense	106	102

5b Finance income and expenses

	2017 $'000	2016 $'000
Finance Income		
Interest received	2	7
Finance Costs		
Interest	50	66
Net finance costs	48	59

6 Cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank	786	775
Deposits held*	4	4
Total cash and cash equivalents	790	779

*Deposits held comprise Te Huihuinga O Hauraki Ora funds held by Te Korowai as fund holder.

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7 Trade and other receivables

	2017 $'000	2016 $'000
Prepayments	**0**	**116**
Trade receivables	**102**	**121**
Related Party receivables	**321**	**236**
	423	**473**

8 Property, plant and equipment

	Land and land Improvements $'000	Vehicles $'000	Computer Equipment $'000	Plant and Equipment $'000	Furniture & Fittings $'000	Total $'000
As 30 June 2016						
Cost	2,981	392	542	760	409	5,084
Impairment	(127)	0	0	0	0	(127)
Accumulated depreciation	(519)	(297)	(470)	(649)	(391)	(2,326)
Net book amount	**2,335**	**95**	**72**	**111**	**18**	**2,632**
As 30 June 2017						
Cost	2,981	468	595	783	410	5,237
Impairment	(127)	0	0	0	0	(127)
Accumulated depreciation	(579)	(341)	(503)	(683)	(397)	(2,503)
	2,275	**127**	**92**	**100**	**13**	**2,607**
Year ended 30th June 2016						
Opening net book amount	2,376	110	49	145	23	2,703
Additions	18	20	46	16	5	105
Disposals	0	0	0	0	0	0
Depreciation charge	(59)	(34)	(23)	(50)	(10)	(176)
Closing net book value	**2,335**	**96**	**72**	**111**	**18**	**2,632**
Year ended 30th June 2017						
Opening net book amount	2,335	96	72	111	18	2,632
Additions	0	75	53	23	1	152
Disposals	0	0	0	0	0	0
Depreciation charge	(60)	(44)	(33)	(34)	(6)	(177)
Closing net book value	**2,275**	**127**	**92**	**100**	**13**	**2,607**

For assets whose title is secured under a first ranking mortgage, refer to Note 10 Borrowings

Intangibles

	Capital Works in Progress	Software	Total
At 30th June 2016			
Cost	47	109	156
Accumulated amortisation	0	(96)	(96)
Net book amount	**47**	**13**	**60**

	Capital Works in Progress	Software	Total
At 30 June 2017			
Cost	0	164	164
Accumulated amortisation	0	(113)	(113)
Net book amount	**0**	**51**	**51**

	Capital Works in Progress	Software	Total
Year ended 30th June 2016			
Opening net book amount	3	34	37
Additions	43	0	43
Disposals	0	0	0
Amortisation charge	0	(20)	(20)
Closing net book value	**46**	**14**	**60**

	Capital Works in Progress	Software	Total
Year ended 30th June 2017			
Opening net book amount	46	14	60
Additions	0	55	55
Disposals	46	0	46
Amortisation charge	0	(18)	(18)
Closing net book value	**0**	**51**	**51**

9 Trade and other payables

	2017 $'000	**2016 $'000**
Trade payables	**202**	**310**
Employee entitlements	**536**	**508**
GST	**235**	**180**
Deferred income	**571**	**365**
	1,544	**1,363**

10 Borrowings

	2017 $'000	2016 $'000
Tranche one	451	13
Tranche two	14	55
Total current borrowings due within 1 year	465	68
Tranche one	3	258
Tranche two	244	657
Total non-current borrowings due after 1 year	247	915

The bank loans and overdrafts are secured by mortgage over the Society's freehold land & buildings and are repayable as follows;

- Tranche one repayable 9th October 2017
- Tranche two repayable 10th December 2018

The Tranche one facility was repaid and a new bank loan negotiated subsequent to balance date, see Note 15 for details.

The Bank of New Zealand holds securities by way of registered first ranking mortgage over properties owned by the Society to the value of $1,254,500 (2016: $1,254,500).

The tranche one and two loans are subject to interest rates of between 5.22% and 7.84% (2016: 5.34% and 7.84%) as at 30 June 2017.

11 Contingencies

No contingent assets or liabilities exist at balance date. (2016: $Nil)

12 Commitments

(i) Operating leases

The Society leases various premises under non-cancellable operating leases expiring with one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Society also leases various equipment under cancellable operating leases. The Society is required to give up to six months' notice for termination of these leases.

	2017 $'000	2016 $'000
Commitments for minimum lease income in relation to non-cancellable operating leases are receivables as follows:		
Within one year	60	61
Later than one year but not later than five years	61	40
Later than five years	-	-
	121	101

	2017 $'000	2016 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	149	137
Later than one year but not later than five years	158	234
Later than five years	-	-
	307	371

(ii) Capital commitments

There are no commitments for future capital spending (2016: $Nil)

13 Government & other grants

During the year $193k of grants were received to cover the cost of Kaumatua Olympic Games, training, IT, Workforce Development, Infrastructure support, Service Integration and Cultural health education (2016: $150k).

The Society has recognised $30k (2016: $1k) as unearned income in relation to these grants and no contingent liabilities are recognised at 30 June 2017.

14 Related party transactions

The Society transacts with related parties under normal commercial terms.

The following are considered to be related parties of the Society:

b) Key Management personnel compensation

	2017 $'000	2016 $'000
There is one key management personnel in the Society and 5 Trustees.		
Remuneration	165	157
Full-time equivalent members	6	6

Entities with shared persons charged with governance

The Society receives funding from the Hauraki Primary Health Organisation, Waikato District Health Board, Phoenix House and Hauraki Maori Trust Board for the provision of projects and services. Amounts owed from related parties are under normal commercial terms.

	2017 $'000	2016 $'000
Revenue		
Hauraki Primary Health Organisation PHO	1,598	1,704
Waikato District Health Board	4,951	4,362
Phoenix House	4	7
Hauraki Maori Trust Board	1	1
Accounts Receivable		
Hauraki Primary Health Organisation PHO	38	38
Waikato District Health Board	283	236
Phoenix House	0	0
Hauraki Maori Trust Board	0	0

Entities with shareholders who are also charged with governance at the Society

The Society made payments to the following entities for services that the related parties performed under normal commercial terms;

	2017 $'000	2016 $'000
Purchases		
Hauraki Health Consulting Ltd	13	0
(who Taima Campbell, Board member is shareholder)		

15 Events occurring after the reported period

The Tranche one loan expired on the 9th October 2017.
A new bank loan was negotiated with a total tranche available of $845k repayable 6th October 2022.