

# ANNUAL REPORT

# 2016

**Brackenridge**  
Supporting People  to Create Great Lives

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# VISION AND VALUES

## ‘Supporting People to Create Great Lives’

### Values

#### *Person Centred*

Responsive to the person; individualised services and support that recognise the uniqueness of every person

#### *Passion and Commitment*

Creating and maintaining a high performance culture, where people are passionate about what they do

#### *Partnership*

Working successfully together with others, in particular families while valuing each other’s contribution

#### *Pride in What we Do*

A culture of continuous improvement is in place – proud to be part of the Brackenridge Team

# CHAIRPERSON'S REPORT



The journey to be a sustainable and significant organisation providing support for people who use the services Brackenridge provides continues. During the year the Board and I have been pleased to meet families, the family advisory group, staff and clients. This makes our role have meaning.

The vision of the disability sector is that disabled people and their families are supported to live the lives they choose. We are committed to increasing disabled people's choice, control and flexibility regarding the supports they use. This means Brackenridge is taking on new and different contracts such as flexible delivery support as we continue to focus on supporting people to live the life they want. This includes contracts for individualised funding and trialling new ways of delivering services such as self-supported self-assessment.

The organisation has increased its capacity and capability with more training for staff, new finance systems, revised policies and investment in new services. The focus on Brackenridge's people is intentional as we equip them to support change, as the expectations of clients, families and communities evolve.

Service audits and certifications are now part of a regular cycle. The environment around these is proactive and positive as all parties strive to support clients within the resources available. As we get funding from other places we can expect to be involved in audits from these funders.

My thanks to fellow Board Members for their advice, wisdom and energy. We said goodbye to Peter Ballantyne at the end of 2015 and welcomed Paula Rose to the Board. Peter provided significant support following the Issues Based Audit review and his financial skills made sure we focused on key resourcing matters at our meetings. Paula brings a wealth of experience especially in the area of health and safety which have already drawn on to help ensure clients and staff are kept well at work.

Sincere thanks go to Pip Stewart (Chief Executive Officer) and all her staff, for their commitment to ensure Brackenridge is a key provider in the disability sector. A huge thanks also to the Canterbury DHB CEO David Meates and Management Team for their advice over the past 12 months.

Jane Cartwright  
Board Chair

# CHIEF EXECUTIVE OFFICER'S REPORT



People are our priority and “Supporting People to Create Great Lives” is our mission at Brackenridge. Whilst this mission remains central to our practice, we are working hard to transform our practice to the next level “Supporting People to Create Great Lives of their Choosing” in response to people with disabilities seeking greater choice and control over their lives, exercising self-determination and enjoying the rights of citizenship.

Brackenridge is all about the People we support. By the end of June 2016 we were supporting 183 people. Of these 135 are supported through our residential services and 48 through our respite services. Additionally 52 people are supported through our community focussed vocational / community participation services during the day. 58% are aged 30 years or less.

2015/2016 has been my second year as CEO. Over the year we have continued our journey of improvement aimed at consolidating and revitalising our organisation to better support people and in doing so, optimise the outcomes people are seeking from their lives.

Our improvement programme is delivered under three interconnected domains of People (culture and capability), Service (client and outcomes focussed, quality, and safety) and Sustainability (balancing client needs and outcomes, capacity and capability with financial vitality).

Our journey is helped by the support and advice we receive from the people we

support, our Family Advisory Committee, families, colleague providers, our shareholder (Canterbury DHB), the wider disability support sector as well as other health, education and social services.

Additionally we have continued to learn from our involvement with the Enabling Good Lives Christchurch demonstration and other sector developments. From this, learnings are incorporated into our practice and service innovation and development activities. Over the year we were pleased to obtain new contracts with the Ministry of Health and Ministry of Social Development for the provision of Flexible Disability Supports and Community Participation.

Improving organisational culture, optimising our communication effectiveness and the provision of a consistent and skilled workforce have remained high priorities over the year. By the end of the year, all leaders and managers have completed learning and development programmes to better equip them with enhanced communication and interpersonal skills. Our collective employment agreement was renegotiated at the beginning of the year and now better incentivises staff with career progression through completion of the NZ Certificate in Health and Wellbeing.

The second staff engagement survey was conducted in February and it was pleasing to note the improvements staff reported. Overall the engagement score increased by 3% which is fantastic given that a 2%

increase is regarded as significant for the survey tool used. Areas for continued improvement focus include communication, reward and recognition, considering improvement suggestions and pride in our organisation. This improvement has come from the collective efforts of staff, whom I congratulate and thank for their commitment and action.

Given the strong correlations between client outcomes, staffing consistency, safety and financial performance, there has been a strong focus on reviewing approaches to recruitment and staffing. In October we launched Project Zero aimed at filling vacancies and minimising the use of agency backup staff. Good gains were made but as time progressed it became apparent that the make-up of our roster patterns were contributing to the issue. Subsequently Project Zero has been rescoped and a review of roster patterns is currently underway.

Strengthening finance and business support services has also remained a priority and it has been pleasing to note the gains made as a result of the actions undertaken in this area. Bringing in house accounting expertise has enabled improved understanding of resource utilisation and assisted with making changes to improve our financial viability. This is particularly important given the rapidly changing external environment in the disability support sector, zero % contract revenue increases and unknown impact of the upcoming move to national pricing by the Ministry of Health.

In February 2016, investment was made in additional senior leadership (General Manager People and Capability plus General Manager Service Delivery) in recognition of the need for additional capacity to help escalate our rate of improvement to better meet the needs of

the people we support and our staff, as well as better positioning ourselves for the future.

Most importantly 2015 / 2016 has seen the People we support achieve the goals they have set and make progress towards achieving the aspirations they have for their lives. The many and varied activities and communities People we support are involved in is great testament to the great lives People are creating and living.

Overall, 2015 / 2016 has been another busy year characterised by People we support living great lives supported by an organisation committed to making and sustaining ongoing improvement.

As the new financial year starts, we are now beginning to look to the future with much discussion and activity underway in support of developing our 2017 – 2021 strategic plan. This is an exciting time given the changes occurring around us all charged with putting people with disabilities in the drivers seat of their lives. It's a privilege to be part of this and we look forward to the future with much optimism.

I wish to extend my thanks to:

- The People we support and their families for their trust and confidence in Brackenridge.
- Brackenridge staff for their fantastic work and commitment to our journey of improvement.
- The Brackenridge Board for their guidance, support and encouragement.
- Canterbury DHB for their ongoing positive help and support.
- Our colleagues and friends across the sector for your collaboration and ongoing support and encouragement.

Pip Stewart  
Chief Executive Officer

# BOARD MEMBERS

The names and details of Brackenridge's Board Members in office during the financial year as follows.



**Jane Cartwright (Chair)** MBA, CMIInstD, NZRD, PGDipSci (Human Nutrition), BSc

Jane joined Brackenridge in February 2012.

Currently Jane is in a leadership role in local Government. She has held executive and senior roles in the health system and local government leading developments in community, mental and public health. She has substantial governance and operational experience.



**Graeme McNally** MCom (Hons).

Graeme joined Brackenridge in October 2009

Graeme has previously held positions as Dean of the Faculty of Commerce – University of Canterbury and a partner (management consulting) in Deloitte, an international accounting and financial services organisation.



**Toni Gutschlag** BSW(Hons)

Toni joined the Brackenridge Board in February 2013 as the Canterbury DHB appointee.

Currently Toni is the General Manager, Mental Health at Canterbury DHB.



**Kath Fox** MBA (Hons), MA (Hons), DipHealthAdmin, DipTchg.

Kath joined Brackenridge in November 2015.

Kath brings to Brackenridge wide ranging governance, strategic and executive leadership experience, and a long commitment to working with organisations that promote strengths based practice and that support people to reach their potential.

Currently Kath was the Chief Executive Officer of Nazareth Care (Australasia) until September 2016.



**Paula Rose** QSO, PGDipCom; BCom, GradCertManagement(Applied)

Paula Rose was appointed to the Board in 2016. She holds a Bachelor of Commerce and Post Graduate Diploma in Management.

Her background is in senior leadership roles in the public sector and governance positions with a particular focus on safety.



***Peter Ballanytne*** BCom CA

Peter joined Brackenridge in March 2015 to December 2015.

Formerly a partner in Deloitte he now acts in a consultancy role. He has experience in the aged care sector and has financial accounting and auditing experience. Peter was Chair of the West Coast District Health Board until October 2016 and is a member of the University of Canterbury Council.

# BRACKENRIDGE SERVICES

Brackenridge, a subsidiary company of the Canterbury District Health Board provides services to a wide range of People with learning disabilities aged from six to sixty-six. Our services include 24-hour support for people living in residential homes throughout the Christchurch region, Respite care for children, young persons and adults, vocational and community participation services, and flexible disability supports.

Our services include:

## ***Residential Services***

Support services for People in 35 homes across Christchurch.

## ***Adult Residential Services***

Support services for adults living in accommodation services including the provision of specialist services supporting people with challenging behaviours, physical disabilities and / or high health needs.

## ***Children and Young Persons Services***

Support and specialist services for young people living in accommodation services offering a range of living options, and including the opportunity to participate in school holiday programme options

## ***Respite Service***

Residential support in two homes for young people, adults and their family who require specialist respite support services.

## ***Vocational and Community Participation Service***

Support for People to access Day and Vocational activities through individualised programmes that are community orientated and including microenterprises.

## ***Flexible Disability Supports***

Brackenridge is committed to the principles of enabling good lives. We recognise that what we do is driven by the aspirations and support needs of individuals who choose to have us as part of their life.

# FINANCIAL STATEMENTS

## *Disclosures and Statements*

### **Board Members**

Jane Cartwright - Chair

Peter Ballantyne – until 31 December 2015

Toni Gutschlag

Graeme McNally

Kath Fox

Paul Rose – from 1 January 2016

### **Chief Executive**

Pip Stewart

### **Registered Office**

The Princess Margaret Hospital

Level 2

93 Cashmere Road

Private Box 1600

Christchurch 8140

### **Auditor**

Audit New Zealand on behalf of the Auditor-General

### **Banker**

Westpac

# Statutory Disclosures

## **Directors' Interests**

The Directors have declared the following interests:

Jane Cartwright	Ara Institute (formerly Christchurch Polytechnic Institute of Technology) - Council member Ara Institute Foundation - Trustee Institute of Community Health Care - Chair NZ Health Practitioners Disciplinary Tribunal – Board Member Nurse Maude Association - Board member
Kath Fox	Nazareth Care (Australasia) – Chief Executive ( <i>until September 2016</i> ).
Peter Ballantyne	Membership concluded on rotation December 2015 Bishop Julius Hall of Residence – Trust Board member Canterbury District Health Board – Member of Quality Finance Audit and Risk committee Deloitte – Retired Partner. University of Canterbury – Council member West Coast District Health Board – Appointed Board Member, Chair ( <i>until October 2016</i> )
Toni Gutschlag	Employee of Canterbury DHB (General Manager of Mental Health).
Graeme McNally	Deloitte – Retired Partner Tai Poutini Polytechnic – Council chair
Paula Rose	Appointed January 2016 Broadcasting Standards Authority – Board Member Complaints Committee New Zealand Audiological Society – Board Member New Zealand Parole Board – Board Member Online Media Standards Authority Complaints Committee – Board Member St John South Island Regional Trust Board - Board member WorkSafe New Zealand - Board member

## **Directors' Loans**

There were no loans made by the company to Directors during the year.

## **Shareholdings by Directors**

No director holds any shares in the company.

## **Directors' Insurance**

Canterbury DHB has arranged policies of Directors' Liability Insurance, which ensure that Directors will incur no monetary loss as a result of actions undertaken by them as Directors, provided they operate within the law.

## **Remuneration and Other Benefits to Directors**

No director of the company has received or become entitled to receive any benefit other than the benefits included in the total emoluments and remuneration, as shown below.

Jane Cartwright	\$21,500
Peter Ballantyne	\$5,790
Kath Fox (Paid to the Trustees of the Sisters of Nazareth NZ)	\$10,750
Graeme McNally	\$10,750
Paula Rose	\$5,375

Toni Gutschlag did not receive directors' fees as she is a Canterbury District Health Board employee.

## **Employee Remuneration**

Remuneration and other benefits for the year totalling more than \$100,000 were as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
\$150,000 to \$160,000		1
\$170,000 to \$180,000	1	

## **Payments in Respect of Termination of Employment**

During the year the company made no payments to former employees in respect of termination of employment with Brackenridge (2015: \$57,647 to 3 former employees).

## **Use of Company Information by Directors**

There were no notices from directors requesting to use company information received in their capacity as directors, which would not otherwise be available to them.

## **Donations**

Donations were made during the year of \$975 (2015 \$6,600).

## **Dividends**

The Directors recommend that no dividend be paid (2016 nil).

# Statement of Accounting Policies

For the year ended 30 June 2016

## **REPORTING ENTITY**

Brackenridge Estate Limited (Brackenridge) is registered in New Zealand. Brackenridge is a Crown Entity in terms of the Crown Entities Act 2004.

Brackenridge is wholly owned by Canterbury DHB, which in turn is owned on behalf of the Crown, by two shareholding Ministers, the Minister of Health and the Minister of Finance. Brackenridge has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of Brackenridge are for the year ended 30 June 2016 and were authorised for issue by the Board on 31 January 2017.

### *Principal Activity*

Our Mission Statement is to provide a quality service, which maximises the potential, and enhances the quality of life for each resident. The principal activity of Brackenridge is the operation of residential accommodation for Intellectually Disabled Persons in order to provide on-going care to these persons. Brackenridge does not operate to make a financial return.

## **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

The financial standards comply with generally accepted accounting practices (GAAP).

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. No material adjustments arising on transition to the new PBE accounting standards.

### *Changes in Accounting Policies*

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

### *Measurement Basis*

The financial statements are prepared under the historical cost convention.

### *Going Concern*

Brackenridge is wholly owned by the Canterbury DHB and reliance is placed on the fact that Canterbury DHB as shareholder will continue to support Brackenridge Estate Limited.

### *Critical Accounting Estimates and Assumptions*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Management has exercised the following critical judgements in applying Brackenridge's accounting policies for the period ended 30 June 2016.

- Lease Classification

Determining whether a lease agreement is finance or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to Brackenridge Estate Limited.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as an operating lease means the expense is recognised in the statement of comprehensive revenue and expenses and there is no recognition as an asset.

- Refurbishment Provision

Brackenridge has a Refurbishment Provision in regard to its legal obligation to Housing New Zealand Corporation to keep the premises at 150 Maddisons Road in the same condition that they were in at the start of their lease in December 1999.

The estimates and associated assumptions for the Refurbishment Provision are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

- Property, Plant and Equipment useful lives and residual values

At balance date, Brackenridge reviews the useful life and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires Brackenridge to consider a number of factors such as the physical condition of the asset, expected period of use of the asset

by Brackenridge Estate Limited, and expected disposal proceeds from the future sale of the assets.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expenses recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. Brackenridge minimises the risk of this estimation uncertainty by:

- Physical inspection of assets
- Asset replacement programmes
- Analysis of prior asset sales

The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future period.

### *Budget Figures*

The budgets for Brackenridge are those approved by the Board of Brackenridge and are included in the Business Plan. The budget figures have been prepared in accordance with PBE IPSAS and are consistent with those adopted by Brackenridge for the preparation of these financial statements.

These policies are also consistent with the accounting policies adopted by the Parent, the Canterbury DHB for the preparation of its financial statements.

## **SIGNIFICANT ACCOUNTING POLICIES**

The following particular accounting policies, which materially affect the measurement of results and financial position, have been applied:

### *Property, Plant and Equipment*

The major classes of property, plant and equipment are depreciated on a straight-line basis at the following rates:

<b>Class of Asset</b>	<b>Estimated Life</b>	<b>Depreciation Rate</b>
Forest Park	11 – 20 years	5-9.1%
Plant and Equipment	3 – 12 years	8.3-33%
Motor Vehicles	5 years	20%

Work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the appropriate class of asset on its completion and then depreciated.

All fixed assets are recorded at the cost at which they were purchased. Cost includes all appropriate costs of acquisition and installation including materials, labour, direct overheads and transport costs. Fixed assets are stated at cost, determined as stated above, less disposals, impairment losses and depreciation.

### *Additions*

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to Brackenridge and the cost of the item can be measured reliably.

### *Disposals*

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets, these gains or losses are included in the surplus/ (deficit).

### *Subsequent Costs*

Costs incurred subsequent to the initial acquisition are capitalised only when it is probable that future economic benefits or service potential with the new item will flow to Brackenridge and the cost of the item can be measured reliably. All other costs are recognised in the surplus or deficit when incurred.

### *Donated Assets*

Where a physical asset is gifted to or acquired by Brackenridge for nil consideration or at a subsidised cost, the asset is recognised at fair value and the difference between the consideration provided and fair value of the asset is recognised as revenue. Such assets are recognised as income when control over the assets are obtained. Donated assets are depreciated over their expected lives in accordance with rates established for other fixed assets.

### *Impairment*

The carrying amounts of Brackenridge's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the surplus/ (deficit).

The estimated recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. The value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where Brackenridge

would, if deprived of the asset, replace its remaining future economic benefits or service potential.

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. Balance of previous impairment losses is recognised in the surplus/(deficit).

### *Intangible Assets*

#### **Software development and acquisition**

Expenditure on software development activities, resulting in new or substantially improved software and processes, is capitalised if the product or process is technically and operationally feasible and Canterbury DHB has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Staff training and other costs associated with maintaining computer software are recognised as an expense when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

#### **Amortisation**

Amortisation is charged to the surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets with finite lives. Such intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

<i>Type of asset</i>	<i>Estimated life</i>	<i>Amortisation rate</i>
Software	2 years	50%

### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of Brackenridge Estate's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flow and the statement of financial position.

### *Trade and Other Receivables*

Trade and other receivables are initially recognised at fair value and subsequently stated at amortised cost less any provision for impairment. Bad debts are written off during the period in which they are identified.

### *Investments*

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investment at initial recognition and re-evaluates this designation at every reporting date.

Brackenridge classifies its investments (term deposits) as loans and receivables and they are measured at amortised cost using the effective interest method, less any provision for impairment.

### *Employee Entitlements*

Employee benefits that Brackenridge expects to be settled within 12 months of balance date are measured at nominal value based on accrued entitlements at current rates of pay. These include salaries/wages accrued to balance date, annual leave earned to, but not taken at balance date, and sick leave.

Brackenridge accrues the obligation for paid absences when the obligations both relate to employees' past services and they are accumulative.

### *Sick Leave*

Sick leave is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Brackenridge anticipates it will be used by staff to cover those future absences.

### *Long Service Leave*

Long service leave is an obligation by Brackenridge to give employees an extra week of leave after 10 years of service.

Brackenridge's net long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate is the market yield on relevant New Zealand government bonds at the year-end date.

### *Provisions*

A provision is recognised when Brackenridge has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Brackenridge has a Refurbishment Provision in regard to its legal obligation to Housing New Zealand Corporation to keep the premises at 150 Maddisons Road in the same condition that they were in at the start of their lease in December 1999.

The amount of the Refurbishment Provision is recognised to be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market rates and, where appropriate, the risks specific to the liability.

### *Trade and other payables*

Trade and other payables are initially measured at fair value and subsequently stated at amortised cost using the effective interest rate.

### *Revenue from Contracts for Services*

The revenue recognition approach from contracts for services depends on the contract terms. Those contracts where the amount of the revenue is substantively linked to the provision of the quantifiable units of the service are treated as exchange contracts and revenue is recognised as Brackenridge provides the services. For example, revenue received from the Ministry of Health for the provision of residential services which are funded on a per day basis.

Other contracts are treated as non-exchange and the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to provide services to the satisfaction of the funder to receive or retain funding. Revenue for future periods is not recognised when the contract contains substantive termination provisions for failure to comply with the service requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as the past practice of the funder. Judgement is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year funding arrangements.

### *Interest*

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original interest rate.

### *One-off Contributions*

Significant one off contributions may be received from time to time. Such contributions are clearly identifiable in the financial statements, to differentiate them from normal ongoing operating income.

The revenue recognition approach for one-off contributions depends on the contract terms. Those contracts where the amount of the revenue is substantively linked to the provision of the quantifiable units of the service are treated as exchange contracts and revenue is recognised as Brackenridge provides the services.

Other contracts are treated as non-exchange and the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to provide services to the satisfaction of the funder to receive or retain funding. Revenue for future periods is not recognised when the contract contains

substantive termination provisions for failure to comply with the service requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as the past practice of the funder. Judgement is often required in determine the timing of revenue recognition for contracts that span a balance date and multi-year funding arrangements.

### *Goods and Services Tax*

The financial statements have been prepared exclusive of goods and services tax (GST) with the exception of receivables and payables, which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

The net GST paid to, or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed as exclusive of GST.

### *Taxation*

The IRD has acknowledged that the Constitution of Brackenridge establishes the company in such a way that it meets the requirements to be recognised as a charitable trust and is thus exempt from income tax.

### *Operating Lease Payments*

Payments made under operating leases are recognised in the surplus/ (deficit) on a straight-line basis over the term of the lease. Lease incentives received are recognised in the surplus/ (deficit) over the lease term as an integral part of the total lease expense.

### *Canterbury DHB Advance*

Brackenridge's payroll, invoices, and other transactions were processed by Canterbury DHB until February 2015. Since February 2015, Canterbury DHB continues to pay GST on behalf of Brackenridge. These transactions were recognised in the Canterbury DHB Advance account. No interest has been charged by the Canterbury DHB on this account during the financial year.

## Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2016

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
<b>Revenue</b>				
Ministry of Health revenue		15,393	14,908	14,206
Patient related revenue		1,084	1,115	1,023
Other revenue	1	954	1,386	755
Interest revenue		27	60	55
<b>Total Revenue</b>		<b>17,458</b>	<b>17,469</b>	<b>16,039</b>
<b>Expenditure</b>				
Employee benefits expense	3	14,137	13,805	13,069
Treatment related cost		132	119	78
Food consumables		665	625	613
Other Expenses	2	1,261	1,179	1,060
Repairs and Maintenance		471	337	355
Rental/leases		972	993	957
Depreciation and Amortisation	10, 11	201	214	219
<b>Total expenses</b>		<b>17,839</b>	<b>17,272</b>	<b>16,351</b>
<b>Surplus/(Deficit)</b>		<b>(381)</b>	<b>197</b>	<b>(312)</b>
<b>Other comprehensive revenue and expense</b>				
<b>Total comprehensive surplus/(loss)</b>		<b>(381)</b>	<b>197</b>	<b>(312)</b>

## Statement of Changes in Equity

for the year ended 30 June 2016

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
<b>Total equity at beginning of the year</b>		<b>1,167</b>	<b>1,167</b>	<b>1,479</b>
Total comprehensive surplus/(loss)		(381)	197	(312)
<b>Total equity at 30 June</b>	4	<b>786</b>	<b>1,364</b>	<b>1,167</b>

## Statement of Financial Position

as at 30 June 2016

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
<b>Equity</b>				
Share capital	4	-	-	-
Retained earnings	4	786	-	1,167
<b>Total equity</b>		<b>786</b>	<b>-</b>	<b>1,167</b>
<b>Current assets</b>				
Cash and cash equivalents	5	1,309	-	1,123
Short-term investments	6	500	-	1,000
Trade and other receivables	7	1,086	-	848
<b>Total current assets</b>		<b>2,895</b>	<b>-</b>	<b>2,971</b>
<b>Current liabilities</b>				
Trade and other payables	9	203	-	389
Employee benefits	3	1,629	-	1,530
Current account with Canterbury DHB	8	598	-	219
<b>Total current liabilities</b>		<b>2,430</b>	<b>-</b>	<b>2,138</b>
<b>Net working capital</b>		<b>465</b>	<b>-</b>	<b>833</b>
<b>Non current assets</b>				
Property, plant and equipment	10	533	-	561
Intangible Assets	11	15	-	27
<b>Total non current assets</b>		<b>548</b>	<b>-</b>	<b>588</b>
<b>Non current liabilities</b>				
Provisions	12	227	-	254
<b>Total non current liabilities</b>		<b>227</b>	<b>-</b>	<b>254</b>
<b>Net assets</b>		<b>786</b>	<b>-</b>	<b>1,167</b>

Note: No Balance Sheet budget was prepared for the 2015/16 financial year

## Statement of Cash Flows

for the year ended 30 June 2016

	Note	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
<b>Cash flow from operating activities</b>				
Cash was provided from:				
Revenue		17,194	-	16,569
Interest received		27	-	55
Cash was applied to:				
Payments to employees		(14,038)	-	(12,970)
Payments to suppliers		(3,714)	-	(2,975)
Interest Paid		-	-	7
<b>Net cash inflow / (outflow) from operating activities</b>	13	<b>(531)</b>	-	<b>686</b>
<b>Cash flows from investing activities</b>				
Cash was provided from:				
Disposal of fixed assets		-	-	4
Receipts from investments		1,800	-	800
Cash was applied to:				
Purchase of investments		(1,300)	-	(1,000)
Purchase of plant and equipment		(162)	-	(133)
<b>Net cash inflow / (outflow) from investing activities</b>		<b>338</b>	-	<b>(329)</b>
<b>Cash flows from financing activities</b>				
Cash was provided from:				
Current account with Canterbury DHB		379	-	88
Cash was provided to:				
Current account with Canterbury DHB		-	-	-
<b>Net cash inflow / (outflow) from Financing activities</b>		<b>379</b>	-	<b>88</b>
Overall increase in cash held		186	-	445
Opening cash and cash equivalent		1,123	-	678
<b>Closing cash and cash equivalents</b>		<b>1,309</b>	-	<b>1,123</b>

Note: No Statement of Cash Flows budget was prepared for the 2015/16 financial year

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

### 1 Other Revenue

	2016 \$'000	2015 \$'000
Profit/(loss) on sale of fixed asset	(1)	4
Donations	1	7
Revenue from Non Crown entities	67	0
Other Revenue from other Crown entities	887	744
<b>Total Other revenue</b>	<b>954</b>	<b>755</b>

### 2 Other Expenses

	2016 \$'000	2015 \$'000
After charging:		
Audit fees for financial statements audit	23	23
Directors' fees	54	49

### 3 Employee Benefits

	2016 \$'000	2015 \$'000
Wages and salaries	14,038	12,971
Increase/ (decrease) in provision	99	98
	<b>14,137</b>	<b>13,069</b>
<b>Current portion of employee benefits</b>		
Annual leave	718	615
ACC	40	88
Sick leave	120	106
Others	751	721
<b>Total current portion of employee benefits</b>	<b>1,629</b>	<b>1,530</b>

#### 4 Retained Earnings

	2016 \$'000	2015 \$'000
<b>A) Share capital</b>		
1 Ordinary share @\$1 – issued and paid up	-	-
<b>B) Retained earnings</b>		
Opening Balance	1,167	1,479
Net Surplus/(Deficit) for the year	(381)	(312)
Closing Balance	786	1,167
<b>Total equity</b>	<b>786</b>	<b>1,167</b>

#### 5 Cash and Cash Equivalents

	2016 \$'000	2015 \$'000
Cash and Bank	1,309	1,123
<b>Total cash and cash equivalents</b>	<b>1,309</b>	<b>1,123</b>

#### 6 Short Term Investments

	2016 \$'000	2015 \$'000
Term deposits	500	1,000
<b>Total short term deposits</b>	<b>500</b>	<b>1,000</b>

#### 7 Trade and Other Receivables

	2016 \$'000	2015 \$'000
Trade Debtors	1,034	809
Prepayments	27	-
Other debtors	25	39
<b>Total trade and other receivables</b>	<b>1,086</b>	<b>848</b>

Movements in the provision for impairment of receivables	2016 \$'000
Balance at 1 July	-
Additional provisions made during the year	143
Receivables written-off during period	-
<b>Balance at 30 June</b>	<b>143</b>

\* Note: All amounts represent exchange transactions.

	2016			2015		
	Gross	Impairment	Net	Gross	Impairment	Net
Current	663	36	627	399	-	399
1-30 days	149	29	120	96	-	96
31-60 days	175	7	168	48	-	48
61-90 days	97	-	97	78	-	78
>91 days	93	71	22	188	-	188
<b>Total</b>	<b>1,177</b>	<b>143</b>	<b>1,034</b>	<b>809</b>	<b>-</b>	<b>809</b>

#### 8 *Shareholder's Current Account*

	2016 \$'000	2015 \$'000
Shareholder's current account debtor/(creditor)	(598)	(219)

There is no fixed repayment term. The Canterbury DHB advance is unsecured.

#### 9 *Trade and Other Payables*

	2016 \$'000	2015 \$'000
Trade Payables*	192	377
Revenue in advance	11	12
	<b>203</b>	<b>389</b>

\* **Note: All amounts represent exchange transactions**

## 10 Property, Plant and Equipment

<b>Class of Asset</b>	<b>Forest Park</b>	<b>Plant and equipment</b>	<b>Motor vehicles</b>	<b>WIP</b>	<b>Total</b>
<b>2015</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>					
Balance at 1 July 2014	285	1,359	819	73	2,536
Additions	-	62	84	-	147
Disposals/transfers	-	-	(10)	(56)	(66)
<b>Total</b>	<b>285</b>	<b>1,421</b>	<b>893</b>	<b>17</b>	<b>2,616</b>
<b>Depreciation and impairment losses</b>					
Balance at 1 July 2014	250	957	652	-	1,859
Depreciation charge for year	32	105	68	-	205
Disposals/transfers	-	-	(9)	-	(9)
<b>Balance at 30 June 2015</b>	<b>282</b>	<b>1,062</b>	<b>711</b>	<b>-</b>	<b>2,055</b>
<b>Class of Asset</b>					
<b>2016</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>					
Balance at 1 July 2015	285	1,421	893	17	2,616
Additions	-	157	22	-	179
Disposals/transfers	-	-	(13)	(17)	(30)
<b>Total</b>	<b>285</b>	<b>1,578</b>	<b>902</b>	<b>-</b>	<b>2,765</b>
<b>Depreciation and impairment losses</b>					
Balance at 1 July 2015	282	1,062	711	-	2,055
Depreciation charge for year	3	113	73	-	189
Disposals/transfers	-	-	(11)	-	(12)
<b>Balance at 30 June 2016</b>	<b>285</b>	<b>1,175</b>	<b>773</b>	<b>-</b>	<b>2,232</b>
<b>Carrying amounts</b>					
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 July 2015	3	359	182	17	561
At 30 June 2016	-	403	129	0	533

## 11 Intangible Assets

	2016 \$'000	2015 \$'000
<b>Software Cost</b>		
Opening Balance	50	10
Additions	-	40
Disposals	-	-
Closing Balance	50	50
<b>Amortisation</b>		
Opening balance	(23)	(9)
Amortisation charge for the year	(12)	(14)
Disposal	-	-
Closing Balance	(35)	(23)
<b>Carrying amounts</b>	<b>15</b>	<b>27</b>

## 12 Provisions

	2016 \$'000	2015 \$'000
Opening balance	254	180
Additional provision made during the year	29	87
Amount of provision used during the year	(56)	(13)
Closing balance	<b>227</b>	<b>254</b>

A refurbishment provision of \$227,000 (2015 \$254,000) has been created to reflect the estimated cost of refurbishment of residential houses leased from Community Housing Ltd (a subsidiary of Housing New Zealand Corporation), a requirement imposed on Brackenridge under the Deed of Lease. Brackenridge has implemented the 10-year maintenance and refurbishment plan recommended by Shipston Davies, which has been designed to meet the Lessor's requirements, and has extrapolated the plan to the end of the initial lease term in December 2019. The provision level reflects the estimated charges for actual work required under the plan and after taking into consideration the additional provisions that will be recognised in the remaining period through until the lease expiry.

**13 Reconciliation of Net Surplus/(Deficit) for the Period with Net Cash Flows from Operating Activities**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Reported Net (Deficit)/Surplus	(381)	(312)
Add back non-cash items:		
Depreciation and amortisation	201	218
(Profit)/Loss of sale of assets	1	-
	<b>(179)</b>	<b>(94)</b>
<b>Movements in working capital:</b>		
(Increase)/Decrease in receivables and prepayments	(238)	587
Increase/(Decrease) in payables and accruals	(186)	21
Increase/(Decrease) in staff entitlements	99	98
Increase/(Decrease) in provisions	(27)	74
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(531)</b>	<b>686</b>

**14 Residents' Trust Account**

Residents' Trust Account comprises bank balances totalling \$652,229 as at 30 June 2016 (30 June 2015, \$618,441). These funds are held on behalf of the residents by Brackenridge. These funds are not included in the statement of financial position.

**15 Commitments**

	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating lease commitments	1,655	2,282
<b>Total commitments</b>	<b>1,655</b>	<b>2,282</b>
<b>Term classification of commitments</b>		
Less than one year	719	785
One to two years	460	482
Two to five years	476	1,015
<b>Total Commitments</b>	<b>1,655</b>	<b>2,282</b>

Material operating lease commitments are as follows:

The company leases land and buildings from Community Housing Limited, a subsidiary of Housing New Zealand Corporation. The term of the lease is 20 years commencing from December 1999, with two rights of renewal of 10 years each. The annual rental is \$317,496 per annum plus GST and is fixed for the term of the lease.

## 16 Transactions with Related Parties

During the financial year the company had the following transactions with related parties:

	2016 \$'000	2015 \$'000
Administration services from Canterbury DHB	60	60
Interest received from/(paid to) Canterbury DHB	-	-
Canterbury DHB current account balance	(598)	(219)

There have been no amounts outstanding that have been written off for the 30 June 2016 financial year (2015 nil).

Brackenridge is mainly funded by the Ministry of Health. The Ministry of Health significantly influences the role of Brackenridge as its major source of revenue.

Brackenridge enters into transactions with government departments, state-owned enterprises and other Crown entities. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect Brackenridge Estate Limited would have adopted if dealing with that entity at arm's length in the same circumstances have not been disclosed as related party transactions.

### Key Management Personnel Compensation

Key management personnel including the chief executive officer, other senior management and directors.

A management restructure took place during the financial year with the appointment of two new General Managers who took over responsibilities from former management personnel. Compensation paid or credited to all personnel in management roles during the year is as follows:

	2016 \$'000	2015 \$'000
Salaries and other short term benefits	518	448
Termination payments	-	-
<b>Total key management personnel compensation</b>	<b>518</b>	<b>448</b>

## 17 Financial Instruments

### Categories of financial assets and liabilities

	2016 \$'000	2015 \$'000
<b>Loans and receivables</b>		
Cash and cash equivalents	1,309	1,123
Trade and other receivables	1,086	848
Investments	500	1,000
Total due less than one year	2,895	2,971
<b>Total loans and receivables</b>	<b>2,895</b>	<b>2,971</b>
<b>Creditors and payables at amortised cost</b>		
Trade and other payables	203	389
Current account with Canterbury DHB	598	219
Total due less than one year	801	608
<b>Total financial liabilities at amortised cost</b>	<b>801</b>	<b>608</b>

### Liquidity Risk

In meeting its liquidity requirements, the company maintains a target level of term deposits that must mature within the next 12 months.

### Credit Risk

Financial instruments, which potentially subject Brackenridge to credit risk, principally consist of bank balances, short term deposits and accounts receivable.

Concentrations of risk with respect to accounts receivable are high due to the reliance on the Ministry of Health and the Ministry of Social Development. This accounts for 81% (2015: 52%) of year end trade and other receivables. However they are both high credit quality entities being Government funded purchasers of health and disability support services.

Cash is held with finance institutions that have a Standard and Poors rating of 'AA-' or better.

The maximum exposure to credit risk at balance date is the fair value of the financial instrument as stated in the statement of financial position.

### **Interest Rate Risk**

Cash and cash equivalents and short term deposits totalling \$1,809k (2015 \$2,123k) are subject to interest rate risk. Term deposits are at fixed interest rates, cash at bank of \$1,305k (2015 \$1,110k) is at floating rates.

### **Fair Values of Financial Instruments**

Financial instruments recorded in the financial statements have been recorded at their fair value.

The fair value of financial instruments is equivalent to the carrying amount as stated in the statement of financial position.

## **18 Capital Management**

Brackenridge's capital is its equity, which comprises share capital and accumulated funds. Equity is presented by net assets.

Brackenridge is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisitions of securities, issuing guarantees and indemnities and the use of derivatives.

Brackenridge manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure that Brackenridge effectively achieves its objects and purpose whilst remaining a going concern.

## **19 Events after the Balance Date**

There were no post balance date events.

## **Statement of Responsibility**

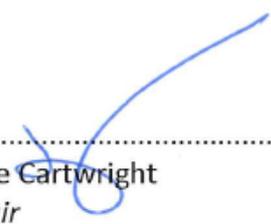
**for the year ended 30 June 2016**

The Board and Management of Brackenridge accept responsibility for the preparation of the annual financial statements and the judgement used in the preparation; and

The Board and Management of Brackenridge accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and

In the opinion of the Board and Management of Brackenridge Estate Limited, the annual financial statements for the year ended 30 June 2016 fairly reflect the financial position and operations of Brackenridge Estate Limited.

For and on behalf of the Board

  
.....  
Jane Cartwright  
*Chair*  
31 January 2017

  
.....  
Graeme McNally  
*Director*  
31 January 2017

## Independent Auditor's Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

### Independent Auditor's Report

#### To the readers of Brackenridge Estate Limited's financial statements for the year ended 30 June 2016

The Auditor-General is the auditor of Brackenridge Estate Limited (the company). The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the company on her behalf.

#### Opinion on the financial statements

We have audited the financial statements of the company on pages 13 to 32, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2016;
    - its financial performance and cash flows for the year then ended; and
  - have been prepared in accordance with the Tier 1 public benefit entity accounting standards.

Our audit was completed on 31 January 2017. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and explain our independence.

#### Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's 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 company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

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

### **Responsibilities of the Board**

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company in accordance with the Tier 1 public benefit entity accounting standards.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements, whether in printed or electronic form.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 17 of the Public Audit Act 2001.

### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company.



Andy Burns  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand

**Brackenridge**

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