

**HOSPICE TARANAKI GROUP
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2025**

**HOSPICE TARANAKI GROUP
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FOR THE YEAR ENDED 30 JUNE 2025**

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**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF HOSPICE TARANAKI GROUP**

Opinion

We have audited the general purpose financial report of Hospice Taranaki Incorporated ("the Incorporation") and its controlled entity (together, "the Group"), which comprises the consolidated financial statements on pages 9 to 29 and the consolidated statement of service performance on pages 6 and 7. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 30 June 2025, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying general purpose financial report presents fairly, in all material respects:

- the consolidated financial position of the Group as at 30 June 2025, and its consolidated financial performance, and its consolidated cash flows for the year then ended; and
- the consolidated statement of service performance for the year ended 30 June 2025, in that the service performance information is appropriate and meaningful and prepared in accordance with the Group's measurement bases or evaluation methods,

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated statement of service performance in accordance with the ISAs (NZ) and New Zealand Auditing Standard 1 (NZ AS 1) (Revised) *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the General Purpose Financial Report section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Other Information

The Trustees are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the general purpose financial report, but does not include the consolidated statement of service performance and the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated statement of service performance and consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated statement of service performance and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated statement of service performance and the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Trustees' Responsibilities for the General Purpose Financial Report

The Trustees are responsible on behalf of the Group for:

- (a) the preparation and fair presentation of the consolidated financial statements and consolidated statement of service performance in accordance PBE Standards RDR;
- (b) the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present a statement of service performance that is appropriate and meaningful in accordance with PBE Standards RDR;
- (c) the preparation and fair presentation of the statement of service performance in accordance with the Group's measurement bases or evaluation methods, in accordance with PBE Standards RDR;
- (d) the overall presentation, structure and content of the statement of service performance in accordance with PBE Standards RDR; and
- (e) such internal control as the Trustees determine is necessary to enable the preparation of the consolidated financial statements and consolidated statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report the Trustees are responsible for assessing the Group'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 Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated statement of service performance 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 NZ AS 1 (Revised) 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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

A further description of the auditor's responsibilities for the audit of the general purpose financial report is located at the XRB's website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13-1/>

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Group's Trustees, 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 Group and the Group's Trustees, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Taranaki
New Plymouth
New Zealand
14 November 2025

HOSPICE TARANAKI GROUP

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2025

Our organisation was formed over thirty three years ago to provide specialist palliative end of life care services to the communities of Taranaki. We operate within an incorporated society structure as a Tier 2 not-for-profit charity healthcare provider. Our services are provided 24/7 from three operating sites across the province working in patient homes and supported by a five-bed high care in patient unit in New Plymouth.

Each year we expect to provide care to approximately 650 patients of any age, background, ethnicity, and gender including support to their families. This care impacts upon 1000s of people across our communities. We provide care primarily for patients with a cancer diagnosis likely to end their lives in the next 12 months, however, increasingly we are supporting patients with other life limiting diseases including kidney, heart, lung and neurological illnesses.

Our work is carried out by 110 employed staff and around 425 volunteers in both care services and in our charity retail group which we operate as a fund-raising venture across Taranaki. We receive partial central government funding and each year need to fund raise around \$5.5m to continue providing our services free of charge to anyone, anywhere, any time.

Our medium to long term focus will remain on providing excellent palliative care in a patients' chosen setting alongside our community health partners. Annually we are experiencing a 4% compounding growth in service demand so capacity planning to meet this is an ongoing challenge in our organisation. Recruitment and retention of specialised nursing staff has been a positive of our year compared to other parts of the health sector.

In the past year we have been focused on ways of using technology to support our care services. We have implemented an AI based patient notes recording tool that has reduced staff time by around 75% when writing up first assessment and patient visit notes. We have also commenced using a facetime online video call programme that allows a quicker response time for remotely based patients when having medical assessments and problem-solving conversations with our medical staff.

Our hospice is now part of an alliance of the seven central North Island hospices and working co-operatively on issues that affect all our sites. These projects include sharing education services, creating one voice for Health NZ regional conversations and looking at economising on some 'back office' and purchasing functions. Our organisation still awaits central government decisions on a new contracting for services and funding model that will be created through the Health NZ restructuring programme.

OUR VISION

Our hospice philosophy of holistic palliative care is available for all patients, their families, and whānau.

OUR MISSION

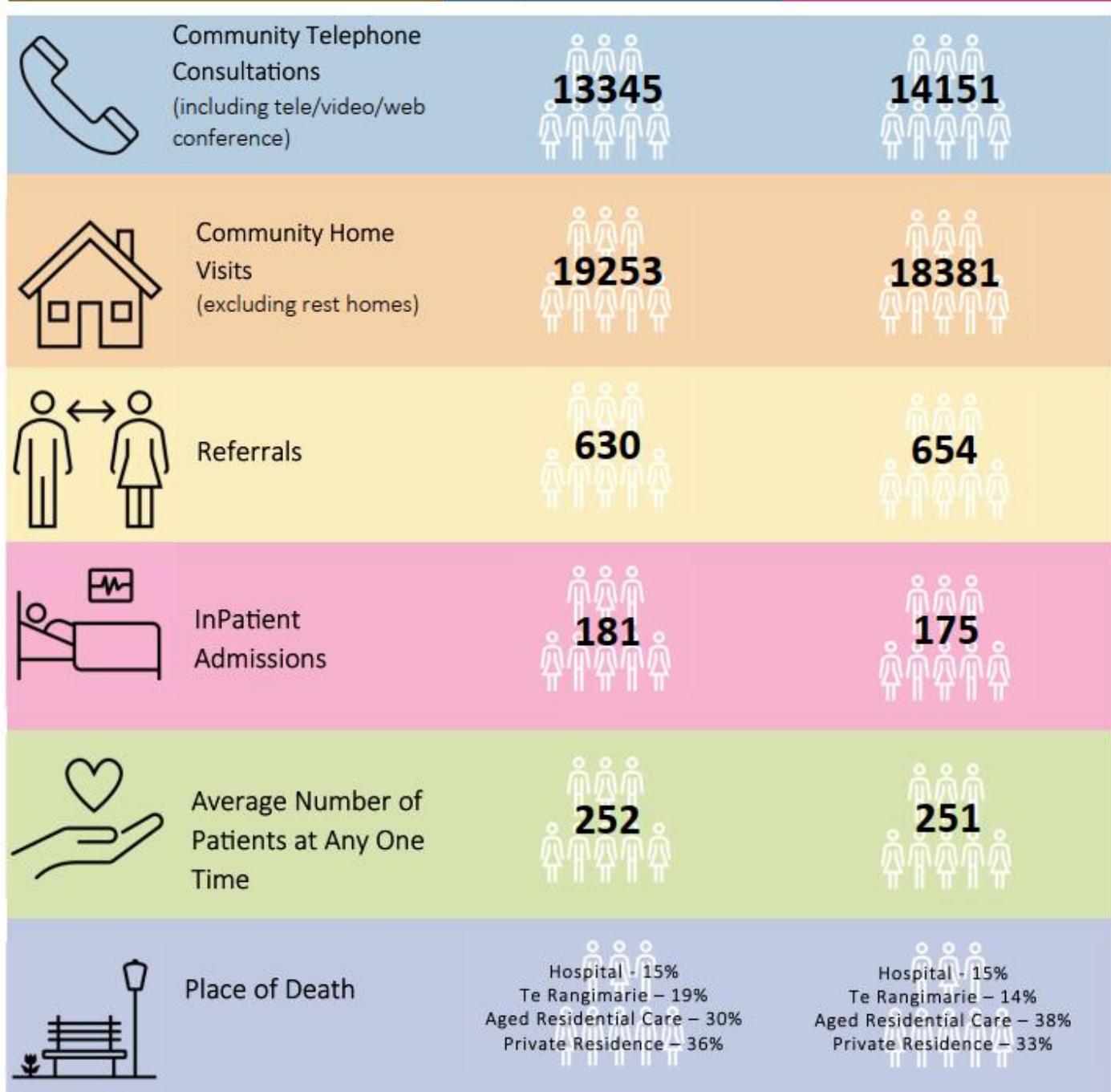
Hospice Taranaki works in partnership with patients, their families and whānau and our communities to provide, influence and support best practice palliative care. Together we will provide opportunity to live every moment in ways meaningful to those in our care. To integrate our commitment to Te Tiriti o Waitangi in ways that are meaningful and sustainable for the future of our services.

HOSPICE TARANAKI GROUP
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2025

Statistics

01 July 2023 – 30 June 2024

01 July 2024 – 30 June 2025



HOSPICE TARANAKI GROUP OTHER ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 2025

STRATEGIC AIMS

OUR SERVICES

Provide best practice specialist palliative care services to patients, families and whānau in any care setting.



Cared for 442 patient deaths



3250 social worker sessions



1531 after hours patient home visits

PARTNERSHIPS

Work with communities to improve the care of everyone at the end of life by sharing our experience and expertise.



3527 community aged care facility consultations



2556 doctor and nurse consultations to patients in public hospitals

COMMUNITY ENGAGEMENT

Strengthen community understanding and awareness of palliative care.



Presented 4 x 7 session carer and bereavement programs for 42 attendees



27 education sessions for 237 staff of community aged care facilities



Ran 49 sessions of our weekly day care programs with 327 patient attendances

OUR PEOPLE

Be an organisation that values its people.



Care staff turnover was 11.5% vs an industry average of 20.1%



Completed the year with 110 employed staff



25 in-house staff education programmes with a combined total of 286 attendees

SUSTAINABILITY

Maintain and develop robust future financial and management capabilities.



\$948,936 fundraised in our communities



Achieved a gross income across our retail group of \$3,779,238



Invested \$58,740 in new community care equipment

HOSPICE TARANAKI GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025	2024
		\$	\$
Revenue			
Revenue from exchange transactions	6	8,291,624	7,766,543
Revenue from non-exchange transactions	7	2,075,646	1,401,497
Total revenue		<u>10,367,270</u>	<u>9,168,040</u>
 Dividends		 61,606	 61,760
 Expenses			
Wages, salaries and employee benefits	8	(7,691,176)	(7,250,767)
Property expenses		(62,802)	(70,170)
Supplies and consumables used		(58,945)	(61,877)
Depreciation	15	(239,739)	(260,973)
Fundraising		(19,865)	(20,622)
Other expenses	9	<u>(1,348,096)</u>	<u>(1,282,097)</u>
Total expenses		<u>(9,420,623)</u>	<u>(8,946,506)</u>
 Finance revenue		 329,535	 436,838
Finance expenses		<u>(15,255)</u>	<u>-</u>
Net finance costs	10	<u>314,280</u>	<u>436,838</u>
 Surplus for the year from continuing operations		 <u>1,322,533</u>	 <u>720,132</u>
 Other comprehensive revenue and expenses			
Fair value increase on financial assets		285,559	249,996
(Gain) or loss on financial assets transferred to the surplus or deficit		14,303	(180,983)
Other comprehensive revenue and expenses for the year		<u>299,862</u>	<u>69,013</u>
Total comprehensive revenue and expenses for the year		<u>1,622,395</u>	<u>789,145</u>

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

HOSPICE TARANAKI GROUP
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Investment revaluation reserve \$	Asset maintenance fund \$	Capital building fund \$	Accumulated revenue and expenses \$	Total net assets/equity \$
30 June 2025					
Balance at 1 July 2024 comprehensive revenue and expense	1,283,528	-	-	13,918,557	15,202,087
Surplus for the year	-	-	-	1,322,533	1,322,533
Fair value movement on financial assets	285,559	-	-	-	285,559
(Gain)/loss on financial assets transferred to surplus or deficit on sale	14,303	-	-	-	14,303
Transfers - special purpose reserve	-	2,268,913	1,500,000	(3,768,913)	-
Total comprehensive revenue for the year	299,862	2,268,913	1,500,000	(2,446,380)	1,622,395
Balance at 30 June 2025	1,583,390	2,268,913	1,500,000	11,472,177	16,824,482

	Investment revaluation reserve \$	Asset Maintenance Fund \$	Capital building fund \$	Accumulated revenue and expenses \$	Total net assets/equity \$
30 June 2024					
Balance at 1 July 2023 comprehensive revenue and expense	1,214,515	-	-	13,198,425	14,412,942
Surplus for the year	-	-	-	720,132	720,132
Fair value movement on financial assets	249,996	-	-	-	249,996
(Gain)/loss on financial assets transferred to surplus or deficit on sale	(180,983)	-	-	-	(180,983)
Total comprehensive revenue for the year	69,013	-	-	720,132	789,145
Balance at 30 June 2024	1,283,528	-	-	13,918,557	15,202,087

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

HOSPICE TARANAKI GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

		2025	2024
		\$	\$
	Note		
ASSETS			
Current assets			
Cash and cash equivalents	11	1,840,137	1,525,466
Receivables	12	745,108	484,145
Medical consumables		1,147	831
Prepayments		65,823	47,516
Term investments	13	4,000,000	2,075,000
Other investments	14	128,283	135,533
Total current assets		<u>6,780,498</u>	<u>4,268,491</u>
Non-current assets			
Property, plant and equipment	15	4,915,601	5,105,103
Capital works in progress		38,842	14,027
Term investments	13	1,725,000	2,665,000
Other investments	14	4,965,117	4,543,084
Total non-current assets		<u>11,644,560</u>	<u>12,327,214</u>
Total assets		<u><u>18,425,058</u></u>	<u><u>16,595,706</u></u>
NET ASSETS/EQUITY AND LIABILITIES			
NET ASSETS/EQUITY			
Investment revaluation reserve		1,583,390	1,283,528
Asset maintenance fund	19	2,268,913	-
Capital building fund	19	1,500,000	-
Accumulated revenue and expenses		11,472,177	13,918,557
Total net assets/equity		<u>16,824,480</u>	<u>15,202,087</u>
LIABILITIES			
Current liabilities			
Payables		344,450	293,969
Employee benefit liability	16	1,163,696	1,007,080
GST Payable		88,393	88,708
Hire Purchase		2,180	3,862
Total current liabilities		<u>1,598,719</u>	<u>1,393,619</u>
Non-current liabilities			
Hire Purchase		1,859	-
Total non-current liabilities		<u>1,859</u>	<u>-</u>
Total Liabilities		<u><u>1,600,578</u></u>	<u><u>1,393,619</u></u>
Total net assets/equity and liabilities		<u><u>18,425,058</u></u>	<u><u>16,595,706</u></u>

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

**HOSPICE TARANAKI GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025**

Approved for and on behalf of the Board of Trustees:



Chairperson



Board Member

14 November 2025

Date

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

HOSPICE TARANAKI GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	2025 \$	2024 \$
Note		
Cash flows from operating activities		
Proceeds from:		
Goods and services provided	3,894,016	3,637,433
Grants and bequests	1,080,976	921,434
Donations and Fundraising	937,911	597,492
Proceeds from Government Grants	4,239,679	3,930,730
Payments to suppliers and employees	<u>(8,992,626)</u>	<u>(8,593,996)</u>
Net cash inflow from operating activities	1,159,956	493,093
Cash flows to investing activities		
Proceeds from:		
Interest and dividends received	344,866	307,253
Proceeds from disposal of property, plant and equipment	5,217	21,454
Proceeds from disposal of investments	1,722,133	798,125
Payments for purchase of property, plant and equipment	<u>(80,952)</u>	<u>(91,070)</u>
Payments for purchase of investments	<u>(2,836,357)</u>	<u>(1,923,806)</u>
Net cash (outflow) to investing activities	(845,093)	(888,044)
Cash flows to financing activities		
Proceeds from:		
Interest paid	<u>(192)</u>	-
Net cash (outflow) to financing activities	(192)	-
Net increase/(decrease) in cash and cash equivalents	314,671	(394,951)
Cash and cash equivalents at beginning of year	<u>1,525,466</u>	<u>1,920,417</u>
Cash and cash equivalents at end of year	11	1,840,137
		1,525,466

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

HOSPICE TARANAKI GROUP

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

Note 1 - Reporting entity

Hospice Taranaki Incorporated (the “controlling entity”) is incorporated under the Incorporated Societies Act 1908.

The consolidated financial statements for the year ended 30 June 2025 comprise Hospice Taranaki Incorporated, Hospice Taranaki Foundation and Noel Yarrow Hospice Trust. Hospice Taranaki Foundation and Noel Yarrow Hospice Trust are incorporated under the Charitable Trusts Act 1957.

The Group is primarily involved in providing palliative and end of life care and support to families in the Taranaki community.

Note 2 - Basis of preparation

The financial statements have been prepared on a going concern basis.

(a) Statement of compliance

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

The Group qualifies as a Tier 2 reporting entity as for the current and prior periods it has had between \$5m and \$33m operating expenditure.

These financial statements were authorised for issue by the Board Members on 14 November 2025.

(b) Measurement basis

The financial statements have been prepared on the historical cost basis except for the following material items in the Consolidated Statement of Financial Position, which are partly measured at fair value:

- other investments.

(c) Functional and presentation currency

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

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

(d) Accounting policies

The accounting policies detailed in the following notes have been applied consistently to all periods presented in these financial statements and have been applied consistently by the entity.

(e) Goods and services tax

All amounts are shown exclusive of Goods and Services Tax (“GST”), except for receivables and payables, which are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, Inland Revenue, is included as part of current assets or current liabilities in the statement of financial position.

The sale of donated goods from the Hospice shops are exempt from GST.

(f) Taxation

Hospice Taranaki Group is exempt from income tax.

HOSPICE TARANAKI GROUP

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

Note 3 - Use of judgements and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

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

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

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2025 include the following:

- Useful life, recoverable amount, depreciation/amortisation method and rate
- Determination of fair values (refer to 18(a))

Note 4 - Basis of consolidation

(a) Controlled entities

Controlled entities are entities controlled by the Group, being where the Group has power to govern the financial and operating policies of another entity so as to benefit from that entity's activities. The financial statements of the Group's controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Subsequent changes in a controlled entity that do not result in a loss of control are accounted for as transactions with controllers of the controlling entity in their capacity as controllers, within net assets/equity.

The financial assets of the controlled entities are prepared for the same reporting period as the controlling entity, using consistent accounting policies.

(b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised revenue and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Note 5 - Changes in accounting policy

All accounting policies have been applied on a consistent basis with those of the previous reporting period.

HOSPICE TARANAKI GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

Note 6 - Revenue from exchange transactions

	2025	2024
	\$	\$
Sales of donated goods	3,913,722	3,635,482
Funding received - Te Whatu Ora Health New Zealand	4,267,661	4,008,646
Other revenue from exchange transactions	110,241	122,415
	<u>8,291,624</u>	<u>7,766,543</u>

Revenue from exchange transactions - accounting policy

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

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

(a) Sale of goods

Revenue from the sale of goods in the ordinary course of business activities is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and the possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

For Hospice Shop sale revenue the timing of the risks and rewards occurs at the point of sale when the significant risks and rewards of ownership transfer to the buyer.

(i) Inventory

The Group does not record any value of donated or vested goods provided for Hospice shops at year end. Inventory received is recognised at nil value applying the PBE IPSAS 23 Revenue from non exchange transactions exemption.

(b) Operating grants

The Group receives operating grants including grants from Te Whatu Ora to fund the provision of services to the community. These grants are recognised as revenue for services rendered in surplus or deficit.

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

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

HOSPICE TARANAKI GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

Note 7 - Revenue from non-exchange transactions

	2025	2024
	\$	\$
Bequests	795,781	619,186
Donations received	883,955	362,689
Sponsorship received	100,511	104,558
Grants received	285,195	302,249
Other revenue from non-exchange transactions	10,204	12,815
	<u>2,075,646</u>	<u>1,401,497</u>

Revenue from non-exchange transactions - accounting policy

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

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

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

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

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

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

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

(a) Fundraising

The Group's fundraising activities involve annual and one off events.

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

(b) Grants, donations and bequests

The recognition of non-exchange revenue from *Grants, Donations and bequests* depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the entity to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a *non-exchange liability* that is subsequently recognised as *non-exchange revenue* as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the entity to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a *non-exchange liability*, which results in the immediate recognition of *non-exchange revenue*.

HOSPICE TARANAKI GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

There is limited control over non-exchange transactions and revenue derived from donated goods prior to it being recorded.

Note 8 - Wages, salaries and employee benefits

	2025	2024
	\$	\$
Wages	7,470,962	7,041,350
Kiwi saver contribution	220,214	209,417
	<u>7,691,176</u>	<u>7,250,767</u>

Note 9 - Other expenses

	2025	2024
	\$	\$
ACC levies	22,422	23,744
BDO Taranaki audit fees	34,500	27,500
BDO Taranaki other accounting services	9,797	14,510
Administration expenses	194,311	189,590
Occupancy expenses	393,017	379,523
Repairs and maintenance	179,374	172,807
Training	55,251	30,336
Vehicle expenses	88,840	88,592
Other expenses	<u>370,584</u>	<u>355,495</u>
	<u>1,348,096</u>	<u>1,282,097</u>

BDO Taranaki assist Hospice Taranaki Group to compile the financial statements and with general accounting and software support. This is carried out independently of the audit team.

Note 10 - Net finance revenue

	2025	2024
	\$	\$
Finance Revenue		
<i>Interest revenue:</i>		
Investment portfolio	21,996	20,871
Bank deposits	<u>307,539</u>	<u>234,984</u>
<i>Total interest: financial assets measured at amortised cost</i>	<u>329,535</u>	<u>255,855</u>
<i>Financial assets at fair value through surplus or deficit:</i>		
Realised fair value gain - Investment portfolio	-	180,983
	<u>329,535</u>	<u>436,838</u>
Finance Expenses		
<i>Financial assets at fair value through surplus or deficit:</i>		
Realised fair value loss - Investment portfolio	(14,303)	-
Net foreign exchange loss	<u>(952)</u>	<u>-</u>
<i>Total finance expense</i>	<u>(15,255)</u>	<u>-</u>
NET FINANCE REVENUE	<u>314,280</u>	<u>436,838</u>

HOSPICE TARANAKI GROUP
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

Note 10 - Net finance revenue (continued)

Finance revenue - accounting policy

Finance revenue comprises interest revenue on financial assets, gains on the disposal of available-for-sale financial assets, and fair value gains on financial assets at fair value through surplus or deficit.

Interest

Revenue from interest is recognised when the Group's right to receive payment is established, and the amount can be reliably measured. Interest is measured using the effective interest method.

Note 11 - Cash and cash equivalents

	2025 \$	2024 \$
Cash on hand	3,455	3,479
Bank deposits	560,573	565,570
Call deposits	1,276,109	956,417
Total cash and cash equivalents	1,840,137	1,525,466

A bequest of \$200,000 was received in the year to 30 June 2021 which the donor required it to be used for staff education in the next 2 - 3 years, there was a balance remaining of \$2,000 at 30 June 2025 (2024: \$77,000 remaining).

A donation of \$500,000 has been pledged of which \$333,000 was received during the 2025 year. The remaining \$167,000 has been recognised in non exchange accounts receivable (see note 12). The donor requires these funds to be used for the refurbishment of the Te Rangimarie Hospice care centre, no funds have been utilised at 30 June 2025. There are no other restrictions over any of the cash or cash equivalent balance held by the Group.

Note 12 - Receivables

	2025 \$	2024 \$
Trade and other receivables (from exchange transactions)	438,267	390,579
Trade and other receivables (from non-exchange transactions)	167,000	-
RWT refund due	-	1,681
Accrued interest	139,841	91,885
745,108	484,145	

There has been no impairment of receivables from exchange transactions.

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Note 13 - Term investments

	2025	2024
	\$	\$
TSB term investments	<u>5,725,000</u>	<u>4,740,000</u>
	<u>5,725,000</u>	<u>4,740,000</u>
Current	4,000,000	2,075,000
Non current	1,725,000	2,665,000
Total term investments	<u>5,725,000</u>	<u>4,740,000</u>

Current term investments have an initial investing period of more than 90 days with a total term of 12 months or less.

Note 14 - Other investments

	2025	2024
	\$	\$
Endowment Fund	10,000	10,000
<i>Amortised cost financial assets</i>		
Debt securities (New Zealand corporate - private)	1,050,455	1,115,838
<i>Fair value through other comprehensive revenue and expense financial assets</i>		
Equity securities (New Zealand publicly listed)	1,371,377	1,279,413
Equity securities (New Zealand unlisted)	167,362	42,786
Equity securities (Australia publicly listed)	789,428	734,119
Equity securities (International publicly listed)	<u>1,704,778</u>	<u>1,496,461</u>
	<u>5,093,400</u>	<u>4,678,617</u>
Current	128,283	135,533
Non current	<u>4,965,117</u>	<u>4,543,084</u>
Total other investments	<u>5,093,400</u>	<u>4,678,617</u>

Debt securities (corporate)	2025	2024
	1.65% - 6.73%	1.65% - 6.73%
Debt securities (corporate)	2025	2024
	1 - 86 months	1 - 86 months

The publicly listed investments are held by the Foundation in unit funds managed by Craigs Investment Partners.

The Endowment Fund is managed by The Taranaki Foundation. The purpose of the fund is to assist in continuing to provide palliative and end of life care services at no cost to anyone at anytime, anywhere across the communities of Taranaki. The initial investment of \$10,000 is seed funding. Once the fund reaches a minimum of \$50,000, Hospice will receive an annual distribution.

HOSPICE TARANAKI GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 15 - Property, plant and equipment

Cost or valuation	Land \$	Buildings \$	Motor vehicles \$	Office equipment \$	Furniture & fittings \$	Computer hardware \$	Plant & equipment \$	Total \$
Balance at 1 July 2024								
Cost	1,697,948	5,141,232	354,184	39,575	583,566	98,469	427,645	8,342,619
Additions	-	-	-	1,396	4,169	2,627	47,171	55,364
Disposals	-	-	-	-	(7,618)	-	(32,942)	(40,560)
Balance at 30 June 2025	1,697,948	5,141,232	354,184	40,971	580,118	101,096	441,874	8,357,423
Accumulated depreciation								
Balance at 1 July 2024	-	2,303,272	189,246	29,422	354,876	82,273	278,427	3,237,516
Current year depreciation	-	112,658	34,734	4,941	29,103	15,526	42,777	239,739
Less Disposals	-	-	-	-	(6,641)	-	(28,792)	(35,433)
Balance at 30 June 2025	-	2,415,930	223,980	34,363	377,338	97,799	292,412	3,441,822
Net book value								
At 1 July 2024	1,697,948	2,837,960	164,938	10,153	228,690	16,196	149,218	5,105,103
At 30 June 2025	1,697,948	2,725,302	130,204	6,608	202,780	3,297	149,462	4,915,601

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 15 - Property, plant and equipment (continued)

Property, plant and equipment - accounting policy

(a) Recognition and measurement

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

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

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

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

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

In 2025 the Group received no plant and machinery through non-exchange transactions attached with restrictive stipulations that require the entity to disclose.

(b) Subsequent expenditure

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

(c) Depreciation

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

Depreciation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the entity will obtain ownership by the end of the lease term.

The diminishing value depreciation rates are:

• Office equipment	9.5%-67.0%	(2024: 9.5% - 40%)
• Motor vehicles	16.0%-30.0%	(2024: 16% - 26%)
• Fixtures and fittings	7.5%-39.6%	(2024: 7.5% - 33%)
• Computer equipment	20.0%-50.0%	(2024: 20% - 40%)
• Buildings	4.0%-15.0%	(2024: 4% - 15%)
• Plant & equipment	10.0%-43.0%	(2024: 10% - 43%)

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

(d) Contractual commitments for acquisition of property, plant and equipment

There were no other contractual commitments to acquire any property, plant and equipment (2024: nil).

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Note 16 - Employee benefit liability

	2025	2024
	\$	\$
Provision for sick leave	55,643	132,247
Provision for employee leave	870,961	690,773
Provision for salary and wages	237,092	184,060
	<hr/> <u>1,163,696</u>	<hr/> <u>1,007,080</u>
Current	1,163,696	1,007,080
Non Current	<hr/> -	<hr/> -
	<hr/> <u>1,163,696</u>	<hr/> <u>1,007,080</u>

Employee benefits - accounting policy

(a) Short-term employee benefits

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

(b) Provision for sick leave

Provision for sick leave represents the entity's best estimate of the liability arising from accrued employee entitlements as at 30 June 2025.

Note 17 - Operating leases

(i) Leases as lessee

The future non-cancellable minimum lease payments of operating leases as lessee at reporting date are detailed in the table below:

	2025	2024
	\$	\$
Less than one year	172,137	230,863
Between one and five years	244,072	250,609
More than five years	-	-
Total non-cancellable operating lease payments	<hr/> 416,209	<hr/> 481,471

The Group has entered into operating leases for land and buildings in New Plymouth, Hawera, Stratford and Waitara.

- Contingent rentals - Nil
- Renewal and/or purchase options - Rights of Renewal Hawera (1 x 6 years), Stratford (1 x 3 years)
- Restrictions (i.e. return of surplus, return on capital contributions, dividends and distributions, debt, leasing). - Nil

HOSPICE TARANAKI GROUP
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Note 17 - Operating leases (continued)

Leases - accounting policy

(a) Classification and treatment

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

Operating leases

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

Operating leases are not recognised in the entity's statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Note 18 - Financial instruments

(i) Classification of financial instruments

The tables below show the carrying amount of the Group's financial assets and financial liabilities

	Note	FVOCRE	Financial assets and liabilities at amortised cost	Total carrying amount
30 June 2025				
<i>Subsequently measured at fair value:</i>				
Equity securities (NZ publicly listed)	14	1,371,377	-	1,371,377
Equity securities (Australian publicly listed)	14	789,428	-	789,428
Equity securities (International publicly listed)	14	1,704,778	-	1,704,778
Equity securities (NZ unlisted)	14	167,362	-	167,362
<i>Subsequently not measured at fair value:</i>				
Cash and cash equivalents	11	-	1,840,137	1,840,137
Receivables (from exchange transactions)	12	-	438,267	438,267
Receivables (from non-exchange transactions)	12	-	167,000	167,000
Payables (from exchange transactions)		-	(344,450)	(344,450)
Debt securities (NZ corporate)	14	-	1,050,455	1,050,455
Endowment fund	14	-	10,000	10,000
		4,032,945	3,161,409	7,194,354

HOSPICE TARANAKI GROUP
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

Note 18 - Financial instruments (continued)

	Note	FVOCRE	Financial assets and liabilities at amortised cost	Total carrying amount
30 June 2024		\$	\$	\$
<i>Subsequently measured at fair value:</i>				
Equity securities (NZ publicly listed)	14	1,279,413	-	1,279,413
Equity securities (Australian publicly listed)	14	734,119	-	734,119
Equity securities (International publicly listed)	14	1,496,461	-	1,496,461
Equity securities (NZ unlisted)	14	42,786	-	42,786
<i>Subsequently not measured at fair value:</i>				
Cash and cash equivalents	11	-	1,525,466	1,525,466
Receivables (from exchange transactions)	12	-	390,579	390,579
Receivables (from non-exchange transactions)	12	-	-	-
Payables (from exchange transactions)		-	(293,969)	(293,969)
Debt securities (NZ corporate)	14	-	1,115,838	1,115,838
Endowment fund	14	<u>-</u>	<u>10,000</u>	<u>10,000</u>
		<u>3,552,779</u>	<u>2,747,914</u>	<u>6,300,693</u>

(ii) Fair values

Fair value determination for financial instruments subsequently measured at fair value are as follows:

(a) Debt securities (listed) and Equity securities (listed)

Fair values are based on the quoted market price in the active market of the security at reporting date.

Financial instruments - accounting policy

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

The Group classifies financial assets into the following categories: *Fair value through other comprehensive revenue and expenses and amortised cost*.

The Group classifies financial liabilities into the following categories: *amortised cost*.

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

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

**HOSPICE TARANAKI GROUP
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Note 18 - Financial instruments (continued)

(a) Fair value through other comprehensive revenue and expenses (FVOCRE)

FVOCRE assets are subsequently measured at fair value with gains or losses (other than foreign exchange gains or losses) recognised in other comprehensive revenue and expense and presented in the FVOCRE fair value reserve within net assets/equity, less impairment.

Upon de-recognition, the accumulated gain or loss within net assets/equity is reclassified to surplus or deficit. Not-held-for-trading financial assets comprise debt securities and equity securities.

(b) Amortised cost financial assets and liabilities

Financial assets classified as amortised cost comprise receivables (from exchange transactions), debt securities and cash and cash equivalents.

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

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

Financial liabilities classified as amortised cost comprise payables (from exchange transactions).

Financial assets - Management model assessment

The Group makes an assessment of the objective of the management model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Impairment of financial assets - accounting policy

(i) Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level.

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

HOSPICE TARANAKI GROUP
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Note 18 - Financial instruments (continued)

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's

Note 19 - Group entities and reserves

(i) A listing of the Group's significant controlled entities is presented below:

	Country of incorporation	Ownership interest	
		2025 %	2024 %
Hospice Taranaki Foundation	New Zealand	100	100
Noel Yarrow Hospice Trust	New Zealand	-	100

All controlled entities have the same reporting date as the controlling entity. The Noel Yarrow Trust was wound up during the year with all cash assets distributed to Hospice Taranaki Incorporated.

There are no significant restrictions regarding to the transfer of loan repayments, and other funds from controlled entities.

(ii) Reserves

The Group has the following reserves in Equity to record the funds intended to assist with purchase and replacement of assets.

(a) Asset Maintenance Fund

Formally established by the Hospice Taranaki Foundation to fund infrastructure repair, significant maintenance expense and future replacement of board owned properties. These include the Te Rangimarie Hospice, Westown Hospice Shop and Hospice Shop Warehouse buildings and land.

(b) Capital Building Fund

Formally established by the Hospice Taranaki Foundation funded through several major bequests. These funds will help provide a major refurbishment of the Te Rangimarie Hospice care centre over the coming eighteen months.

HOSPICE TARANAKI GROUP
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FOR THE YEAR ENDED 30 JUNE 2025

Note 20 - Related party transactions

(i) Controlling entity and ultimate controlling entity

The controlling and ultimate controlling party of Hospice Taranaki Group is Hospice Taranaki Incorporated.

Grants received

During the period Hospice Taranaki Group received a grant of \$195,000 from Toi Foundation (2024: \$150,000). Maria Ramsay, Board member, is the CEO of Toi Foundation.

Services Received

During the period Baker Tilly Staples Rodway Taranaki Limited provided payroll & business case support to the value of \$17,909 (2024: \$907). David Goodall, Board member, is a Director at Baker Tilly Staples Rodway Taranaki Limited. These are recorded separately to the accounting services provided by BDO Taranaki disclosed in note 9.

(ii) Key management personnel remuneration

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

- Members of the governing body
- Senior executive officers, responsible for reporting to the governing body
- Chief operating officers, responsible for the operation of the Group's operating segments, and reporting to the Senior executive officers.

Members of the governing body receive no remuneration payments.

(ii) Key management personnel remuneration (continued)

Senior executive officer and senior operating officers are employed as employees of the Society, on normal employment terms.

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

	2025		2024	
	Remuneration	Number of individuals	Remuneration	Number of individuals
Board Members	-	9 people	-	9 people
Executive Team Salaries	769,854	4.0 FTEs	792,187	4.8 FTEs
Executive Team Kiwisaver	<u>79,855</u>		<u>80,955</u>	
	<u>849,709</u>		<u>873,142</u>	

**HOSPICE TARANAKI GROUP
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Note 21 - Commitments and contingencies

(a) Commitments

There are no commitments as at 30 June 2025. (as at 30 June 2024: Nil)

(b) Contingent liabilities

There are no contingent liabilities as at 30 June 2025. (as at 30 June 2024: Nil)

(c) Contingent assets

There are no contingent assets as at 30 June 2025. (as at 30 June 2024: Nil)

Note 22 - Events after reporting date

There have been no events subsequent to balance date that impact on these financial statements.