

2011

Financial Statements

Centre for Clinical Research
and effective practice

Creating the future of healthcare





STATEMENT of Accounting Policies

For the Year Ended 30 June 2011

1. Reporting Entity

The Clinical Research and effective practice Foundation (CCRep) was established in 2001 as a charitable trust whose key objectives are to undertake, conduct and promote clinical research, evidence-based practice and educational initiatives within the South Auckland region.

CCRep is a charitable trust registered under the Charities Act 2005.

2. Basis for Preparation

The financial statements have been prepared on the historical cost basis. The reporting currency is New Zealand dollars.

3. Specific Accounting Policies

The specific accounting policies used in the preparation of the financial statements are as follows.

3.1 Revenue

Services in relation to Managed Research Funds

Projects in progress are classified as Managed Research Funds, with amounts received and paid out on behalf of these projects shown as Contract Income and Expenditure in the Statement of Financial Performance. The fee receivable by CCRep for the management of these funds is recognised as income in the Statement of Financial Performance in the accounting period in which the services are provided. Amounts received from customers in advance of the services being provided are carried as liabilities (revenue in advance).

Services in relation to Specific Funds

On completion of projects, any surplus remaining and attributable to the PI (Principal Investigator) are transferred into the Specific Funds balance. Amounts received and paid out on behalf of these funds by CCRep are shown in the movement in Specific Funds and are not included in the Statement of Financial Performance. The fee receivable by CCRep for the management of the funds is recognised as income in the Statement of Financial Performance.

Grants (Support Funding)

Grants received are recognised as revenue when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities (revenue in advance) until all the conditions have been fulfilled.

Interest income

Interest income is recognised on an accruals basis.

3.2 GST

The Financial Statements have been prepared using GST exclusive figures with the exception of debtors and creditors which are stated GST inclusive.

3.3 Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date.

Monetary items receivable or payable in a foreign currency, other than those resulting from short-term transactions covered by forward exchange contracts, are translated at balance date at the closing rate. For transactions covered by short-term forward exchange contracts, the rates specified in those contracts are used as the basis for measuring and reporting the transaction.

Exchange differences on foreign currency balances are recognised in the Statement of Financial Performance.

3.4 Taxation

CCRep has been granted charitable status under the Income Tax Act by the Inland Revenue Department; hence it is exempt from income tax. CCRep was re-registered as a charitable entity under the Charities Act 2005 on 4 March 2008.

3.5 Debtors

Debtors are stated at estimated realisable value after providing against debts where collection is doubtful.

3.6 Property, Plant & Equipment

Property, plant and equipment are recorded on the historical cost basis. Provision is made for any permanent impairment in the value of property, plant and equipment.

All items of property, plant and equipment are depreciated on a straight line basis at rates that will write off their cost less estimated residual value over their expected useful lives.

Depreciation rates used:

Clinical Equipment	15.5% - 18.0%
Information Technology	30.0%
Other Equipment	10.0% -24.0%

3.7 Specific and Managed Research Funds

Managed Research Funds

Managed Research Funds are those projects in progress managed by CCRep. The balance on these funds is recognised as a liability as it is only available to be used for the benefit of the PI in accordance with specific restrictions imposed by the fund agreement.

Specific Funds

On completion of projects, any surplus remaining and attributable to the Principal Investigator (PI) is transferred into the Specific Funds balance.

In addition, Specific Funds are also initiated when funding or donations are received by a PI, the cash funds are transferred to CCRep to be held on behalf of the PI but CCRep has no direct involvement in managing the projects to be undertaken with that funding.

These funds are to be used in accordance with specific restrictions imposed by the fund agreement. CCRep manage and administer the cash funds. The notes to the financial statements provide a breakdown of the balance held by project and a reconciliation of the movement in funds in the period.

3.8 Reserves

Retained earnings

Retained earnings are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the objectives of the Foundation and which have not been designated for other purposes.

Designated funds

Designated funds are unrestricted funds which have been reserved by the Trustees for a specific purpose. The aim and use of the designated funds is set out in Note 6 to the financial statements

3.9 Impairment

Annually the trustees assess the carrying value of each asset. Where the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down. The impairment loss is recognised in the statement of financial performance.

3.10 Employee entitlements

Employee entitlements to salaries and wages, annual leave and other benefits are recognised when they accrue to employees. The liability for employee entitlements is carried at the present value of the estimated future cash outflows.

3.11 Financial Instruments

CCRep uses various financial instruments with off-balance sheet risk for the primary purpose of reducing its exposure to fluctuations in foreign currency exchange rates and interest rates. While these financial instruments are subject to risk that market rates may change subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

Forward exchange contracts entered into as hedges of foreign exchange assets or liabilities are valued at the exchange rates prevailing at transaction time.

Any unrealised gains or losses are offset against foreign exchange gains or losses on the related asset or liability.

3.12 Differential Reporting

CCRep qualifies as a differential reporting entity as it has no "public accountability" and it is small in that the total assets are less than \$10 million and total revenue is less than \$20 million. CCRep has taken advantage of all differential reporting exemptions with the exception that it has complied with FRS19, accounting for goods and services tax.

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice.

The financial report is a general-purpose financial report, which has been prepared recognising the framework for differential reporting by the New Zealand Institute of Chartered Accountants.

4 Changes in Accounting Policies

There have been no changes in accounting policies during the period.





STATEMENT of Financial Performance

For the Year Ended 30 June 2011

	<i>Jun-11</i> (\$)	<i>Jun-10</i> (\$)
INCOME		
Contracts		
Income	3,754,870	2,943,556
Expenditure	2,439,021	2,192,925
Contract Margin	1,315,849	750,631
PI Share of Contract Margin	442,666	211,762
Contracts Net Surplus	873,183	538,869
Administration Revenue		
CMDHB Support Funding	350,000	350,000
Interest Receivable	119,298	99,248
Managed Fund Fees	82,121	77,472
Gain on Foreign Exchange	47,810	25,724
Other Income	54,359	165,307
Total Net Income	1,526,771	1,256,620
Administration Expenditure		
Wages & Salaries	846,056	795,217
Outsourced Personnel	32,631	37,476
IT Systems/Telecommunications	36,811	17,601
Insurance	18,000	19,420
Audit Fees	11,200	12,925
Legal Fees	4,485	5,000
Printing & Stationery	15,735	24,568
Depreciation	22,806	22,090
Staff travel and accommodation	27,677	21,381
Communications	10,261	8,653
Misc Others	173,217	120,651
Total Administration Expenditure	1,198,879	1,084,982
Net Surplus	327,892	171,638

Statement of Movements in Reserves

For Year Ended 30 June 2011

	<i>Jun-11</i> (\$)	<i>Jun-10</i> (\$)
Total Reserves at Beginning of the Year	1,288,862	1,147,224
Net Surplus for the Year	327,892	171,638
Transferred to Specific Funds	-	(30,000)
Reserves at the end of the Year	1,616,754	1,288,862

STATEMENT of Financial Position

As at 30 June 2011

	Note	Jun-11 (\$)	Jun-10 (\$)
Assets			
Current Assets			
ASB General Bank		230,991	181,608
Petty Cash		500	500
Term Investments and Forex	1	5,283,240	5,028,512
Debtors	2	1,666,626	1,067,387
Prepayments		32,687	36,220
Total Current Assets		7,214,044	6,314,227
Non Current Assets			
Property, Plant & Equipment	3	80,593	62,224
		80,593	62,224
Total Assets		7,294,637	6,376,451
Liabilities			
Current Liabilities			
Creditors	4	376,761	378,240
Specific Funds	5	4,577,216	4,350,045
Revenue in Advance		613,412	347,047
GST Payable		110,494	12,257
Total Current Liabilities		5,677,883	5,087,589
Net Assets		1,616,754	1,288,862
Represented by:			
Reserves			
Capitalised Trust Funds		100	100
Designated Funds	6	30,000	30,000
Retained Earnings	6	1,586,654	1,258,762
Total Reserves		1,616,754	1,288,862

These Financial Statements should be read in conjunction with the accounting policies on pages 28 to 29 and the notes on pages 33 to 35.





NOTES to the Financial Statements

For the Year Ended 30 June 2011

1 Term Investment & Forex Accounts

	Jun-11 \$	Maturity Date Date	Weighted Rate (%)	Jun-10 \$	Maturity Date Date	Weighted Rate (%)
'61' Money Market a/c	75,396	On Call	0.75%	267,535	On Call	2.25%
'50' Money Market a/c	50,124	On Call	3.15%	-	-	-
Term deposits under 12 months-ASB	2,000,000	< 1 year	5.21%	1,950,000	< 1 year	5.15%
Term deposits over 12 months-ASB	250,000	> 1 year	4.95%	-	> 1 year	0.00%
Term deposits under 12 months-ANZ	450,000	< 1 year	5.31%	2,100,000	< 1 year	4.96%
Term deposits over 12 months-ANZ	1,700,000	> 1 year	5.73%	-	> 1 year	0.00%
Term deposits over 12 months-ANZ	500,000	Perpetual	9.66%	500,000	Perpetual	9.66%
\$USD	134,330	On Call	0.00%	105,819	On Call	0.00%
\$GBP	39,502	On Call	0.00%	19,159	On Call	0.00%
\$AUD	83,888	On Call	2.10%	85,999	On Call	1.50%
Total	5,283,240			5,028,512		

2 Debtors

	Jun-11 \$	Jun-10 \$
Trade receivables	1,054,296	490,218
Accrued Income	508,689	488,709
Interest income accrued	103,641	88,460
	1,666,626	1,067,387

3 Property, Plant and Equipment June 2011

Item	Cost \$	Depreciation \$	Accumulated Depreciation \$	Net Book Value \$
Clinical Equipment	141,456	19,061	89,665	51,791
Office Equipment	18,962	1,242	7,379	11,583
Information Technology	94,320	9,833	77,101	17,219
	254,738	30,136	174,145	80,593

Property, Plant and Equipment June 2010

Item	Cost \$	Depreciation \$	Accumulated Depreciation \$	Net Book Value \$
Clinical Equipment	114,229	19,075	70,605	43,624
Office Equipment	9,676	1,249	6,151	3,525
Information Technology	82,243	11,980	67,168	15,075
	206,148	32,304	143,924	62,224

NOTES to the Financial Statements

For the Year Ended 30 June 2011

4 Creditors

	<i>Jun-11</i> (\$)	<i>Jun-10</i> (\$)
Trade Creditors - CMDHB	32,902	11,873
Accruals	126,112	166,267
Employee entitlements	217,747	200,100
	376,761	378,240

5 (a) Specific Funds

	<i>Jun-11</i> (\$)	<i>Jun-10</i> (\$)
Ideal	194,529	196,185
Respiratory	181,178	180,094
GMMH	123,995	177,657
Mira Szaszy	9,000	9,000
Taranaki Sharp	89,782	72,775
Stroke Outcomes	7,608	8,676
Diabetes Fund	127,990	176,125
MM Hepatitis Research Fund	299,693	236,778
CMDHB Rheumatology Research	152,741	124,292
Fuzzy Neural System	26	509
NICE Study Fund	83,508	35,828
KidzFirst Research Development	438,019	10,378
Diabetes Project Trust/Research Fellow	8,275	8,303
Evaluation of Group Education	6,255	6,395
Cardiology Fund	837,962	786,019
Haematology Research & Special Purposes	113,211	76,939
Cardiology Capex Fund	124,632	116,544
Spironolactone in ESKD	53	7,800
Obstetric Ultrasound Research	8,096	15,136
Integrated Care	1,629	2,024
Flu Study Fund	104,469	101,539
LJ - COTTS Study	4,292	4,292
CMDHB Research Officer	1,908	-
Endocrinology Education Fund	110	5,803
Breast Carcinoma - FISH study	12,244	589
Colorectal Cancer	5,629	8,795
Postnatal Depression	135	176
Innovation fund	140,250	154,399
Kok Fresenius	24,846	27,660
CIU Education Fund	686	258
Middlemore Freemasons Tissue Bank	63,781	108,165
Disabled by Illness or Injury : Does it Matter	2,434	644
Div Med Science Symposium	1,802	1,702
Kidz First Neonatal Research	3,811	-
Serotyping of Streptococcus	946	-
Microbiology - S Taylor stipends	9,692	-
Specific Fund balance	3,185,217	3,061,479





NOTES to the Financial Statements

For the Year Ended 30 June 2011

5 (a) Specific Funds (continued)

	<i>Jun-11</i> (\$)	<i>Jun-10</i> (\$)
Movement in Specific Funds during the year:		
Opening balance	3,061,479	2,587,545
Income received on behalf of the Specific Funds	814,001	871,430
Payments made on behalf of the Specific Funds	(948,196)	(871,308)
Completed projects transferred from Managed Research Funds	339,234	521,633
Transferred from Designated Funds	-	30,000
CCRep management fees	(81,301)	(77,821)
Sub Total: Completed Projects	3,185,217	3,061,479

5(b) Managed Research Funds

	<i>Jun-11</i> (\$)	<i>Jun-10</i> (\$)
Provisional amounts in relation to projects in progress	1,761,233	1,840,199
Less: amounts transferred to Specific Funds upon project completion	(339,234)	(521,633)
Sub Total: Projects in progress	1,421,794	1,318,566
Less: Innovation Fund in Designated Funds per note 6b	(30,000)	(30,000)
Total	4,577,216	4,350,045

The balances held on Specific Funds and Managed Research Funds are to be used by the Principal Investigators in accordance with specific restrictions imposed by the fund agreement, typically in the furtherance of research and research related activities including education and conference attendance, materials, assets and related assistance.

6 Reserves

6(a) Retained Earnings

	<i>Jun-11</i> (\$)	<i>Jun-10</i> (\$)
Opening Balance	1,258,762	1,117,124
Net Surplus for the Year	327,892	171,638
Transfer to Designated Funds	-	(30,000)
Closing Balance	1,586,654	1,258,762

6(b) Designated Funds

Opening Balance	30,000	30,000
Transferred from Retained Earnings	-	30,000
Transferred to Specific Funds	-	(30,000)
Closing Balance	30,000	30,000

Amounts are transferred out of retained earnings into designated funds when the Trustees commit to making a contribution to the Innovation Fund, subject to the identification and approval of projects for which this funding will be used. The funding is subsequently transferred from the Designated Fund to the specific fund (see note 5(a)) at the time that projects are identified and approved.

NOTES to the Financial Statements

For the Year Ended 30 June 2011

7 Contingent Liabilities

There were no known contingent liabilities as at 30 June 2011 (2010: nil).

8 Commitments

8a Capital Commitments

There were no known capital commitments as at 30 June 2011 (2010: nil).

8b Operating Lease Commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	<i>Jun-11</i> (\$)	<i>Jun-10</i> (\$)
Within one year	9,243	7,965
Later than one year but no longer than five years	17,715	1,991
Later than five years	-	-
	26,958	9,956

CCRep leases plant and equipment.

There are no options to purchase in respect of plant and equipment held under operating leases.

There are no sub leases from the above.

9 Related Parties

The Counties Manukau District Health Board (CMDHB) provides funding to CCRep which is disclosed separately in the statement of financial performance. The CMDHB also supplies the premises at no charge and makes purchases on CCRep's behalf. These purchases are expensed or capitalised in CCRep's financial statements as appropriate and the balance owing is disclosed in Note 4.

10 International Financial Reporting Standards (IFRS)

CCRep has chosen not to adopt the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"). The decision not to adopt is consistent with the exemption provided by the Accounting Standards Review Board ("ASRB") Release 9, issued in September 2007. ASRB Release 9 provides a choice to certain qualifying entities to either adopt NZ IFRS or to continue to apply New Zealand Financial Reporting Standards ("NZ FRS"). CCRep is a qualifying entity on the basis that it is not an issuer, is not required to file financial statements with the Registrar of Companies under section 19 of the Financial Reporting Act 1993 and is not considered large (less than \$20m revenue and less than \$10m total assets).





Independent Auditors' Report

to the Trustees of the Clinical Research and Effective Practice Foundation

Report on the Financial Statements

We have audited the financial statements of the Clinical Research and Effective Practice Foundation on pages 28 to 35, which comprise the statement of financial position as at 30 June 2011, the statement of financial performance and statement of movement in reserves for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Trustees Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal controls as the Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility,

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the entity's preparation of financial statements that present fairly the matters to which they relate, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditors we have no relationship with, or interests in, the Clinical Research and Effective Practice Foundation.



Independent Auditors' Report

Clinical Research and Effective Practice Foundation

Opinion

In our opinion, the financial statements on pages 28 to 35 present fairly, in all material respects, the financial position of the entity as at 30 June 2011, and its financial performance for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.

Restriction of Distribution or Use

This report is made solely to the entity's Trustees, as a body. Our audit work has been undertaken so that we might state to the entity's Trustees those matters which we are required to state to them in an auditors' 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 entity and the entity's Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers' in a cursive script.

Chartered Accountants
28 October 2011

Auckland





Centre for Clinical Research
and effective practice

Creating the future of healthcare

