

FINANCIAL STATEMENTS



Statement of Accounting Policies

For Year Ended 30 June 2010

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 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.

3.7 Specific and Managed Research Funds continued

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.

4.0 Changes in Accounting Policies

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

These Financial Statements should be read in conjunction with the accounting policies on pages 24 and 25, and the notes on pages 28-31.

Statement of Financial Performance

For Year Ended 30 June 2010

	<i>Jun-10</i>	<i>Jun-09</i>
	(\$)	(\$)
INCOME		
Contracts		
Income	2,943,556	2,801,800
Expenditure	2,192,925	2,009,805
Contract Margin	750,631	791,995
PI Share of Contract Margin	211,762	362,832
Contracts Net Surplus/(Deficit)	538,869	429,163
Administration Revenue		
CMDHB Support Funding	350,000	205,000
Interest Receivable	99,248	162,657
Managed Fund Fees	77,472	82,057
Gain on Foreign Exchange	25,724	22,674
Other Income	165,307	127,375
Total Net Income	1,256,620	1,028,926
Administration Expenditure		
Wages & Salaries	795,217	709,209
Outsourced Personnel	37,476	9,160
IT Systems/Telecommunications	17,601	11,069
Insurance	19,420	17,722
Audit Fees	12,925	11,175
Legal Fees	5,000	6,000
Printing & Stationery	24,568	19,259
Depreciation	22,090	20,996
Staff travel and accommodation	21,381	16,827
Communications	8,653	8,531
Misc Others	120,651	77,966
Total Administration Expenditure	1,084,982	907,914
Net Surplus	171,638	121,012

Statement of Movements in Reserves

For Year Ended 30 June 2010

	<i>Jun-10</i>	<i>Jun-09</i>
	(\$)	(\$)
Total Reserves at Beginning of the Year	1,147,224	1,026,212
Net Surplus for the Year	171,638	121,012
Transferred to Specific Funds	(30,000)	-
Reserves at the end of the Year	1,288,862	1,147,224

Statement of Financial Position

As at 30 June 2010

	Note	Jun-10 (\$)	Jun-09 (\$)
ASSETS			
Current Assets			
ASB General Bank		181,608	144,482
Petty Cash		500	500
Term Investments and Foreign Exchange	1	5,028,512	4,426,153
Debtors	2	1,067,387	1,193,597
Prepayments		36,220	24,486
Total Current Assets		6,314,227	5,789,218
Non Current Assets			
Property, Plant & Equipment	3	62,224	90,369
		62,224	90,369
Total Assets		6,376,451	5,879,587
LIABILITIES			
Current Liabilities			
Creditors	4	378,240	192,819
Specific Funds	5	4,350,045	4,185,983
Revenue in Advance		347,047	312,131
GST Payable		12,257	41,430
Total Current Liabilities		5,087,589	4,732,363
Net Assets		1,288,862	1,147,224
Represented by:			
Reserves			
Capitalised Trust Funds		100	100
Designated Funds	6	30,000	30,000
Retained Earnings	6	1,258,762	1,117,124
Total Reserves		1,288,862	1,147,224

Notes To the Financial Statements

For Year Ended 30 June 2010

1 Term Investment & Foreign Exchange Accounts

	<i>Jun-10</i>	<i>Maturity</i>	<i>Weighted</i>	<i>Jun-09</i>	<i>Maturity</i>	<i>Weighted</i>
	\$	Date	Rate (%)	\$	Date	Rate (%)
'61' Money Market a/c	267,535	On Call	2.25%	240,237	On Call	2.25%
Term deposits under 12 months -ASB	1,550,000	< 1 year	5.12%	1,200,000	< 1 year	6.55%
Term deposits over 12 months -ASB	400,000	> 1 year	5.00%	400,000	> 1 year	5.00%
Term deposits under 12 months -ANZ	1,800,000	< 1 year	4.92%	1,700,000	< 1 year	5.35%
Term deposits over 12 months -ANZ	300,000	> 1 year	5.25%	300,000	> 1 year	5.25%
Term deposits over 12 months -ANZ	500,000	Perpetual	9.66%	500,000	Perpetual	9.66%
\$USD	105,819	On Call	0.00%	36,185	On Call	0.00%
\$GBP	19,159	On Call	0.00%	12,172	On Call	0.00%
\$AUD	85,999	On Call	1.40%	37,559	On Call	1.00%
Total	5,028,512			4,426,153		

2 Debtors

	<i>Jun-10</i>	<i>Jun-09</i>
	\$	\$
Trade receivables	490,218	744,166
Accrued Income	488,709	357,742
Interest income accrued	88,460	91,689
	1,067,387	1,193,597

3 Property, Plant and Equipment

June 2010

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

June 2009

<i>Item</i>	<i>Cost</i>	<i>Depreciation</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>
	\$	\$	\$	\$
Clinical Equipment	110,728	16,238	51,530	59,198
Information Technology	82,243	15,601	55,086	27,157
Office Equipment	8,930	1,191	4,916	4,014
	201,901	33,030	111,532	90,369

4 Creditors

	<i>Jun-10</i>	<i>Jun-09</i>
	\$	\$
Trade Creditors - Counties Manukau DHB	11,873	20,773
Accruals	166,267	46,006
Employee entitlements	200,100	126,040
	378,240	192,819

5 (a) Specific Funds

	<i>Jun-10</i>	<i>Jun-09</i>
	\$	\$
Ideal	196,185	212,098
Respiratory	180,094	127,226
GMMH	177,657	148,935
Mira Szaszy	9,000	9,000
Taranaki Sharp	72,775	76,377
Stroke Outcomes	8,676	6,443
Diabetes Fund	176,125	27,326
MM Hepatitis Research Fund	236,778	235,300
CMDHB Rheumatology Research	124,292	63,879
Fuzzy Neural System	509	966
NICE Study Fund	35,828	43,456
KidzFirst Research Development	410,378	342,667
Diabetes Projects/Research Fellow	8,303	8,350
Evaluation of Group Education	6,395	6,523
Cardiology Fund	786,019	648,793
Haematology Research	76,939	20,966
Cardiology Capex Fund	116,544	111,490
Spirolactone in ESKD	7,800	7,849
Obstetric Ultrasound Research	15,136	13,282
Integrated Care	2,024	2,395
Flu Study Fund	101,539	98,663
LJ - COTTS Study	4,292	5,822
CMDHB Research Officer	-	1,948
Endocrinology Education Fund	5,803	15,406
Breast Carcinoma - FISH study	589	1,091
Colorectal Cancer	8,795	6,835
Postnatal Depression	176	96,000
Innovation fund	154,399	133,645
Kok Fresenius	27,660	26,287
CIU Education Fund	258	687
Middlemore Freemasons Tissue Bank	108,165	83,920
Disabled by Illness or Injury	644	3,920
Div Med Science Symposium	1,702	-
Specific Fund balance	3,061,479	2,587,545

Movement in Specific Funds during the year:

Opening balance	2,587,545	2,039,702
Income received on behalf of the Specific Funds	871,430	1,149,185
Payments made on behalf of the Specific Funds	(871,308)	(572,774)
Completed projects transferred from Managed Research Funds	521,633	64,094
Transferred from Designated Funds	30,000	-
CC Rep management fees	(77,821)	(92,662)
Sub Total: Completed Projects	3,061,479	2,587,545

Notes To the Financial Statements

For Year Ended 30 June 2010

5 (b) Managed Research Funds

	<i>Jun-10</i>	<i>Jun-09</i>
Provisional amounts in relation to projects in progress	1,840,199	1,692,532
Less:		
amounts transferred to Specific Funds upon project completion	(521,633)	(64,094)
Sub Total: Projects in progress	1,318,566	1,628,438
Less:		
Innovation fund in designated Funds per note 6b	(30,000)	(30,000)
Total	4,350,045	4,185,983

The balances held on Specific Funds and Managed Research Funds are to be used by the Pls 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-10</i>	<i>Jun-09</i>
Opening Balance	1,117,124	1,026,112
Net Surplus for the Year	171,638	121,012
Transfer to Designated Funds	(30,000)	(30,000)
Closing Balance	1,258,762	1,117,124

6(b) Designated Funds

	<i>Jun-10</i>	<i>Jun-09</i>
Opening Balance	30,000	-
Transferred from Retained Earnings	30,000	30,000
Transferred to Specific Funds	(30,000)	-
Closing Balance	30,000	30,000

During the current financial year the Trustees have committed to making a contribution of \$30,000 to the Innovation Fund, subject to the identification and approval of projects for which this funding will be used. The funding will be transferred from the designated fund to the specific fund (see note 5) at the point at which the projects are identified and approved.

7. Contingent Liabilities

There were no known contingent liabilities as at 30 June 2010 (2009: nil).

8. Commitments

8a Capital Commitments

There were no known capital commitments as at 30 June 2010 (2009: nil).

8b Operating Lease Commitments

	<i>Jun-10</i>	<i>Jun-09</i>
Within one Year	7,965	7,965
Later than one year but no longer than five years	1,991	9,956
Later than five years	0	0
	9,956	17,921

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).

Directory

Centre for **Clinical Research**
and **effective practice**



Dr Stuart Ryan	General Manager
Dr John Baker	Clinical Director
Murray Farnsworth	Financial Manager
Mary Baldwin	Research Nurse Manager
Ruth Withers	Project Manager - Diabetes, Paediatrics, Women's Health, Hepatology, Infectious Disease, Biotech
Lynda Mockett	Project Manager - Respiratory, Renal, Rheumatology, Emergency Medicine
Yvonne Dunn	Project Manager - Cardiology, Haematology, ICU
Jo-Ann McLeish	Research Support Officer/Administrator
Namratha Gopalkrishna	HR/Administration Assistant
Alison Robertson	CMDHB Research Officer
Irene Zeng	Biostatistician
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CCRep Staff

Special thanks to all our staff for their ongoing commitment to research excellence:

Dr John Baker
Mary Baldwin
Gina Barker
Sue Bugler
Ruth Cammell
Diane Caveney
Rose Clarke
Renee Coxon
Margaret Dewse
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Irene Zeng

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