



ProCare

Annual Report 2022



He whakatauki
He ika kai ake i raro, he rāpaki ake i raro
Committing to a journey begins with the first steps

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ProCare Who we are

For more than 25 years, ProCare has been committed to creating equitable health outcomes.

As a leading healthcare provider, the ProCare Group delivers healthcare services both directly and indirectly to the people of Aotearoa New Zealand.

We work to improve the health and wellbeing of New Zealanders in many ways through:

- **The ProCare Network:** the largest co-operative network of healthcare professionals in New Zealand supporting nearly 800,000 enrolled patients across Tāmaki Makaurau, including the largest Māori population enrolled in general practice (76,247) and the largest enrolled Pacific population in New Zealand (92,653)
- **Fresh Minds:** our leading mental health and wellbeing services
- **CareHQ:** virtual general practice services in partnership with Southern Cross
- **Whakarongorau Aotearoa:** a national telehealth service in partnership with Pegasus Health
- **Clinical Assessments Limited:** supporting healthcare professionals to provide care in the community in partnership with East Health
- **Ready Steady Quit:** supporting people to improve wellbeing by quitting smoking
- **Here Toitū:** a collaborative programme with the Ministry of Social Development supporting whānau living with a health condition or disability
- **Charitable Foundation:** supporting health inequity and increasing community health and wellbeing
- **Elevate:** supporting the future generation of healthcare business owners
- **Your Health Summary:** a digital platform which allows authorised medical practitioners to easily access up-to-date health information so they can continue to provide the best care if a patient can't visit their normal medical centre or if they need emergency care.

As an organisation we have a strong commitment to Te Tiriti o Waitangi and wider equity principles, and this is something that is actively at the forefront of ProCare's approach to increase positive health outcomes for Māori, Pacific and those in need.

ProCare's purpose is to support and uplift health and wellbeing of the people of Aotearoa New Zealand and our mission is to deliver the most progressive, proactive and equitable health and wellbeing services in Aotearoa New Zealand.

You can read more about the ProCare Group by visiting our website procare.co.nz.

OUR PURPOSE

Our reason for being

Supporting and uplifting the health and wellbeing of the people of Aotearoa New Zealand.

OUR MISSION

How we act on our purpose

Together we are reimagining healthcare to deliver the most progressive, pro-active and equitable health and wellbeing services in Aotearoa New Zealand.

OUR VISION

What the world will look like when we've completed the mission?

An Aotearoa where all people, across all life stages are enabled to meet their full potential.

The ProCare team

302 Employees

92 Contractors

Chair's Report

ProCare Network



Dr Harley Aish,
GP & ProCare Network
Limited Chair

**He iti te hau marangai, e tū te pāhokahoka.
There may be a little storm, but in the end,
there is a rainbow.**

When I closed off my 2021 Chair's report, I made the comment that I hoped the COVID-19 pandemic would be a recent memory and wished that life in primary care would be back to business as usual. Little did any of us know that come August, Auckland would be placed back into lockdown and that we would stay in Alert Level 4 and 3 until the traffic light system was created in early December, and that it would be some time until some of the tougher restrictions were removed, and we could finally start to have some semblance of normality.

It seems incredible to think that for all but one month of the 2021/2022 financial year, General Practice teams have dealt with either Delta or Omicron, and PPE was de rigueur. There is no denying that it has been an extremely busy year dealing with the fall-out from COVID — all in the midst of the greatest health reforms we've seen in a generation.

So, I want to say a huge thank you to each and every one of our practice teams for everything you've done to support our communities and each other over the past 12 months. It has certainly been a storm, but hopefully the rainbow is inching closer.

Support for our co-operative practices

The Network was pleased to once again be in a position to support our co-operative members with a practice support payment. This was a small gesture of our appreciation for all the hard work throughout the financial year and was also a

token of the collegiality we share across our co-operative network.

We know practices have all faced increasing cost pressures over the past 12 months, particularly in the last few months, so it was hoped that this support payment would go a little way to help ease some of that pressure — particularly on top of the recent one-off extraordinary payment for COVID. Please feel assured we continue to advocate on behalf of our members as we navigate through changes in the health sector.

Advocacy

Advocating on behalf of our 167 general practices was something that continued to remain at the forefront of ProCare's mahi over the financial year.

One of the big issues we advocated on was for frontline workers to be vaccinated as early as possible in order to protect themselves and their patients, and we ensured when the time came for 'boosters' that the team was there advocating on behalf of General Practice teams.

We reminded patients that despite lockdown, it was safe for them to visit their GP and that they shouldn't put off seeking medical treatment. We knew this was an important message to disseminate given the trends we'd seen in previous lockdowns.

Additionally, when general practices were initially excluded from plans for community care of patients with COVID, we were there advocating for the inclusion of general practitioners from both continuity of care and practicality reasons. These calls were heeded, with the government conceding that it was imperative general practices were included in this rollout.

Workforce

Workforce continues to be a major issue for General Practice teams, and the wider healthcare sector. As a result, ProCare's Employment Plus specialist recruitment service was again utilised by a significant portion of the network.

One practical workforce enhancement we introduced, was a bespoke six-week training module which equipped Registered Nurses currently working within other sectors with the required knowledge, skills and accreditations they need to enter General Practice. This was an important initiative to ensure we had a way of increasing the number of nurses trained and available to work in primary care.

New Directors to the Co-operative Board

We were delighted to welcome Dr Jodie O'Sullivan, Dr Wiki Gillespie, and Donovan Clarke to the Co-operative Board. These new appointments helped to ensure that ProCare can support its dedicated primary healthcare teams achieve improved access and health outcomes, especially for our Māori and Pacific whānau.

Changing face of healthcare

With the well documented aging workforce, and many younger general practitioners no longer wanting to work long hours or in isolation, we continue to investigate ways of supporting the future of the network.

Our Elevate strategy will continue to play a key part in this changing face of healthcare with the aim that we can then sell a portion (or more) of a practice to young general practitioners in the future.



The Exchange programme is also available to retiring GPs looking to exit their practice. As highlighted previously as the number of practices approaching us grows, we will be embarking on a capital raise in the new financial year to support this activity. We will of course keep the network updated in due course.

As COVID has demonstrated, virtual consultations, whether by phone or video, are a useful additional tool in managing our patients' care needs. A provider that can support practices when they are overwhelmed or need a break and that doesn't enrol patients is integral to our long-term strategy. Therefore, we will continue to invest in CareHQ, our joint venture with Southern Cross, as we believe having this sort of support is essential to support primary care in the future.

Acknowledgements

As always, I would like to acknowledge and thank my fellow Board members for their commitment and governance expertise which ensures the organisation remains on track to achieve its strategic objectives. Special thanks to ProCare's executive leadership, management and the wonderful team that make up the wider ProCare whānau — please know the work you do is appreciated and makes a difference to the health and wellbeing of people across Tāmaki Makaurau.

Here's hoping to a year of reimagining healthcare to deliver the most progressive, pro-active and equitable health and wellbeing services in Aotearoa New Zealand.

Harley

ProCare Network in Numbers

As at 30 June 2022

167

Practices

853

General Practitioners

71

Healthcare Assistants

30

Health Improvement
Practitioners (HIP)

47.5%

Of Auckland DHB's population

29.8%

Of patients are considered
high needs

788,190

Enrolled patients

709

Nurses

153

Practice Managers

30

Health Coaches

15.4%

Of estimated NZ population*

21.4%

Of patients are Māori
or Pacific

*5,127,100 as at March 2022

Group CEO Report

ProCare Group



Bindi Norwell,
ProCare Group CEO

**Ma tini ma mano ka rapa te whai.
Many hands make light work.**

Tēnā koutou katoa,

When I look back over the last 12 months and take the time to reflect on the past year, I am extraordinarily proud of the huge level of mahi the ProCare whānau and our network have achieved.

When we launched our Leading With Purpose strategy in July last year, little did we know that on top of the workload we had planned for the year, that the COVID-19 pandemic would result in another lockdown and remain a key issue for the healthcare sector.

Once again, primary care was at the forefront of the COVID response by testing, swabbing and vaccinating our communities across Tāmaki Makaurau. Our ProCare team had to adapt to the changing environment and respond accordingly — particularly in relation to working from home for extended periods.

However, despite COVID's best efforts to 'slow' the sector down, the team have continued to drive our organisation forward, all the while navigating the constantly changing landscape, and amidst a health sector in reform.

We are committed to ensuring we foster an environment where the ProCare team feels valued, and as part of this, we have worked with Mind the Gap to analyse our gender pay gap, which for the last financial year was 2.9% — this is in comparison to the national average of 9.2%.



Equity

Equity remained a key pillar of ProCare's strategy for the 2021/2022 financial year after launching a review at the end of the previous financial year.

This saw us officially launch our 'ProEquity' strategy — including our Māori and Pacific health strategies — which highlighted some key milestones we needed to achieve as an organisation.

Fundamental to these strategies were a public commitment to Te Tiriti o Waitangi as part of our overall business strategy, and a refresh of our brand strategy, purpose, mission, vision and values to be more culturally inclusive.

Some of the key milestones achieved included appointing new roles internally (including an Acting Head of Equity and Kaiwhakahaere Māori [Head of Māori]), launching our cultural competency app ihi, launching our community mobile van service 'Ara Hauora' and introducing our 'Pacific Guide to Equity for General Practices'.

We developed a partnership with Taumata Kōrero to help increase vaccination rates amongst Māori, worked with our Healthy Village Action Zone (HVAZ) Churches to increase Pacific vaccination rates and supported the Human Rights Commission's Enquiry into the Pacific Pay Gap.

For our people, we provided Anti-Racism training to ensure we were providing our ProCare whānau with a culturally safe place to come to work and have celebrated a number of language weeks which were an opportunity for staff to learn more about the diverse range of cultures at ProCare.

As a result of the mahi undertaken in this space, we were delighted to see a significant uplift in employee engagement from an equity perspective, showing us how important the work we undertake in this space is.

Advocating for General Practices

With the health reforms announced just before the end of the previous financial year, we knew that advocating on behalf of our practices was going to be critical, as was demonstrable behaviour of the value ProCare brings to not only primary care, but the wider healthcare system.

Some of the key issues we advocated on behalf of General Practice over the past financial year have included alcohol, PHARMAC funding for influenza vaccinations, action around Fetal Alcohol Spectrum Disorder (FASD), RAT rollout and funding issues, CCCM issues, smoking in cars, childhood immunisations, COVID bulk funding processes and fizzy drinks in schools.

We also launched 'Mission Possible' at the beginning of 2022 to help support general practices that were inundated with COVID response requirements as well as trying to keep up with the day-to-day care of their patients. This saw us support practices with more than 650 hours of clinical and administrative support including recalls, CVDRAs, vaccination clinics and helping with smoking brief advice.

We also continued this advocacy work in the media, by acting as a 'voice' on behalf of general practices with media coverage up more than 200% compared to the previous year.

Innovation

As part of demonstrating the value we bring to the primary care sector, as an organisation we continued to focus on how innovation could support general practices.

Some of the innovative products and services we developed or launched included UnifyHealth — a pilot programme that helps high needs patients access healthcare when they are unable to be seen at their local practice. UnifyHealth acts as a digital gateway, delivering online consultations via CareHQ at a subsidised rate to ensure that patients are able to speak to a doctor, even when their own General Practice is booked out.

ProFusion 2.0 (a digital platform for clinical programmes and services) was launched. ProFusion's main functions include webforms, an e-Referral system, quality assurance/improvement, and resource management. The platform has enabled the delivery of complex clinical services, virtual care and provision of machine learning for quality assurance.

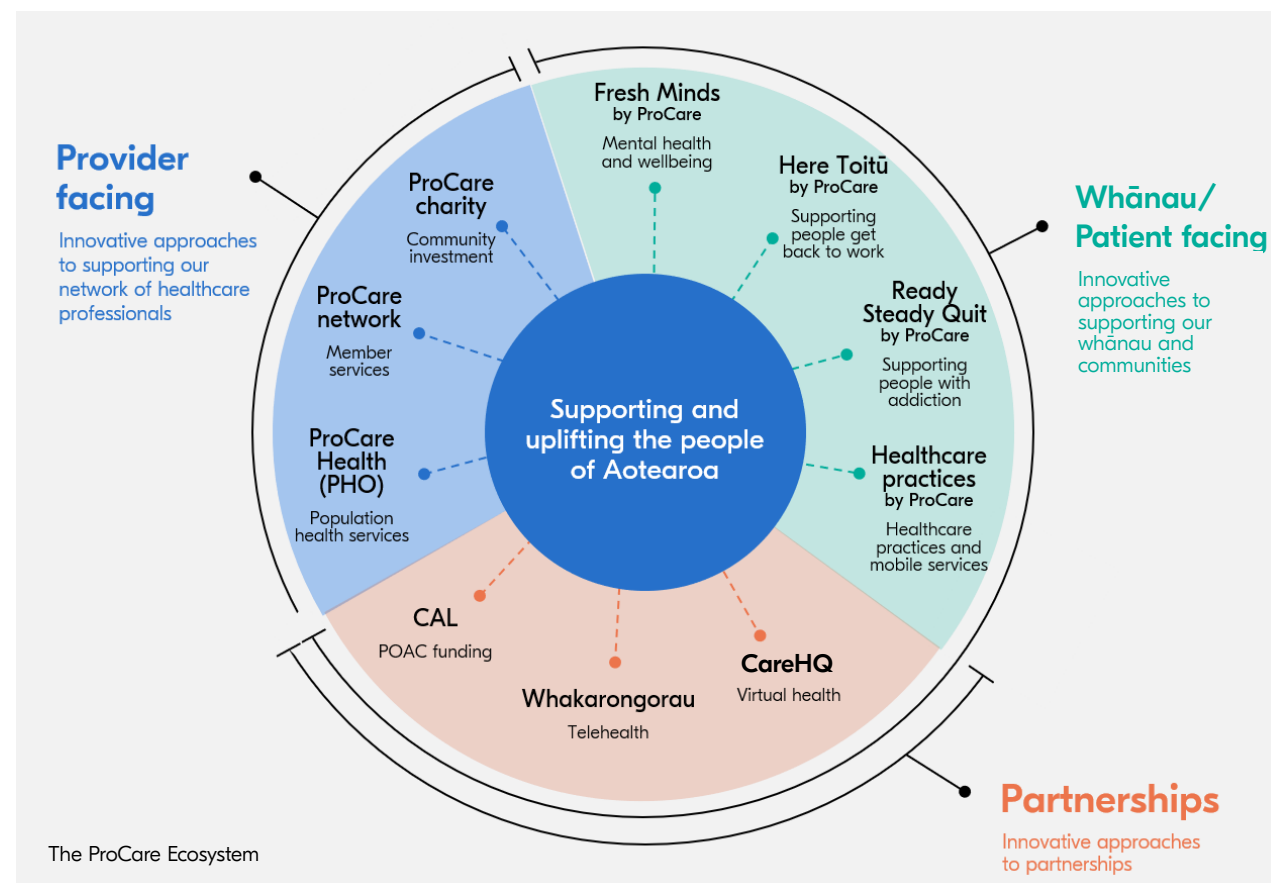
Together with ACC and Pegasus Health, we launched a new concussion pilot which aimed to make it easier for general practitioners to manage injuries in a primary care setting. Additionally, the trial sought to identify a new standardised concussion treatment pathway that would support GPs to quickly identify and refer patients that require specialist concussion services where needed. Despite everything else going on in the health sector, we received a good number of sign-ups to the trial and feedback has been positive to date.

We were delighted to be recognised as the Emerging Business of the Year at the 2021 Cooperative Business New Zealand Awards. This award sought to recognise an emerging cooperative that had been in operation for five years or less and to celebrate the work the organisation has done to ensure long-term success, viability and acting in terms of cooperative principles and ideals. The judges noted as part of the award that “ProCare’s transformation into a cooperative has allowed their practices to thrive and even better serve their patients and communities”. We were humbled to be recognised for the mahi the team and our practices achieve.

Health reforms

With the health reforms approaching at ‘full speed’, some of our aims during the year were to establish a blueprint or methodology to support locality network development and to support the development of at least two pilot localities across metro Auckland.

These aims were successfully completed, noting of course, that the blueprint we’ve established is constantly being refined as more information becomes available from Te Whatu Ora | Health New Zealand. Our Kaipara, Manurewa/Clendon and Papatoetoe localities are all functioning successfully with regular meetings and development of initiatives.



“We have continued to drive our organisation forward, all the while navigating the constantly changing landscape, and amidst a health sector in reform.”

As part of that work, we launched a new initiative and website called [Reimagining Health](#) as a way of helping to ensure Tāmaki Makaurau is supporting new ways of working across communities and providers. The aim was to help achieve better health outcomes, support equity in health and prepare for the reforms coming into effect. This website sought to deliver providers and communities with information about the upcoming changes in the health system around a localities approach and outlines how people can come together in order to best meet the healthcare needs of the local community.

Northland

In May, we were humbled to be appointed as a Primary Health Organisation in Te Tai Tokerau (Northland), with four general practices signalling their intention to move to ProCare. Given our focus had purely been on Auckland for the last 25 years, this was an exciting opportunity, and we were delighted that Northland DHB approved the move. We look forward to working with the Northland practices and to supporting whānau, iwi and the wider community in the delivery of positive health outcomes across the region.

Elevate

As part of our Elevate programme, we acquired Health New Lynn — a modern, integrated general practice and 7-days urgent care facility with approximately 20,000 patients across the greater West Auckland area (including more than 4,000 Māori and Pacific patients), and around 50 healthcare professionals.

Health New Lynn was a natural fit for ProCare’s Elevate programme given the integrated model of care approach the practice takes. We were delighted that the GP owners continued to work

on in the practice to provide continuity of care for their patients.

Going forward, we will continue to look for opportunities to acquire new practices that support the next generation of business owners by offering investment options in the practice for General Practice professionals.

Looking ahead

One thing we can be sure about over the next 12 months, is that change will be the one constant we deal with. Whether that be responding to ever changing COVID variants, announcements from the health reforms or just dealing with the challenges of supporting our general practices and their enrolled populations.

Undoubtedly, the mahi we achieve is a result of successful collaboration so thank you to everyone who contributes to the outcomes we achieve. Thank you to my Boards for your support, my executive leadership team and your wider teams for your outstanding dedication and to our practice teams for your passion and commitment to uplifting and supporting the health and wellbeing of the people of Aotearoa.

Bindi Norwell

Bindi

ProCare Group Highlights

Financial measures

Revenue	NPAT	Total Assets	Total Equity
\$514m	\$9m	\$84m	\$17m
up 84% from \$279m in 2021	up 354% from \$2m in 2021	up 103% from \$41m in 2021	up 122% from \$8m in 2021

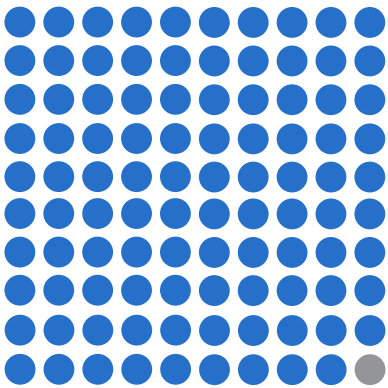
Employee engagement measures

Equity engagement	Employee engagement	Gender pay gap
77%	73%	2.9%
up 8 percentage points from 69% in 2021	up 8 percentage points from 65% in 2021	

Co-op

Retained
99% of Co-op
ESUs

Largest ever growth in our PHO with the expansion to Northland
Localities blueprint developed



Our Impact

Striving for equitable health outcomes for our Māori and Pacific population

The ProCare network serves the largest Pacific and South Asian populations enrolled in general practice and the largest Māori population in Tāmaki Makaurau. Improving health outcomes for this population is a key priority.

In the 12 months since the ProCare ProEquity Strategy was launched, we have made significant progress on our year one roadmap.

As part of the ProEquity Strategy, ProCare appointed Mihi Blair (Ngāti Whātua Ōrākei), as Kaiwhakahaere Māori and shortly after, Acting Head of Equity.

Mihi says: “This year we’ve seen some great achievements from an equity perspective across the organisation including our fantastic new app — ihi, the launch of Te Pūheke — our cultural competency training, the refresh of our brand to be more reflective of the communities we serve, and the development of our Māori and Pacific Health strategies. However, this is just the beginning of our mahi in this space.”

Appointments

To better reflect the communities it serves, ProCare has made key appointments in leadership positions.

ProCare recognised there was a need for representation of Tangata Whenua in a decision-making capacity, so one key step undertaken was to appoint Sarah (Hera) Kinred (Ngāti Whātua Ōrākei) as the Tangata Whenua representative on the ProCare Health Limited Board. This appointment was a critical step for ProCare, and Sarah’s leadership is vital in shaping how the Board makes decisions.

Donovan Clarke (Ngāti Te Ata, Waikato-Tainui and Ngāti Hine) joined the Co-operative Board as an

Independent Director, and brings with him a wealth of knowledge, with experience as a change leader, championing significant projects across primary care, mental health and addictions, and the disability sector.

Dr Wikitoria (Wiki) Gillespie (Ngāti Kahungunu) also joined the Co-operative Board. Wiki has been a General Practitioner for more than 25 years and is highly experienced with an interest in children’s and women’s health, mental health, and diabetes.

Alongside the board appointments, ProCare appointed Dr Reza Jarra as the Clinical Director for Equity. He provides clinical oversight and support across the equity-focused health targets and initiatives.

Healthy Village Action Zones (HVAZ)

Community health expo

After months of lockdown and isolation due to COVID-19, the health expo in May 2022 was an opportunity for our health providers to take the services to our community of Pacific church partners, fanau and friends to have various health checks and improve their health literacy in a local venue. More than 400 people participated, from young tamaiki to our mātua members including one that was 78 years old.



“Over the last year, we have made key strides in the strategy and direction of ProCare’s equity journey. We’ve listened to the feedback that came from engagement with stakeholders, and as a result developed integrated strategies for Māori and Pacific Health that weave in priorities for Te Tiriti o Waitangi alignment and equity.”

— Bindi Nowell, Chief Executive at ProCare

Masuisui Sam Partsch, Pacific Project Coordinator for ProCare HVAZ and organiser of the expo, said: “Events like this, organised by Pacific people, for Pacific people, are a great way to create a safe space for our community. We saw whole families visit several different health professionals based on their needs, and leave feeling like they understood their health ‘numbers’ better. Our community was excited to take ownership of their health and wellbeing, and this expo was a way for them to access several different services at once.”

There was tremendous support from a range of health providers who collaborated for collective impact, including Diabetes NZ, Arthritis NZ, Garden4Health, Prostate Cancer Foundation NZ, Time to Screen (bowel and cervical screening), Ready Steady Quit, Ara Hauora, ADHB/HVAZ, Variety, flu and COVID-19 vaccinations.

Our ihi app

ProCare launched a new cultural competency app called ‘ihi’ as part of its equity journey and as a way of helping staff, its network, and wider stakeholders to increase their engagement in te ao Māori.

To make the crucial link between language and culture, ihi content covers te reo Māori pronunciation,

tikanga Māori, mihimihi/pepeha (introductions), ngā mihi (greetings), whakatauki (proverbs) and waiata (songs).

Mihi Blair, Kaiwhakahaere — Head of Māori at ProCare says: “ProCare is delighted to present ihi for our staff, network, and partners. It’s so simple to use as it has the ability to swipe over words to listen to the pronunciation. This will allow people to practice in their own way, therefore giving them confidence in using te reo, supporting them to be more inclusive and connect with respect and appreciate te ao Māori in their daily mahi (work).”

Launched the ‘Achieving Equity for Pacific’ guide

ProCare released “Achieving Equity for Pacific — A guide for General Practices” to equip and support practices across its network to achieve the best health outcomes for their Pacific patients, their fanau (family) and the generations to come.

The guide gives an overview on 10 different tools to connect with and understand Pacific communities, some of which include understanding Pacific values, and health literacy.

Viv Pole, Senior Advisor for Pacific at ProCare says: “Understanding our Pacific patients and their fanau is the first step toward forming strong relationships, making accurate diagnoses and putting together shared treatment plans that will aid understanding of health conditions and enable self-management.”

Ara Hauora

Ara Hauora is a family centred initiative, where a team of Nurses and Health Coaches take mobile van services home to whānau who will benefit most through outreach. Support includes a wide range of services rather than being limited by time and/or a specific health issue.

This service is designed to work in partnership with ProCare’s general practices to identify and reduce barriers for whānau accessing their regular health and wellbeing services. The team work with whānau to address these barriers and guide them back to their general practice for ongoing care.

Human Rights Commission inquiry into NZ’s Pacific Pay Gap

ProCare was proud to support the Human Rights Commission inquiry into New Zealand’s Pacific Pay Gap and show how we have taken a stand against pay inequity.

As part of our participation in the inquiry we provided extensive anonymised data on the make-up of our workforce demographics and remuneration structure, as well as undertaking multiple meetings and interviews with various team members.

Our data reflected the fair, equitable and structured approach we take to remuneration across all of our roles. It highlighted that our Pacific people are highly valued, crucial members of the healthcare workforce and that there is no inequity in our organisation in terms of a pay-gap.

Helping our community during COVID-19

ProCare, Taumata Kōrero and Te Pae Herenga o Tāmaki worked together to support each other on a targeted COVID-19 vaccination campaign for Māori whānau enrolled with the ProCare network. The initiative was a collaboration with Māori providers, general practices and ProCare to invite

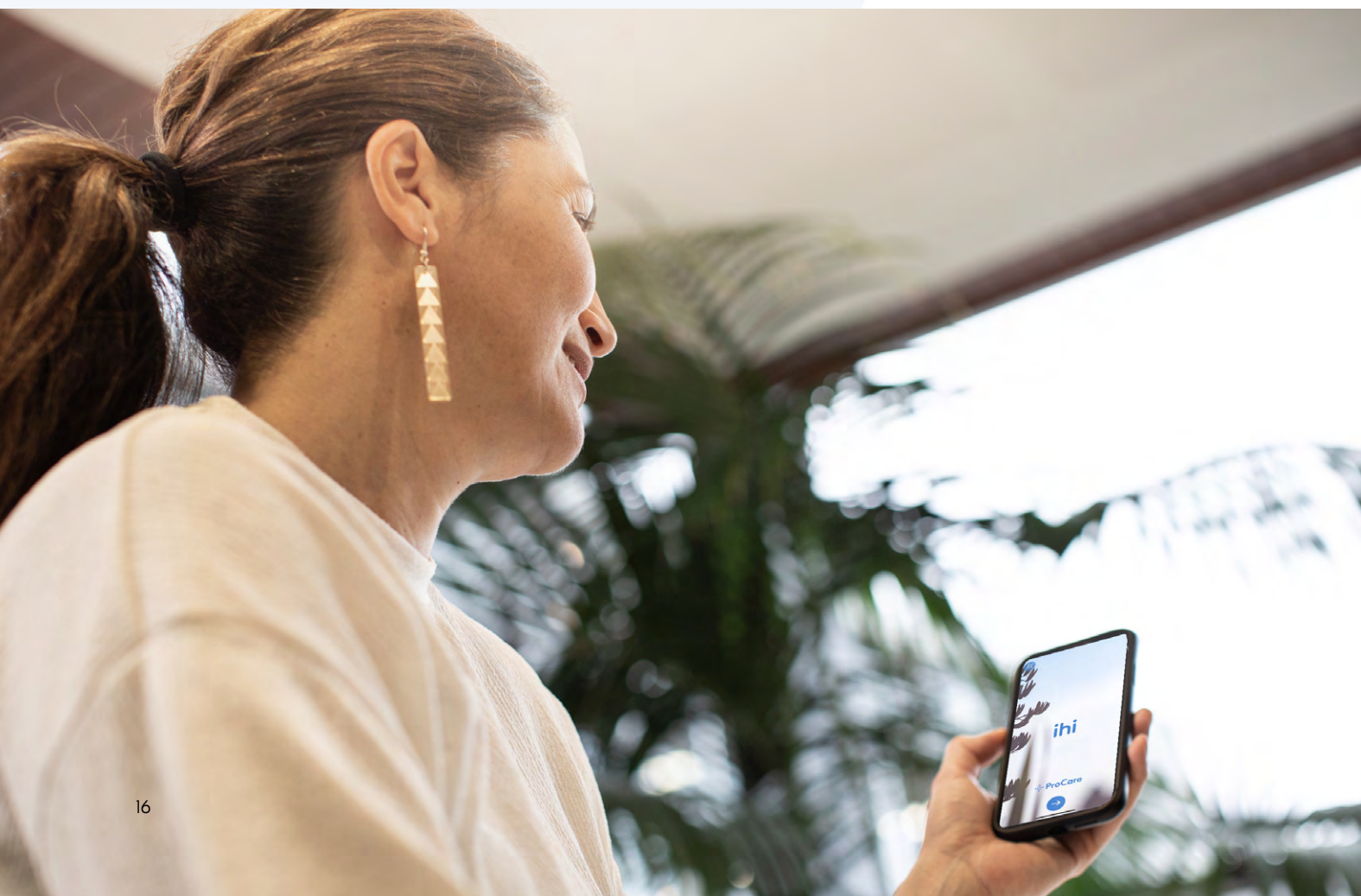


ProCare's mobile health van, Ara Hauora

and encourage Māori whānau to get their COVID-19 vaccinations. ProCare provided a targeted list of practices within these localities, based on the number of Māori yet to receive both doses of the COVID-19 vaccine. We also encouraged practices to send mass texts to eligible Māori encouraging them to get ‘dotted’ and shared this information across our social media channels.

Prioritising our Māori, Pacific, and High Needs populations

Over the last year, ProCare has made key strides in the strategy and direction of the organisation. Feedback has been gathered from engagement with stakeholders, and as a result developed integrated strategies for Māori and Pacific Health that is reflected in our Population Health targets and weave in priorities for Te Tiriti o Waitangi alignment and equity. Achieving this plan requires a shared commitment and collective process across ProCare as well as building authentic and collaborative relationships with Māori, Pacific, and the diverse population groups that make up the ProCare network.





Our Impact Here Toitū

Empowering and supporting people back to work or study

Here Toitū is a holistic life-wellness programme which aims to support whānau aged 18-64, who are in receipt of a benefit and are living with a health condition or disability, to engage in sustainable earning, learning, caring or volunteering that is meaningful to them. The Health Navigators (Kaimanaaki) work closely with patients to set goals and aspirations and build a pathway toward achieving these goals.

The Here Toitū model of care enables general practices to deliver warm handovers for patients and introduce them to a dedicated Health Navigator who is onsite, providing enhanced experiences and outcomes for their clients.

Over the next year, the Here Toitū team at ProCare is looking to expand further, with more Kaimanaaki, and become more present in local communities across Tāmaki Makaurau, offering people the opportunity to access help and services in the places they already visit.

Collaboration

Here Toitū is a collaborative national programme funded by the Ministry of Social Development with other national partners being the National Hauora Coalition in Auckland; Pegasus Health in Christchurch; and Think Hauora in Palmerston North.

"E hara taku toa, he takitahi, he toa takitini. My strength is not due to me alone, but due to the strength of many."

"Mother always said to me in Japanese — Fear is only as deep as the mind allows — let negativity flow, where positive energy will soar."

Momoko

Momoko's story of success

Momoko was referred to the Here Toitū programme in May 2021, after being diagnosed with a depression disorder. She was going through a very difficult time, having recently left an abusive relationship and lost custody of her two children, all while being in a country where she had no family or friends to support her.

Momoko's GP at Papatoetoe Family Doctors referred her through Health Navigator Beka Maiava-Tafiti who supported her over several months and helped her access social housing where she was able to arrange visitations with her children. Beka also set Momoko up with a Green Prescription for Wellbeing Support where she was able to expand her comfortability within the community, surrounding herself with others who are experiencing similar challenges just like her.

With support from Beka, Momoko confidently enrolled into full-time study in a 4-year accounting degree, where she is now more than half-way through her first year. She also started working a part-time job at a café (where she works full-time in the semester breaks) to help support herself and become more financially self-sufficient. Momoko has increased her visitation hours with her children and has also increased her communication with her family back home in Japan.

"Momoko has been inspiring to watch throughout her journey as she has empowered herself and shifted her sadness into action and built a better life for herself. She now knows what to do when she gets stuck or needs someone to talk to, or where she can turn to ask for help. Together, we were able to remove the barriers that were holding Momoko back, and allow her to recognise her strength and succeed," says Beka Maiava-Tafiti, Here Toitū Health Navigator.



Our Impact

Reducing smoking related harm in our communities

2,668

Referrals to RSQ

48%

Referrals enrolled

41%

Self-reported quit

Despite the challenge of navigating lockdowns over the past year, the Ready Steady Quit (RSQ) team have found innovative ways to support people to improve their wellbeing by becoming smokefree.

The team had to pivot and deliver smoking support services virtually during the 2021 lockdown and continue to build relationships with providers for patient referrals as community events were on hold during lockdown.

The focus for Ready, Steady, Quit

This year the RSQ team adopted the Tobacco Control Plan set by the District Health Boards across Auckland. The key focuses were:

1. To increase referrals through a strong alignment with GP practices
2. Increase community engagement
3. Develop RSQ group resources
4. Provide up to date education and information to kura (schools).

The activities throughout the year have contributed to one or more of these key priorities.

Improving the service offering

To increase community engagement and have success with clients becoming smokefree, the RSQ team focused on improving their services. This was led by the leadership group who worked hard to build a team that was motivated to create positive change in the community. This included staffing changes and recruitment of our ex-clients, an in-depth orientation programme, supervision and peer support systems.

Each practitioner has completed an annual training plan so they are able to build their own individual skill base when dealing with clients who might have mental health and or addiction concerns.

Ready Steady Wāhine

The Ready Steady Wāhine initiatives continued to build since it was started in late 2020. COVID-19 lockdowns at the end of 2021 added a challenge to engaging with clients, but different tactics were employed to reach the community.

During lockdown, one kaimahi (team member) utilised her smoking cessation knowledge and skills to go back to the Marae and actively help whānau to be smokefree by having a clothes swap day prior to Christmas. There was an opportunity to kōrero about any New Year's Resolutions and discuss their health and wellbeing in a fun way.

The team also supported wāhine to attend sessions by being flexible with times, taking an interest in their wider life such as their mental, physical and emotional health, following up and keeping track of progress.

Whānau based groups

Building on the focus from last financial year, the Ready Steady Quit team also supported the whole whānau and not just the individual client. The kaimahi's (smoking practitioner) role is to form a trusting relationship with the whānau as the support

systems around the client is a huge factor in their effort to become smokefree.

During community and whānau events, careful planning was undertaken to offer an engaging activity for all age groups. For example, activities have included things like bingo, clothes exchange, games, high teas, and fun exercise activities with prizes.

Engaging with Practices

To increase engagement with General Practice, the RSQ practitioners each aligned themselves with at least two general practices with a high proportion of Māori or Pacific patients. Part of their role is to contact each practice and work with practice staff and other ProCare providers to find out where the overall need is and gather client data.

To support this, during Smokefree May, ProCare called for Smokefree Champions in practices. The champions are the go-to people in the practice

to support and lead smoking support services for whānau. These are keys steps to engaging with practices more, and in turn leading to more referrals from GPs.

Motivating communities

Ready Steady Quit has been making a conscious effort to engage and partner with community groups and attend community events to share their service. Over the last 12 months, the team have attended several events including:

- HVAZ Health Expo
- Auckland Council "You don't want that smoke" regular community events in Henderson, Māngere and Papakura
- Kahui Tu Kaha Presentation — Avondale Transitional Housing
- HVAZ Health day Glen Innes
- Māori and Pacific regional exercise competition (Discipline Games)
- Switch it up event
- Matariki Ngāti Whātua Ōrākei expo.

“We focus on listening to people and letting them tell their story/journey. I love a kōrero, so I like giving them the space to let their kōrero out. Even if it cuts into my time. They need that because it's that first initial part that if you get it right, that's what truly counts.”

Ready, Steady, Quit practitioner



Our Impact

Supporting healthcare teams through COVID-19

As primary care teams continued to battle the COVID-19 pandemic across Tāmaki Makaurau and Aotearoa for another year, ProCare supported its network through a challenging time.

Some of this support included ProCare's involvement with NRHCC, network communications, POAC payments and a focus on advocacy. With the ever-changing nature of the pandemic, ProCare has been instrumental to the networks' response.

The launch of Mission Possible

This initiative was launched to help practices inundated with work during the Omicron outbreak in March 2022. Staff from across ProCare got together to support the network, demonstrating the power of collaboration. Over the course of six weeks, ProCare supported practices by:

- Ensuring RAT supplies
- Recalling people for high-grade overdue smears
- Conducting Diabetes or Cardiovascular checks
- Providing administration support
- Communicating with patients
- Coordinating RAT deliveries.

This was a great opportunity for ProCare to leverage skills from both clinical and non-clinical staff to support General Practice teams. We value the support and drive from our teams to deliver an initiative that aligns with ProCare's commitment to supporting teams in uplifting the health and wellbeing of the people of Aotearoa.

"We would like to thank the ProCare team for the help we have had from Mission Possible. We really appreciate the offer of assistance, especially with us being able to have the kind of practical help that eases some of the burdens for our team at this difficult time. Many thanks for this initiative and the easy way in which we could make use of it."

— Mt Eden Medical Centre

85,000 RATs

delivered to 164 practices

Supported practices with Mission Possible initiative

650+ hours of support

provided during Mission Possible

90+ COVID-19 update emails

to ensure practices were up to date

360 support queries

to assist practices via the Help Desk



Our Impact

Supporting our nursing workforce

General Practice nurses are an essential part of primary care and ProCare is dedicated to supporting the future of this workforce.

In the past year, nurses have continued to work tirelessly at the forefront of the pandemic, ensuring the health and wellbeing of our communities are cared for. In addition to caring for their patients, they have been crucial in Aotearoa's COVID-19 response, providing regular testing and vaccinations across Tāmaki Makaurau. ProCare's Clinical Advisors have worked alongside practices as part of the COVID-19 vaccination programme.

Nurses training programme

This year saw the second year of ProCare's free training programme to help Registered Nurses transition smoothly into general practice roles.

This programme was originally launched to support Aotearoa's general practice nursing shortage caused by the pandemic and has been well received. Upon completion, nurses were placed into practices across Tāmaki Makaurau.

Fit Testing

ProCare's Clinical Advisors have supported fit testing for N95 masks across the network and have also trained practice staff to become competent in managing their own fit testing for any new staff coming on board. This was in conjunction with the wider programme of fit testing using a portacount that was coordinated by the Clinical Educator — more than 2,000 fit tests were completed across the network.

A snapshot of ProCare Network's nursing professionals

709
Nurses

17
Nurse Practitioners

Our Impact

Virtual healthcare

CareHQ

CareHQ celebrated its first anniversary in November 2021 and has now delivered virtual consultations to more than 10,000 patients across the motu. Since the launch of CareHQ in late 2020, patients are more comfortable with virtual consultations and are actively seeking out such consultations directly now they realise the benefits of digital healthcare alongside more traditional face to face consultations.

The work completed over the past 12 months has helped support a number of general practices that have been under pressure from COVID-19 and other illnesses. CareHQ has been able to help patients across the country when they have been unable to reach their regular General Practitioner, including on Christmas Day.

The CareHQ model ensures continuity of care for patients by working with patients' registered

general practices and sharing consultation notes (with permission) to ensure ongoing health care management toward the goal of high quality, cost effective medical care.

ProCare partnered with Southern Cross to launch CareHQ in November 2020. CareHQ supports patients by providing a trusted, quality virtual consultation with a New Zealand registered GP fellow when their regular enrolled GP is not available or after hours.

CareHQ supports general practices by:

- Not enrolling patients
- Not taking a clawback
- Providing overflow or locum services
- Signposting unenrolled patients to a local GP
- Improving access in hard-to-reach communities.



careHQ

Our Impact

Supporting sustainable General Practice

Elevate programme

The long-term sustainability of quality general practice is crucial for New Zealand's healthcare eco-system.

Specifically designed to help build thriving practices, ProCare's Elevate programme provides a supportive collegial environment, ongoing service provision, and quality improvement and innovation opportunities.

The Elevate programme enables clinicians to prioritise the patient care aspects of practice ownership, rather than focusing on time consuming administrative tasks whilst also creating an opportunity for ongoing ownership options.

This year we acquired two new practices into the programme — Health New Lynn and Rangitoto Medical Centre (which was subsequently merged with OneCare Papatoetoe).

Additionally, renovations were completed at both OneCare Papatoetoe and Mt Smart Medical to refresh the practice interiors and branding, improve digital systems and promote enrolments to new patients.

ProCare now has a total of five practices in its Elevate programme:

- Kaipara Medical Centre
- OneCare Health — Ōtāhuhu
- OneCare Health — Papatoetoe
- Mt Smart Medical Centre
- Health New Lynn.

We hope to acquire further practices in due course.



Chair's Report

ProCare Health



Taima Campbell,
RGON, MHSc (Nsg)
Ngāti Tamatera; Ngāti
Maru; Ngāti Kiriwera

ProCare Health (PHO)
Limited Board Chair

He aha te mea nui o te ao? Māku e kī atu,
he tangata, he tangata, he tangata.

When I ask you what is the most important
thing, it is people, it is people, it is people.

As an organisation, our purpose — our reason for being —
is about supporting and uplifting the health and wellbeing
of the people of Aotearoa New Zealand. It is a noble
purpose, but one that is all about people.

As we saw during the 2020 and early-2021 COVID-19
lockdowns, the nation's focus turned from wider health
issues to a narrower focus on COVID. Whilst of course,
this was the right approach, we knew it meant that 'other'
health issues could easily be put to the side.

Therefore, as we continued to tackle COVID-19 during the
2021/2022 financial year, it was imperative to ensure that
we were still delivering the most progressive, pro-active
and equitable health and wellbeing services as part of
our day-to-day mahi.

Achieving health targets is always a priority and we
acknowledge the hard work of those at the front line in
primary care who have juggled heavy workloads while
managing to reach or exceed these benchmarks.

Improving health outcomes and equity in health

This year, we have accelerated our equity focus targeting
priority populations including more than 80,000 Māori
and 100,000 Pacific patients as part of our wider
enrolled population.

As part of our equity strategy, we sought to understand
the health needs of different cultures, especially Māori
and Pacific, to help deliver improved health outcomes
and really make a difference for our populations.



We sought to do this through applying Te Tiriti o Waitangi principles of Tino rangatiratanga; Equity; Active protection; Options; and Partnership. We also sought to demonstrate our commitment, make a tangible difference in an authentic way, and include a focus on 'whānau voice' by putting patients at the centre of all we do.

Examples of the mahi achieved included supporting the top 10 Māori and Pacific practices with linkages to health and social services, partnering with marae and churches, implementing our mobile health service — Ara Hauora, promoting shared medical appointments across our network and promoting medication reviews for patients with polypharmacy.

Advocacy in action

Part of our work around improving health outcomes requires us to advocate on behalf of the communities we serve.

Advocacy work we undertook over the last 12 months included advocating for more work to be done to prioritise Māori and Pacific COVID vaccinations. It was clear from the data that a 'one size fits all' approach to vaccinations doesn't work with all parts of our population. We also called for PHARMAC to expand the influenza vaccination for Māori and Pacific people aged 55-64 which resulted in free influenza vaccines for around 39,000 more people than the same period last year, which is critical given how low immunity levels were in our communities.

Another example included using our population health data to highlight the fact that childhood immunisations were at their lowest point in two years. Critically, this meant hundreds of tamariki across Tāmaki Makaurau would miss out on the important protections they needed against preventable illnesses such as Rotavirus, Diphtheria, Tetanus, Pertussis or Polio.

New Directors

As part of the reflection of a more equitable ProCare, we also announced a number of new positions to the PHO Board during the financial year.

These included the appointment of Sarah (Hera) Kinred (Ngāti Whātua Ōrākei) as the Tangata Whenua representative, Ann Davis as the new Nurse Representative, and Sally Dalhousie as the Pacific representative.

All three Directors bring a wealth of knowledge and experience to the table, and we were delighted

to be able to secure such high calibre individuals to support us on this journey of knowledge and growth.

Looking forward

Whilst there are many challenges facing population health, not the least of which includes the health reforms, primary care has a leading role to play so that people can achieve greater wellbeing for themselves and their whānau.

Each year we continue to make good strides in equitable health care, but there is always more to be done.

Looking forward, we know there will be a continued focus on addressing Māori and Pacific health and wellbeing needs, and of course the needs of the rest of our enrolled populations.

We will also continue to address and advocate on health and wellbeing matters that affect our communities, and around some of the wider social determinants of health.

Acknowledgement

I would like to thank my fellow Directors for their commitment and dedication to their governance role and for guiding ProCare's commitment to improving the health of our enrolled population.

I would also like to thank our ProCare Māori (ProMa) and ProCare Pacific (ProPa) advisory committees who continue to do great work. Their advice and experience ensures we are focusing our efforts in the right places.

My tenure as Chair has been short, but as I prepare to hand the reins back to Tevita Funaki I look back and am incredibly proud of everything the team has achieved in the last 12 months — especially as it has been done in the midst of a pandemic.

But I leave the Board in good hands, as I know Tevita is equally as passionate about population health and improving equity of access and outcomes for our Māori and Pacific communities.

Special thanks to ProCare's Clinical Directorate and the Population Health team who I know are working tirelessly to continuously improve the way we do things to help and support community wellbeing.



Taima

Our Impact

July 2021 – June 2022

Working together, we have impacted the health of **788,190** people living in Tāmaki Makaurau by providing preventative healthcare.

61,764 CERVICAL SCREENS



11,966 REFERRALS TO MENTAL HEALTH SERVICES

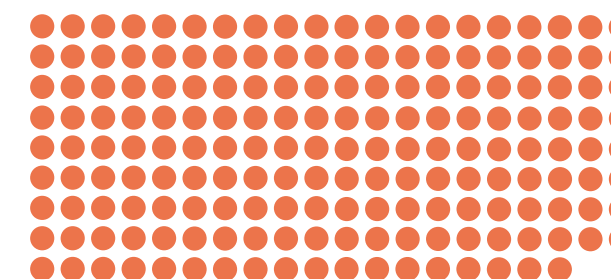


2,668 REFERRALS TO QUIT SMOKING



1,529,606 COVID-19 VACCINE DOSES

177,935 FLU VACCINES



27,619 HPV VACCINES



● = 1,000

CLINICAL RESULTS

Results as at 30 June 2022, displayed as percentage of eligible population

CVDRA screens (2013 cohort)

85%

CVDRA screens (2018 cohort)

49%

Alcohol Brief Advice rate

71%

Cervical screens

72%

Smoking Brief Advice given

74%

8 month immunisations

87%

2 year immunisations

80%

Dose 1 and 2 COVID-19 vaccination

90%

Our Impact

Improving health outcomes, a population health approach

ProCare's Population Health Strategy underpins the work of its practices to improve wellbeing, equity, and outcomes for the 800,000 Aucklanders in its care. The strategy is based on a comprehensive analysis of the health needs of Auckland's diverse population with priorities for action arising from hui and focus groups with the network, governance groups, and the communities we serve. It provides the framework for general practice and the wider primary care system to focus on targeted and proactive care and support that improves people's health and wellbeing.

The ProCare Population Health Strategy is a five-year programme of work and guides clinical care and practices until 2025, with 2021-22 being year three. To deliver the strategy, ProCare is leading the way by shaping systems and new models of care encompassing acute, chronic disease, mental health and care planning, all of which support our practices to improve the health and wellbeing of their patients.

The strategy takes a life course approach based around five goals that are designed to improve the health of the population:

1. Encouraging a healthy start to life, focusing on pregnancy, newborns and children up to school age (0–4 years)
2. Youth engagement (15–24 years), focusing on encouraging young people to access primary care
3. Supporting people of all ages in their mental health, wellbeing, and preventive care
4. Improving the health experiences and wellbeing of people living with long term conditions
5. Improving the quality of life of older people (65yrs+ for Māori and Pacific, and 75yrs+ for all others).

Year three achievements (five-year strategy)

Year three of the Population Health Strategy focused on supporting practices to continue their efforts to achieve their goals from their Annual Quality Plan, including equity gaps highlighted within their clinical performance indicators. A key part of this was using the monthly tracking data to plan, execute and measure the activities undertaken to meet the health targets.

The activities overleaf are an indicator of what was completed, despite Tāmaki Makaurau being in lockdown for 107 days due to the COVID-19 pandemic. This is testament to the resilience and dedication of our practices and ProCare staff.

Better Together Collaboratives

Following the success of the Better Together Collaboratives in 2021, ProCare has chosen another five topics to focus on with practices:

- Alcohol screening
- Cervical screening, especially women with high grade smears
- Diabetes management, including the new SGLT2/GLPI medications
- CVD risk assessment for the new, younger eligible people
- Creating a welcoming practice environment.

Looking forward, 50 practices have signed up to participate in one or more of these topics. The results of the collaboratives will be shared in next years' Annual Report.

Pregnancy Roadmap

After nurses and other clinical advisors found that many expecting mothers weren't sure what kind of help, services and rights they have on their pregnancy journey, ProCare created a Pregnancy Roadmap. This was to help guide hapū māmā through their pregnancy journey, from finding out about a pregnancy, through to after birth.

Youth Advisory Group

The Youth Advisory Group (YAG) started in 2020 as a pilot and has since been implemented permanently by ProCare. Rangatahi aged between 14 and 24 act as ambassadors for young Aucklanders by meeting regularly to provide insight into how young people think and feel about life in New Zealand, with a particular focus on how they like to interact with primary care and mental health services.

This year, ProCare welcomed four new members to the YAG to help guide implementation of ProCare's Population Health Strategy.



Best Start Kōwae

ProCare has been working closely with the Gen2040 team at National Hauora Coalition to promote the use of the Best Start Kōwae tool in practices. The Best Start tool is installed in the Practice Management System and offers a step-by-step holistic assessment of hapū māmā. The tool asks about the medical history of a māmā as well as prompting questions on other factors that could affect a pregnancy, such as safe housing. This year ProCare worked alongside the Gen2040 team to boost the use of Best Start in practices, with four of our practices winning a lunch shout for tripling their assessment numbers from May to July.

CVDRA cupcake campaign

In May, funded cardiovascular disease risk assessments (CVRDA) campaign expanded to include Māori, Pacific, and South Asian men aged 30-34, women aged 40-44, and people with severe mental illness from age 25. There was a target to complete 60% of eligible CVDRA by 30 June 2022.

To support practices, ProCare worked closely with the data analytics team and external providers to ensure each practice received the correct information of which patients were eligible for a CVDRA and receive backdated funding payments from July 2021.

52 ProCare practices achieved the CVDRA newly eligible 60% target by 30 June 2022, with many more achieving the target following this date.

As acknowledgment of the hard work practice staff put in to achieving 60% of the newly eligible cohort having a CVDRA, ProCare gave each practice who met the target cupcakes to enjoy.

Koha packs

Koha packs were delivered to Hillside Medical Centre, The Doctors Ti Rakau, and Ostend Medical Centre to give to patients who completed care planning. Care planning empowers patients to participate in their health care planning and deciding what treatment and care best meets their values, goals, and preferences, now and in the future.

The Koha packs included hand sanitiser, paracetamol, facemasks, and health information booklets. The packs offered ProCare staff the opportunity to have conversations with doctors, nurses and practice managers to explain the benefits of the My Care Plan tool and show them how to use it.

ProCare advocated on behalf of its enrolled population for:

- Reform of the Sale and Supply of Alcohol Bill
- PHARMAC's proposal to widen access for flu vaccine
- The Provision of Healthy Drinks in Schools
- Child Immunisations and other health related data
- Ban on smoking in cars.



Chair's Report

ProCare Fresh Minds



Bindi Norwell,
ProCare Fresh Minds
Limited Board Chair

He whiringa takitahi ka hunahuna
He whiringa ngatahi, ka raranga, ka mau

If you plait the strands, one at a time,
the ends will fray and fragment.
If you weave them together, they will hold.

ProCare Fresh Minds has continued to expand its services and support across healthcare practices, communities, schools and centres, especially as we have seen the increased pressure on whānau during the COVID-19 pandemic.

Mental health support a continued need through tough times

The Fresh Minds Centres received more than 4,263 referrals over 12 months, with 3,909 of those coming from ProCare practices. In the early days of COVID-19 lockdowns, we saw a decrease in referrals, with an uplift occurring upon return to clinics. However, as clients are now becoming more comfortable with virtual methods, this has meant a smaller impact due to lockdowns than may have otherwise been expected.

In addition to this, wait times for appointments have achieved target levels for the first time in three years.

In a continued effort to diversify our offering and provide a stepped model of care, 23 webinar series (managing anxiety, managing mood and wellbeing) were run throughout the year (92 sessions), offering support to an additional 753 individuals.

Virtual support and an innovative approach

The ongoing pressure on secondary mental health



services has meant an overflow of referrals coming through for high acuity cases which require careful review and management.

To ensure we provide the right level of service for each client, Fresh Minds offers a stratified approach that includes e-resources, webinars, video conferencing, and recommending apps to service users.

Fresh Minds Centres moved to virtual-only consultations in August 2021 as a response to the latest COVID-19 lockdown measures. This move resulted in a 177% increase in the number of patients we saw virtually compared to the year prior.

At this time, a revision of the practice model took place to ensure it was optimised for Māori, Pacific, Q5, and youth engagement, plus maintain a reduced wait time and manage risk.

We are looking at a return to centres and in-person appointments in the new financial year. To facilitate continuity of care, we will be running a hybrid model of working, which will empower clients to choose how they interact with our team. Throughout the various lockdowns, our team have learnt to be extremely agile and adapt to the competing needs of our clients.

Support in the community

We have continued to partner with a number of sector partners and NGOs in order to deliver valuable programmes, as workforce shortages have added pressure to an already busy schedule.

Fresh Minds has again been the provider for Triple P (Positive Parenting Programme) in the Counties Manukau district, providing free support to more than 172 parents and caregivers with government funding. In addition to the in-person and one-on-one support offered to these whānau, an online self-registration version of Triple P was made available for whānau to access free whenever they needed it.

This year we launched our Wellness in the Workplace pathway, to support businesses impacted by COVID-19, and received our first funded referrals in February 2022.

Youth mental health and wellbeing an ongoing priority

The hauora of our young communities in Tāmaki Makaurau continues to be a top priority for Fresh Minds. Our health in schools programme provides free support for more than 8,416 students across 10 decile 1 to 5 schools in the Auckland District

Health Board (ADHB) area, as well as three alternate education sites, one kura kaupapa Māori education site and one teen parent unit; supported by 10 general practitioners, 23 nurses and three psychologists.

More than 17,000 visits were made to the school health centres during the year — this is down slightly on previous years, due to COVID-19 lockdowns. We have also seen a decrease in general school attendance and a decline in student resilience as a result of the various school shutdowns, shortened days, and general respiratory illness in the community amongst students and staff.

This body of work is helping close the health access equity gap for young people with higher numbers of Māori and Pacific students accessing the service.

Intervening early with Behavioural Health

Over the last 12 months, Fresh Minds has continued to work collaboratively with Tū Whakaruruhau (The Auckland Wellbeing Collaborative) to implement and deliver Te Tumu Waiora model of care. To the year ended 30 June 2022, Fresh Minds introduced the model to additional practices across the ProCare network, despite practices holding back on implementing new initiatives due to COVID-19 surge needs.

Work will continue in the new financial year to progress and onboard more practices.

During the COVID-19 Omicron surge in May and April 2022, Te Tumu Waiora (TTW) Health Improvement Practitioners (HIPs) and Health Coaches were invaluable to the practices they worked in, by providing more than 100 hours of additional support, indirectly supporting the care of 456 COVID-positive patients during a very challenging time for primary care.

Our commitment to our priority populations (Māori, Pacific, and youth) was strengthened through the year, with a focus on workforce development, workforce diversity, and data-led equity initiatives. As part of this journey, our HIPs and Health Coaches commenced Te Ara Rāanga Hāpainga programme — a practitioner-focused cultural bearer training, developed by ProCare Fresh Minds and Tū Ora Compass.

Praise for our dedicated team

A key focus for our team over the last financial year was workforce development and diversification. In February 2022, after a number of COVID-19 related delays, we were able to bring the full Fresh Minds team together virtually for a Hui Taumata a Fresh Minds and begin a new round of professional development.

We also made great strides in increasing our Māori and Pacific workforce, now representing 40% of all Fresh Minds staff and 62.5% of the Fresh Minds leadership team — something that we have been working on as a priority over the past year.

A huge thank you Tania Wilson, General Manager of Fresh Minds, her Senior Leadership Team and the wider Fresh Minds team. It has been another difficult year, but you have all put in the hard mahi and helped so many individuals in our community.

Bindi Norwell

Bindi

With one in five New Zealanders needing support with mental health, Fresh Minds continues to provide crucial services for people across a range of settings including Fresh Minds centres, general practices and in schools across Auckland.

4,263	Referrals to Fresh Minds Centres
3,909	Referrals from ProCare general practices
6,344	Virtual sessions for COVID-19 safety



ProCare Fresh Minds

Health and wellbeing support

Behavioural health and mental wellbeing integrated in general practice through Te Tumu Waiora

Fresh Minds continues to be a key partner in the roll-out and delivery of Te Tumu Waiora across Tāmaki Makaurau, providing mental health and wellbeing support to patients in an efficient manner through general practices.

Health Improvement Practitioners (HIPs) are behavioural health practitioners (not just mental health), so in addition to these top five presenting issues, HIPs saw patients for a broad range of issues, including diabetes, pain, relationship issues, trauma, alcohol and drug issues, parenting, housing, and weight. In addition to the Health Coach top 5 presenting issues, Health Coaches also saw patients for cholesterol/CVD, stress, overdue screens, housing, food & warmth, sleep, and gout.

Top five presenting issues with our HIPs



Top five presenting issues with our HCs



19 Practices using Te Tumu Waiora model of care

178,545 People now have immediate access to mental health and wellbeing support

30 Health Improvement Practitioners **30** Health Coaches

16% Māori **23%** Pacific

Enhanced School Based Health Services

Our school-based service and youth health in general was severely impacted by COVID-19 and lockdowns over the last financial year. Our team adapted and worked with students to deliver services in a way that worked for them.

10
Decile 1-5 high schools

8,416
Students with access to services

2,089
Sexual health consultations

48%
Of students accessed the health centre

Supporting parents

The early years in a child's life have a long-lasting impact — our goal is to enable whānau to empower their children in their day-to-day life. Fresh Minds along with seven community providers (NGOs) were able to achieve the following:

260+
Whānau attended parenting groups (0-12 years, or teen)

30
Whānau received one-to-one support

Online Triple P
Whānau can self-register free of charge



Whakarongorau Aotearoa // New Zealand Telehealth Services



The mahi that matters

A look at our work and impact in the 12 months to 30 June 2022, that included:

Across all our services we responded to over **5.7 million contacts** (an increase of 185% on last year)
That's nearly **16,000 contacts a day**
We connected with over **2.7 million individual people*** — that's 1 in 2 people in Aotearoa
We answered **92% of all calls** within 10 minutes

COVID services

4.3 million contacts were responded to across COVID Healthline, Vaccination, Welfare and CIQ — **nearly 3 times** as many as last year
The teams connected with over 2 million people (or **1 in 3 people** in Aotearoa)



By each COVID service

COVID Healthline:
814,000+ contacts from **495,000+** people

COVID Vaccination Healthline:
answered more than **1.8 million** contacts and made almost **950,000** outbound contacts, connecting with more than **1.4 million** people

COVID Welfare:
supported **274,000+** contacts to **85,000+** people

COVID CIQ managed **350,000+** calls, including **~62,000** clinical assessments

Help to quit

The Quitline team supported **16,000+** people on their quit journey — **26%** were smoke free after 4 weeks

Family violence and sexual harm support

20,000+ women were supported by our 3 family violence services and 34 Women's Refuges

The Safe to talk sexual harm team supported **6,700+** people, responding to **~14,600** contacts — a **25%** increase on last year

We answered **~3,000** contacts to the Elder Abuse Response Service



Mental health

The 1737 Need to talk? team supported **47,000+** people — answering **~127,000** contacts (including **70,000+** text exchanges)

Across all our mental health services we answered **184,700+** contacts supporting around **74,000** people

Our mental health nurses answered **88,360** contacts on behalf of 12 DHBs — up **15%** from last year

Our Emergency Triage nurses triaged **43,000+** incidents, almost half were redirected to non-emergency services

The Early Mental Health Response team triaged **~12,000** contacts from Police and ambulance services to support **6,000+** people in social and psychological distress

Our Puāwaitanga team received **2,770** referrals and delivered **9,300+** appointments to people seeking ongoing mental health support



Health

Healthline nurses, paramedics, advisors and doctors supported over **367,000** people and answered **~477,000 calls**

They made more than **191,000** clinical check calls, twice as many as last year

Our National Bowel Screening Programme team made **~90,000** follow up calls to **55,200** priority people (twice as many as last year) yet to return their test kits **28%** subsequently did

The National Cervical Screening Programme team received **~428,000** test results

The Poisons team helped **24,000+** people — **72%** of contacts required no further treatment or info



Supporting general practice

Supporting **~60%** of GP practices in Aotearoa answering **~102,000** after-hours calls for them

*The total number of individual people in the year is the sum of unique service users each month, so may include users who have contacted the service in multiple months.

Chair's Report

ProCare Foundation



June McCabe
Chair of the ProCare
Charitable Foundation

Nāku te rourou nāu te rourou ka ora ai te iwi. With your basket and my basket, we will sustain everyone.

Over the past seven years, the ProCare Charitable Foundation has made grants of more than \$1,697,000 to charitable organisations across the greater Auckland region. The aim of the Foundation is to reduce health inequity, promote the health and wellbeing of disadvantaged communities, to deliver health-related activities that improve a community's wellbeing or reduce health inequalities, and alleviate poverty/deprivation in the Auckland region.

On behalf of the ProCare Charitable Foundation and my fellow trustees it is an honour and a privilege to once again provide an annual update on the activities of the ProCare Foundation.

The last few years have been very challenging for the people of Tāmaki Makaurau with COVID-19 having had a significant impact on their lives with many struggling with job loss, putting food on the table or reduced income compounded by the rising cost of living.

Therefore, as a result, you will see that the charities the foundation has supported in this past financial year have a strong focus on security — be it food, a safe place to live or basic necessities in a crisis situation. This is about Aucklanders supporting other Aucklanders.

As we reflect on the past 12 months the Foundation is immensely grateful for the remarkable work that these organisations undertake, and the sheer number of whānau they support — often in difficult or trying circumstances.

Thank you to all those volunteers and staff who go above and beyond to support those in need — we hope our support goes some way toward helping the whānau of Tāmaki Makaurau.

June

Charities supported by the ProCare Charitable Foundation in 2021/2022

Auckland City Mission

Providing takeaway meal packs for Aucklanders experiencing homelessness or housing insecurity.

Auckland City Mission supports thousands of individuals and families in crisis each year by providing unique and specialised health and social services to marginalised Aucklanders. The 2020 ProCare grant contributed to approximately 48,000 food parcels distributed to Aucklanders in need, as well as supporting the Wāhine Dinners. This year the funding provided takeaway meal packs for people experiencing homelessness or housing insecurity and unable to feed themselves during lockdown for the month of December.

I got your back pack

Backpacks for Aucklanders who have been through domestic violence issues.

This organisation provides backpacks for people who have been through domestic violence issues. Many have often left their homes with absolutely nothing. Packs include basic toiletries, clothing, snacks, comfort items. Children's packs include reading books, toys, colouring books etc, all in a backpack so they are able to use at school. They also accommodate baby packs. A great deal of the people receiving the back packs are in a poverty situation and in communities where there are higher needs.

2Shine

Wages for frontline advocates in the Greater Auckland Region.

Funding will be used to enable 2Shine to maintain their current staffing levels, so they can be there to support victims of domestic violence on Auckland's North Shore and Auckland Central. All their advocates are qualified professionals. They help victims complete a safety assessment to assist them with what they need. There is an advocate for each client to aide them with the support the person needs now or in the future. Examples include: emergency accommodation, legal services, counselling etc.

Fair Food

Supporting families and reaching out to local iwi to be able to support food resilience in the North-West of Auckland.

Fair Food is a food rescue organisation. They collect surplus food from the local supply chain, being from food growers, distributors and retailers such as supermarkets. Items are hand sorted food by volunteers and allocated to registered charities working within the Region. They partner with over 50 frontline community groups who create and distribute food parcels for families and whānau experiencing food insecurity or food poverty.

Orange Sky

Launching the second mobile laundry and shower service in Auckland.

Orange Sky provides a free laundry service, warm showers and genuine conversation to people experiencing homelessness. By offering these services and hygiene products, they provide care and support for peoples most basic physical human needs and raise the standards of health for people experiencing homelessness, inequity and disadvantage. They create a safe, positive and supportive environment to do so. By offering genuine connection and conversation, they help to reduce the social isolation felt by people who are often ignored or disconnected, and in turn improving mental health and wellbeing.

Women's Centre

Promoting health and wellbeing to Auckland women experiencing distress and seeking assistance with immediate needs.

Funding supported Women's Centre staff and volunteers to provide intensive face-to-face or telephone support to women experiencing distress and seeking assistance with immediate needs. Empathetic listening, support and validation are provided, information is given, and referrals are made to specialised crisis care services. They provide an essential service supporting women who phone in looking for advice, referral and at times short term crisis support. Each year there are up to 3,485 women needing the assistance of the Women's Centre.

"The funding I Got Your Back Pack has received from the ProCare Foundation has gone towards families in the vulnerable situation of escaping domestic violence. We have provided emergency care packs filled with essential practical and care items which help them feel supported and valued by people in the community."

Melody Bird, treasurer at I Got Your Backpack



"You are making such a positive difference to the lives of so many. Thank you so much for your continued belief and support in the work Shine does to support adult and child victims of domestic violence. It's a continuous challenge with domestic violence numbers climbing in Aotearoa. Our staff have gained strength by knowing that they have had supporters like ProCare standing beside them during these difficult times."

Lisa Rudolphe, Fundraising Director

"Support from The ProCare Charitable Foundation is crucial in helping the 18,000 people experiencing homelessness in Auckland. It has enabled Orange Sky to establish a second service for the city, extending deeper into South Auckland and reaching more of our vulnerable communities. Thank you for helping to provide clean laundry, warm showers and genuine connection and conversation to people doing it tough."

Katie Hart, New Zealand Senior Fundraiser at OrangeSky



Chair's Report Clinical Assessments Ltd.



Paul Roseman,
Clinical Assessments
Chair

He rau ringa e oti ai Many hands make light work

Clinical Assessments Limited (CAL) is a partnership between ProCare and East Health which provides a range of critical services and funding to support health professionals, while at the same time trying to make care more accessible in the community, rather than in a hospital.

Under the Clinical Assessments Limited auspices, our Primary Options for Acute Care team and their support structures from East Health and ProCare have been providing a suite of acute and planned care services across Tāmaki Makaurau for more than 20 years now. It is a credit to our service that DHBs have sought to extend the range of services we support covering a mix of planned and acute care services.

Since COVID-19 hit Aotearoa's shores in 2020, CAL has provided support to practices and pharmacies across our rohe. COVID specific support has included payment processing for immunisations as well as funding for general practices, pharmacies and whānau ora services.

With the Delta and Omicron outbreaks over the last 12 months, this support has been even more critical, and the team has really stepped up to provide appropriate support in what has been a complex environment during lockdown conditions — including working with the numerous DHBs and government departments to ensure appropriate payments were made to healthcare providers.

We do appreciate that there have been frustrations with some of the processes and timeliness for processing claims and payments related to COVID over the past two years. For context, during the last 12 months, CAL saw a ten-fold increase in activity when compared to 2 years ago under some very trying circumstances.

Whilst COVID has dominated our landscape, we have continued to develop our other services, revising and supporting additional services. Examples of some of these additional services include supporting the Counties Manukau Health free analgesia in pharmacy and GP/Nurse Consults initiative in June.

Funding initiatives have included extending Hepatitis C funding to include pharmacies, funding updates to support clinician to clinician referral and improved access in relation to Abnormal Uterine Bleeding and including additional funding for providing services outside of normal hours to reduce barriers to access to cervical screening in ADHB/WDHB.

To be able to achieve this sort of support on top of the 'normal' workload is a testimony to the team and their dedication to ensuring general practices could continue looking after their communities.

Looking forward

CAL is a valuable part of the healthcare eco system and is adaptive and responsive to what the system needs. Our hope is that activity volumes will return to 'normal,' with the drop in COVID cases.

We have been locally adaptable under the DHB regimen, providing different services to different DHB regions, and although we intend to remain locally responsive, we do look forward to the Health Reforms enabling us to support an expanded range of consistently high quality services across the entire rohe increasing access to these valuable services for all people in Tāmaki Makaurau.

Paul



ProCare Governance Boards and Committees

ProCare's Governance Boards and Committees provide business expertise, leadership and clinical governance for our organisation, ensuring the ongoing success of our business and clinical direction. They are as follows:

ProCare Network Limited

ProCare Network Limited is the largest co-operative of healthcare professionals in New Zealand. The co-operative provides services to general practices in the network. Shareholders in the co-operative hold shares aligned to their individual general practice in accordance with the Constitution and the share standard adopted by the ProCare Network Limited Board.

ProCare Network Limited (Co-op) Board

The ProCare Network Limited Board is responsible for setting the strategic direction of the organisation and adopting appropriate governance processes to ensure effective oversight of the organisation on behalf of shareholders, employees, and other stakeholders. The Board is committed to high standards of corporate governance and follows, in principle, the corporate governance guidelines and principles developed by the Financial Markets Authority and the New Zealand Institute of Directors.

Board of Directors: Dr Harley Aish (Chair), Alister Lawrence, Dr Craig King, Donovan Clarke (appointed 11 November 2021), Dr Francesco Lentini, Dr Jan White, Dr Jodie O'Sullivan (elected 11 November 2021), Mike Schubert, Dr Neil Hefford (retired 11 November 2021), Dr Stephanie Taylor (retired 11 November 2021), Dr Wikitoria Gillespie (elected 11 November 2021).



Dr Harley Aish (Chair) Dr Jan White Dr Craig King Mike Schubert Dr Wikitoria (Wiki) Gillespie



Donovan Clarke Dr Francesco Lentini Alister Lawrence Dr Jodie O'Sullivan

ProCare Health (PHO) Limited

ProCare Health (PHO) Limited is a Primary Health Organisation, it has full charitable status and operates exclusively for the charitable purposes set out in the charitable objectives. The objectives of the company are to promote and enhance the health and wellbeing of all individuals, families, and communities within New Zealand. Accordingly, all income of the Charity will be applied to carrying out and fulfilling those charitable purposes and is not intended for any other purpose.

ProCare Health (PHO) Limited Board

The ProCare Health (PHO) Limited Board is responsible for ensuring that the PHO discharges its responsibilities under its PHO Services Agreement and achieves the agreed outcomes and ensures the provision of essential primary health care services, mostly through general practices, to those people who are enrolled with the PHO. The PHO currently holds a PHO agreement with Auckland District Health Board as lead DHB for Auckland District Health Board, Counties Manukau District Health Board and Waitemata District Health Board.

Board of Directors: Tevita Funaki (Chair), Ann Davis (appointed 1 February 2022), Dr Jodie O'Sullivan, Dr Neil Hefford (retired 11 November 2021), Sarah Kinred (appointed 1 April 2022), Stephanie Taylor, Taima Campbell (retired 23 June 2022).



Taima Campbell (Chair)



Tevita Funaki



Ann Davis



Dr Stephanie Taylor

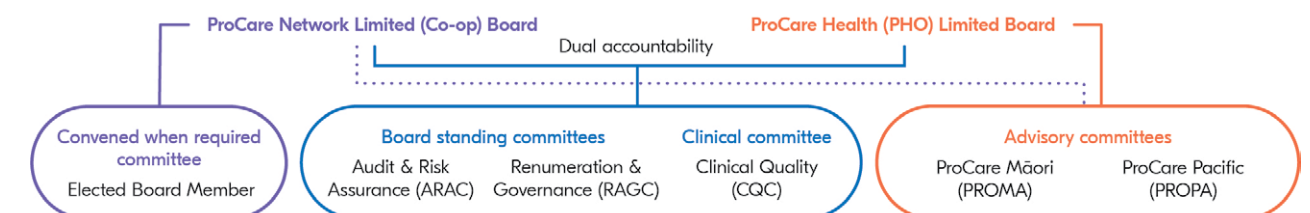


Dr Jodie O'Sullivan



Sarah (Hera) Kinred

ProCare's Current Governance Structure



ProCare committees

Audit & Risk Assurance Committee

The Audit & Risk Assurance Committee (ARAC) assists the ProCare Network Limited (Co-op) and ProCare Health (PHO) Limited Boards respectively in fulfilling their responsibilities relating to accounting and reporting, external audit, legislative and regulatory compliance and general risk management for ProCare. The Committee oversees, reviews and provides advice to the Boards on each company's financial information, policies and procedures in regard to financial matters, external audit functions and internal control and risk management policies and processes. The Committee reviews and reports to the Boards on management's processes for the identification, prioritisation and management of risk.

ARAC members: Mike Schubert (Chair), Alister Lawrence, Dr Craig King (appointed 15 March 2022), Dr Harley Aish, Taima Campbell (retired 23 June 2022), Dr Wikitoria Gillespie (appointed 15 March 2022).

Remuneration & Governance Committee

The Remuneration & Governance Committee assists the ProCare Network Limited (Co-op) and ProCare Health (PHO) Limited Boards respectively in the establishment of remuneration policies and practices for each company, and in discharging the Boards' responsibilities related to remuneration and governance; and monitors the Chief Executive Officer's performance.

RAGC members: Alister Lawrence (Chair), Dr Craig King (appointed 15 March 2022), Dr Harley Aish, Mike Schubert, Taima Campbell (retired 23 June 2022), Dr Wikitoria Gillespie (appointed 15 March 2022).

Clinical Quality Committee

The Clinical Quality Committee advises the ProCare Network Limited (Co-op), ProCare Health (PHO) Limited and ProCare Fresh Minds Limited Boards respectively. The Committee provides a population health perspective in relation to the clinical performance of ProCare and its provider network; recommends clinical goals; champions a culture of clinical excellence while providing oversight of the clinical safety and quality of ProCare's providers; and sets and oversees the clinical direction and performance of ProCare. The Committee advises and is supported by ProCare's Clinical Directorate for implementing its programme of work and managing clinical risks.

CQC members: Dr Wikitoria Gillespie (Chair), Dr Cannan Amua (appointed 15 December 2021), Dr David Hassan, Dr Doone Winnard, Fakaanga

Mapa, Dr Georgina Kay, Jana Lennard (retired 27 Oct 2021), Dr Jim Kriechbaum (voluntary member), Dr Kim Bannister (retired 27 Oct 2021), Michelle Cray, Dr Neil Hefford (retired 24 Nov 2021), Dr Stephanie Taylor, Dr Willem Landman.

ProCare Māori Advisory Committee

ProCare's Māori Advisory Committee (ProMA) advises and supports ProCare Health (PHO) Limited to provide a Māori world view that is iwi informed, Treaty-based as well as community and whānau focused, so that Māori across Tāmaki Makaurau experience the best health outcomes possible. The Committee develops and helps implement Māori strategy for ProCare so it may achieve Māori health goals and reduce inequities in Māori health. The Committee also provides advice and support to other ProCare entities as required.

ProMA members: Dr Braden Te Ao (Chair), Dr Katrina Kirikino-Cox, Taima Campbell (retired 23 June 2022), Dr Wikitoria Gillespie.

ProCare Pacific Advisory Committee

ProCare's Pacific Advisory Committee (ProPA) advises and supports ProCare Health (PHO) Limited in recognising the special place Pacific peoples have in New Zealand society, to respond to the diverse cultural needs of Pacific peoples, and to promote health and wellbeing amongst Pacific communities. The committee develop and implements a Pacific strategy for ProCare so it may achieve Pacific health goals and reduce inequities in Pacific health. The Committee also provides advice and support to other ProCare entities as required.

ProPA members: Tevita Funaki (Acting Chair), Dr Canaan Aumua, Judy Matai'a, Sally Dalhousie, Stephen Stehlin, Dr Viliami Puloka.

Other Boards

CAREHQ LIMITED Board of Directors: Craig King (Chair), Nicholas Astwick, Kerry Boiella, Bindi Norwell (appointed 11 August 2021), Stephen Webber (appointed 24 February 2022).

CLINICAL ASSESSMENTS LIMITED (CAL) Board of Directors: Paul Roseman (Chair), John Betteridge.

PROCARE FRESH MINDS LIMITED (PFM) Board of Directors: Bindi Norwell (Chair), Allan Moffitt, Stephen Webber (appointed 26 July 2021).

WHAKARONGORAU Board of Directors: Roger Sowry (chairman), Benesia Smith, Bindi Norwell, Anna Currie, Jacquelyn Percy (21 July 2021), Lee Eglinton (retired 22 April 2022), Mike Schubert, Vince Barry (21 July 2021).



ProCare Network Limited and subsidiaries

DIRECTORS' REPORT & FINANCIAL STATEMENTS

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For the year ended 30 June 2022

PROCARE NETWORK LIMITED AND SUBSIDIARIES DIRECTORY

DIRECTORS

PROCARE NETWORK LIMITED

Dr H E Aish (Chair)
Dr N J H Hefford (resigned 11 November 2021)
D R Clarke (appointed 11 November 2021)
T F Funaki (appointed 5 July 2022)
W E Gillespie (appointed 11 November 2021)
Dr C L King
A J Lawrence
Dr F Lentini
J J O'Sullivan (appointed 11 November 2021)
M Schubert
Dr S L Taylor (resigned 11 November 2021)
Dr J F V White

PROCARE FRESH MINDS LIMITED

Dr A Moffitt
B Norwell (Chair)
T A Wai (resigned 25 July 2021)
S Webber (appointed 26 July 2021)

PROCARE HEALTH (LP) LIMITED

B Norwell (Chair)
T A Wai (resigned 25 July 2021)
S Webber (appointed 26 July 2021)

PROCARE HEALTH (PHO) LIMITED

T F Funaki (Chair)
T Campbell (Chair until resigned 23 June 2022)
S M Dalhousie (appointed 1 July 2022)
A T Davis (appointed 1 February 2022)
S A M Kinred (appointed 1 April 2022)
Dr J J O'Sullivan
Dr S L Taylor
Dr N J H Hefford (resigned 11 November 2021)

PROCARE NETWORK PARTNERSHIPS LIMITED

B Norwell (Chair)
T A Wai (resigned 25 July 2021)
S Webber (appointed 26 July 2021)

CLINICAL ASSESSMENTS LIMITED

Dr J H Betteridge
Dr N J H Hefford (Chair) (resigned 1 September 2021)
Dr A Moffitt (appointed 1 July 2022)
P D Roseman
Dr S L Taylor (appointed 1 September, resigned 11 November 2021)

HEALTH NEW LYNN LIMITED

B Norwell (appointed 31 March 2022)
S Webber (appointed 31 March 2022)

KAIPARA HEALTH LIMITED

F Lentini (resigned 24 November 2021)
T A Wai (resigned 25 July 2021)
S Webber (appointed 26 July 2021)

MT SMART HEALTH (2020) LIMITED

S Webber (appointed 26 July 2021)
T A Wai (resigned 25 July 2021)

ONECARE HEALTH (2020) LIMITED

S Webber (appointed 26 July 2021)
T A Wai (resigned 25 July 2021)

TOTARA CLINICAL RESEARCH LTD

B Norwell (appointed 31 March 2022)
S Webber (appointed 31 March 2022)

GROUP CHIEF EXECUTIVE

B Norwell

SUBSIDIARIES

ProCare Fresh Minds Limited	100%
ProCare Health (LP) Limited	100%
ProCare Health (PHO) Limited	100%
ProCare Network Partnerships Limited	100%
Clinical Assessments Limited	67%
Health New Lynn Limited	100%
Kaipara Health Limited	100%
Mt Smart Health (2020) Limited	100%
OneCare Health (2020) Limited	100%
Totara Clinical Research Limited	100%

All subsidiaries have a 30 June balance date

JOINT VENTURES

Whakarongorau Aotearoa New Zealand Telehealth Limited Partnership	50%
Fresh Minds NZ Limited Partnership (ceased trading)	50%
CareHQ Limited Partnership	50%

REGISTERED OFFICE

Level 1, 12-16 Nicholls Lane, Parnell, Auckland

BANKERS

ANZ Bank
PO Box 12 060, Auckland 1642

SOLICITOR

Buddle Findlay
PricewaterhouseCoopers Tower
188 Quay Street, Auckland 1140

AUDITOR

BDO Auckland
Level 4, BDO Centre, 4 Graham Street Auckland

PROCARE NETWORK LIMITED AND SUBSIDIARIES DIRECTORS' REPORT

For the year ended 30 June 2022

The Directors present their Annual Report including the consolidated financial statements of the Group for the year ended 30 June 2022.

DIRECTORS

The persons listed on the directory page held office as Directors during the year. No other person held the office of Director at any time during the year.

PRINCIPAL ACTIVITIES

ProCare Network Limited is a Co-operative Company that provides management services to its subsidiaries, as well as clinical and corporate services support to its Practices. It also provides the design and management of health programmes funded by non-DHB partners.

ProCare Health (PHO) Limited is a Registered Charity and a Primary Health Organisation (PHO) that provides primary healthcare services in the Auckland region. The Company's functions include the design, development, implementation and management of health programmes with the objective of improving the health status of patients in the care of associated general practitioners and their professional colleagues.

The Company's other subsidiaries are:

- ProCare Health (LP) Limited (PHLP) is an intermediate holding company that holds the Group's investment in Whakarongorau Aotearoa New Zealand Telehealth LP, CareHQ Limited Partnership (CHQLP) and Fresh Minds NZ Limited Partnership (FMNZLP) (ceased trading, see detail below), which are 50% owned equity accounted joint ventures
- Clinical Assessments Limited facilitates the delivery of specific health service initiatives in the wider Auckland region
- Health New Lynn Limited, Kaipara Health Limited, Mt Smart Health (2020) Limited and OneCare Health (2020) Limited provide primary care medical services in the wider Auckland region
- Totara Clinical Research (subsidiary of Health New Lynn) undertakes clinical research trials
- ProCare Fresh Minds Limited provides clinical psychological and psychiatric services in the wider Auckland region
- ProCare Network Partnerships Limited is a holding company
- CareHQ Limited Partnership (CHQLP) is aligned with ProCare's strategy to adopt and integrate a sustainable virtual GP service for practices to benefit patients, their businesses and respond to the competitive threats emerging in the sector; and
- Fresh Minds NZ Limited Partnership (FMNZLP) provides clinical psychological services through managing the implementation of the Te Tumu Waiora model of care throughout New Zealand. The partnership was put into hibernation in December 2020 and ceased trading.

RESULTS

	2022	2021
	\$	\$
Profit after tax for the year	9,210,662	2,030,633
Non-controlling interest in profit of subsidiary	(2,367)	(685)
Opening retained earnings	7,180,255	5,150,307
Closing retained earnings	16,388,550	7,180,255

DIVIDENDS

No dividends were paid during this financial year.

AUDITORS

BDO Auckland continue in office as auditors.

DIRECTORS' INTERESTS

Directors' interests have been declared pursuant to section 140(2) of the Companies Act 1993. Those Directors are to be regarded as having an interest in any contract that may be made with any one of the Group companies by virtue of their directorship or membership of those entities.

No material contracts involving Directors' interests existed at the end of the financial year other than the transactions detailed below:

DIRECTORS' REMUNERATION

	2022	2022
	\$	\$
ProCare Network Limited	Directors' Fees	Committee Fees
Dr H E Aish (Chair)	90,000	—
D R Clarke	28,673	—
W E Gillespie	28,673	2,250
Dr N J H Hefford	16,558	—
Dr C L King	45,000	1,000
A J Lawrence	45,000	15,000
Dr F Lentini	45,000	—
Dr J J O'Sullivan	28,673	—
M Schubert	45,000	15,000
Dr S L Taylor	16,558	—
Dr J F V White	45,000	—
	434,135	33,250

	2022	2022
	\$	\$
ProCare Health (PHO) Limited	Directors' Fees	Committee Fees
T F Funaki (Chair)	15,750	900
T Campbell (Chair — resigned)	24,750	1,667
A T Davis	5,625	—
Dr N J H Hefford	4,960	—
S A M Kinred	3,375	—
Dr J J O'Sullivan	13,500	—
Dr S L Taylor	13,500	1,500
	81,460	4,067

	2022
	\$
ProCare Fresh Minds Limited	Directors' Fees
Dr A Moffitt	—
B Norwell (Chair)	—
S Webber	—
	—

	2022
	\$
Clinical Assessments Limited	Directors' Fees
Dr J H Betteridge — paid to East Health Services Limited	833
Dr N J H Hefford (Chair)	1,992
P D Roseman — paid to ProCare Network Limited	2,000
Dr S L Taylor	1,006
	5,831

	2022
	\$
ProCare Health (LP) Limited	Directors' Fees
B Norwell (Chair)	—
S Webber	—
	—

	2022
	\$
ProCare Network Partnerships Limited	Directors' Fees
B Norwell (Chair)	—
S Webber	—
	—

	2022
	\$
Health New Lynn Limited	Directors' Fees
B Norwell	—
S Webber	—
	—

DIRECTORS' REMUNERATION (CONTINUED)

	2022	2022	2022
	\$	\$	\$
Kaipara Health Limited	Directors' Fees	Committee Fees	Other
F Lentini	—	—	22,500
S Webber	—	—	—
	—	—	22,500
<hr/>			
			2022
			\$
Mt Smart Health (2020) Limited			Directors' Fees
S Webber			—
			—
<hr/>			
			2022
			\$
OneCare Health (2020) Limited			Directors' Fees
S Webber			—
			—
<hr/>			
			2022
			\$
Totara Clinical Research Ltd			Directors' Fees
B Norwell			—
S Webber			—
			—
<hr/>			

Additional remuneration was paid to Directors for services separate from services as a director as disclosed in Note 17.3 of the financial statements.

EMPLOYEE REMUNERATION

The number of employees in the entire Group, who are not Directors, whose remuneration and benefits exceeded \$100,000 in the financial year were:

Range	2022 Number
\$100,001 — \$110,000	16
\$110,001 — \$120,000	6
\$120,001 — \$130,000	5
\$130,001 — \$140,000	7
\$140,001 — \$150,000	3
\$150,001 — \$160,000	4
\$160,001 — \$170,000	2
\$170,001 — \$180,000	2
\$180,001 — \$190,000	1
\$190,001 — \$200,000	2
\$200,001 — \$210,000	1
\$210,001 — \$220,000	1
\$240,001 — \$250,000	2
\$260,001 — \$270,000	1
\$320,001 — \$330,000	1
\$460,001 — \$470,000	1

DIRECTORS AND EMPLOYEES INDEMNITY AND INSURANCE

The Company has insured all its Directors and employees and those of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as Directors or employees.

DONATIONS

In accordance with section 211(1)(h) of the Companies Act 1993, the Company records that it donated a total of \$680 (2021: \$2,375) to various charities during the year.

DIRECTOR SHARE OWNERSHIP

ProCare Network Limited's ordinary shares owned by Directors have the same voting rights as all other ordinary shares of ProCare Network Limited currently on issue.

As at 30 June 2022, Directors had a relevant interest (as defined in the Securities Markets Act 1988) in ProCare Network Limited shares as follows:

Name	Relevant interest in ProCare Network Limited 30 June 2022
Dr H E Aish (Chair)	1
Dr N J H Hefford (resigned 11 November 2021)	1
W E Gillespie	1
Dr F Lentini	1
J J O'Sullivan	1
Dr S L Taylor	1
Dr J F V White	1

Some Directors also received Redeemable Preference Shares (RPS) as part of the capital restructure. Refer to Note 15 on the RPS issue.


USE OF COMPANY INFORMATION

The Board received no notices during the year from Directors requesting to use Company information received in their capacity as Directors which would not have been otherwise available to them.

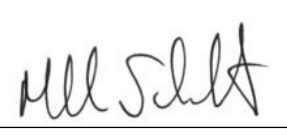
DIRECTORS RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of these financial statements in accordance with New Zealand Generally Accepted Accounting Principles and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

For and on behalf of the Board



Harley Aish
Director
4 October 2022



Mike Schubert
Director
4 October 2022

PROCARE NETWORK LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	NOTES	2022 \$	2021 \$
Revenue	3.1	513,773,302	278,910,724
Other income	3.2	—	79,416
Total income		513,773,302	278,990,140
Expenses			
Clinical costs	4.1	(476,243,394)	(247,205,777)
Administrative expenses	4.2	(36,128,022)	(31,472,715)
Total expenses		(512,371,416)	(278,678,492)
Net Operating Profit		1,401,886	311,648
Finance income - financial assets at amortised cost		58,031	94,342
Investment gain on disposal		249,882	—
Less: Derivative fair value loss		(15,706)	(158,093)
Less: Lease liability interest	21	(380,566)	(227,476)
Less: Other finance costs - financial liabilities at amortised cost		(308,633)	(259,599)
Net Finance (Expense)	4.3	(396,992)	(550,826)
(Loss)/Profit before share of profit of equity accounted joint ventures		1,004,894	(239,178)
Share of profit of equity accounted joint ventures	13	11,511,582	2,721,445
Profit before tax		12,516,476	2,482,267
Income tax expense	14.1	(3,305,814)	(451,634)
Profit for the year		9,210,662	2,030,633
Other comprehensive income		—	—
Total comprehensive income for the year		9,210,662	2,030,633
Profit and total comprehensive income attributable to:			
Owners of the Company		9,208,295	2,029,948
Non-controlling interests		2,367	685
Profit for the year		9,210,662	2,030,633

The accompanying notes should form part of, and should be read in conjunction with, these financial statements.

PROCARE NETWORK LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

ASSETS	NOTES	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	5	5,042,472	7,684,217
Investments — short term deposits	5	1,200,000	7,000,000
Trade and other receivables	6	31,337,653	12,331,027
Inventory		24,085	27,912
Receivables from equity accounted joint ventures	8	33,725	185,852
		37,637,935	27,229,008
Non-current assets			
Property, plant and equipment	10	1,892,243	1,025,071
Right of use assets	22	11,959,676	4,418,938
Computer software	11	1,041,529	1,305,277
Goodwill	11	16,333,082	1,930,339
Deferred tax asset	14.2	869,849	616,822
Derivative asset	19	34,447	50,153
Investment in equity accounted joint ventures	13	14,464,929	4,893,831
		46,595,755	14,240,431
TOTAL ASSETS		84,233,690	41,469,439
LIABILITIES			
Current liabilities			
Trade and other liabilities	7	32,071,382	11,202,622
Deferred revenue	9	12,871,461	13,208,209
Income tax payable		2,200,367	748,736
Borrowings	22	1,728,827	—
Redeemable preference shares	15	144,000	144,000
Lease liability	21	1,087,142	750,031
		50,103,179	26,053,598
Long-term liabilities			
Redeemable preference shares	15	1,716,000	1,806,000
ProCare Charitable Foundation loan	17	2,274,000	2,274,000
Borrowings	22	2,317,314	—
Lease liability	21	11,069,128	3,789,684
		17,376,442	7,869,684
TOTAL LIABILITIES		67,479,621	33,923,282
NET ASSETS		16,754,069	7,546,157


The accompanying notes should form part of, and should be read in conjunction with, these financial statements.

PROCARE NETWORK LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)


As at 30 June 2022

REPRESENTED BY:	NOTES	2022 \$	2021 \$
EQUITY			
Share capital	16	319,231	314,731
Treasury Shares	16	(7,250)	—
Retained earnings		16,388,550	7,180,255
Equity attributable to parent		16,700,531	7,494,986
Non-Controlling Interests		53,538	51,171
TOTAL EQUITY		16,754,069	7,546,157

For and on behalf of the Board



Harley Aish
Director
4 October 2022



Mike Schubert
Director
4 October 2022

The accompanying notes should form part of, and should be read in conjunction with, these financial statements.

PROCARE NETWORK LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

ATTRIBUTABLE TO OWNERS OF THE COMPANY	NOTES	Share Capital \$	Treasury Shares \$	Retained Earnings \$	Total Equity \$	Non-Controlling Interests \$	Total Equity \$
Balance at 1 July 2021		314,731	—	7,180,255	7,494,986	51,171	7,546,157
Total comprehensive income for the year							
Profit for the year		—	—	9,208,295	9,208,295	2,367	9,210,662
Total comprehensive income		—	—	9,208,295	9,208,295	2,367	9,210,662
Transactions with owners in their capacity as owners							
Ordinary "A" shares repurchased	16	(10,500)	—	—	(10,500)	—	(10,500)
Issue of ordinary "A" shares	16	15,000	—	—	15,000	—	15,000
Shares owned by Subsidiaries	16	—	(7,250)	—	(7,250)	—	(7,250)
Balance at 30 June 2022		319,231	(7,250)	16,388,550	16,700,531	53,538	16,754,069

ATTRIBUTABLE TO OWNERS OF THE COMPANY	NOTES	Share Capital \$	Treasury Shares \$	Retained Earnings \$	Total Equity \$	Non-Controlling Interests \$	Total Equity \$
Balance at 1 July 2020		384,481	—	5,150,307	5,534,788	50,486	5,585,274
Total comprehensive income for the year							
Profit for the year		—	—	2,029,948	2,029,948	685	2,030,633
Total comprehensive income		—	—	2,029,948	2,029,948	685	2,030,633
Transactions with owners in their capacity as owners							
Ordinary "A" shares repurchased	16	(77,250)	—	—	(77,250)	—	(77,250)
Issue of ordinary "A" shares	16	7,500	—	—	7,500	—	7,500
Balance at 30 June 2021		314,731	—	7,180,255	7,494,986	51,171	7,546,157

The accompanying notes should form part of, and should be read in conjunction with, these financial statements.

PROCARE NETWORK LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	NOTES	2022 \$	2021 \$
Cash flows from operating activities			
Cash provided from:			
Receipts from customers and funders of health services		494,705,694	278,577,075
Interest income received		58,031	94,342
		494,763,725	278,671,417
Cash applied to:			
Payments to suppliers and providers		(468,682,643)	(257,480,781)
Payments to and on behalf of employees		(20,577,185)	(18,074,804)
Income tax paid		(2,153,206)	(335,014)
		(491,413,034)	(275,890,599)
Net cash from operating activities	20.1	3,350,691	2,780,818
Cash flows from investing activities			
Cash provided from:			
Proceeds from short term deposits		5,800,000	—
Gain on Sale of Investment	13	249,882	—
Distributions by equity accounted joint ventures		2,220,000	1,843,500
Cash applied to:			
Purchase of property, plant and equipment		(341,221)	(464,844)
Purchase of software		(147,915)	(302,380)
Settlement of business acquisition (net of cash acquired)	24	(15,409,781)	(1,485,000)
Settlement of business acquisition (held in escrow/deferred consideration)		(200,000)	(219,000)
Investment in equity accounted joint ventures		(506,253)	(317,075)
Investment in short term deposits		—	(400,000)
Net cash from/(to) investing activities		(8,335,288)	(1,344,799)
Cash flows from financing activities			
Cash provided from:			
Issue of ordinary "A" shares	16	15,000	7,500
Receipt of ANZ Loans		6,000,000	—
Cash applied to:			
Share repurchase	15, 16	(100,500)	(179,250)
Payment of lease liabilities	21	(1,303,215)	(1,167,170)
Payment of ANZ loans (principal)		(1,953,859)	—
Payment of Interest on ANZ Loans, RPS, PCF and others		(314,576)	(178,986)
		(3,672,150)	(1,525,406)
Net cash to financing activities	20.2	2,342,850	(1,517,906)
Net increase/(decrease) in cash and cash equivalents		(2,641,747)	(81,887)
Cash and cash equivalents at beginning of the year		7,684,217	7,766,104
Cash and cash equivalents at the end of the year	5	5,042,470	7,684,217

The accompanying notes should form part of, and should be read in conjunction with, these financial statements.

PROCARE GROUP

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

For the year ended 30 June 2022

1 CORPORATE INFORMATION

The consolidated financial statements presented are for the reporting entity ProCare Network Limited ("the Company" or "the Parent"). The Group comprises ProCare Network Limited (the parent company and the ultimate holding company), ProCare Health (LP) Limited, Clinical Assessments Limited, ProCare Fresh Minds Limited, ProCare Health (PHO) Limited, ProCare Network Partnerships Limited, Kaipara Health Limited, Mt Smart Health (2020) Limited, Health New Lynn Limited (including Totara Clinical Research) and OneCare Health (2020) Limited (together, the subsidiaries), and the Group's interest in equity accounted joint ventures.

The financial statements for the Group for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 4 October 2022.

The subsidiary companies within the Group are limited liability companies incorporated and domiciled in New Zealand under the Companies Act 1993.

The Group is registered under the Companies Act 1993 and is a Financial Markets Conduct Act 2013 reporting entity in terms of the Financial Reporting Act 2013. ProCare Health (PHO) Limited is a Public Benefit Entity for reporting purposes. ProCare Network Limited is a Co-operative Company and complies with the Co-operative Companies Act 1996.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Company and its subsidiaries (other than the PHO) are for-profit entities.

Principal Activities

ProCare Network Limited is a Co-operative Company that provides management services to its subsidiaries, as well as clinical and corporate services support to its GP shareholders' medical practices. It also provides the design and management of health programmes funded by non-DHB partners.

ProCare Health (PHO) Limited is a Registered Charity and a Primary Health Organisation that provides primary healthcare services in the Auckland

region. The Company's functions include the design, development, implementation and management of health programmes with the objective of improving the health status of patients in the care of associated general practitioners and their professional colleagues.

The Company's other subsidiaries are:

ProCare Health (LP) Limited holds the Group's investment in Whakarongorau Aotearoa New Zealand Telehealth Services LP, CareHQ Limited Partnership and Fresh Minds New Zealand Limited Partnership (see the detail below), which are 50% owned equity accounted joint ventures.

Clinical Assessments Limited holds the funding contract to facilitate the delivery of primary options acute care health and other service initiatives in the wider Auckland region.

Health New Lynn Limited (HNL), Kaipara Health Limited, Mt Smart Health (2020) Limited, and OneCare Health (2020) Limited provide primary care medical services in the wider Auckland region.

Totara Clinical Research Limited is a clinical trial company based in Auckland region.

ProCare Fresh Minds Limited provides clinical psychological services in the wider Auckland region.

ProCare Network Partnerships Limited is a holding company.

Whakarongorau Aotearoa New Zealand Telehealth Service LP provides telephone services to General Practitioners so their calls are answered after hours, and national telehealth services (helplines) to the public, 24 hours a day, seven days a week, as well as other health services.

CareHQ Limited Partnership is aligned with ProCare's strategy to adopt and integrate a sustainable virtual GP service for practices to benefit patients, their businesses and respond to the competitive threats emerging in the sector.

I CORPORATE INFORMATION (CONTINUED)

1.1 BASIS OF PREPARATION

The consolidated financial statements comply with NZ GAAP, New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards and the relevant requirements of the Financial Markets Conduct Act 2013.

The accounting policies of all subsidiaries are amended where necessary to comply with those of the Group.

Changes in Accounting Policies

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

Functional and Presentation Currency

The consolidated financial statements are presented in New Zealand dollars, which is the Company's and its subsidiaries functional currency and presentation currency. All values are rounded to the nearest dollar.

Basis of Measurement

The consolidated financial statements are prepared on the historical cost basis, other than the embedded derivative which is recorded at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 USE OF ESTIMATES AND JUDGEMENTS

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

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are as follows:

- The Group derives revenue from various health and clinical services and projects. Estimates and judgements are made relating to a number of factors when assessing different contracts. These primarily include the programme of work throughout the contract period and assessment of future costs after considering changes in the scope of work. The details around income recognition and deferral utilising the income recognition policies can be found in Notes 2.2, 3.1 and 9
- Significant judgements were made to only recognise leases to the first renewal date in the lease agreements and excluded leases shorter than 12 months and low value assets (under \$10,000). An exception is Health New Lynn Limited that valued the full term of the medical centre property lease including right of renewals, and Mt Smart Health (2020) Limited which included leases on some low value office equipment. The determination of the expected term and discount rates in lease calculations can be found in Note 21
- Primary Health Organisations (PHOs) ensure the provision of essential primary health care services, mostly through general practices, to patients who are enrolled with a practice. PHOs are funded by district health boards (DHBs), who focus on the health of their population. A PHO provides primary health services either directly or through its contracted providers. The services provided aim to improve and maintain the health of the enrolled PHO population, ensuring that general practice services are connected with other health services to ensure a seamless continuum of care. As such, the Directors have judged that the Company is a principal not an agent with regard to Government funding
- Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired from the acquisition of Health New Lynn Limited, Totara Clinical Research Limited and Rangitoto Medical Centre (consolidated with OneCare Health). The consideration transferred for the acquisitions comprises the fair value of the assets transferred and the liabilities incurred. Identifiable assets acquired and liabilities assumed are measured initially at their fair values at the acquisition date. Intangible assets not recognised in acquisition
- Significant judgement was required to determine the identifiable intangible assets. The Directors have determined that patient lists and PHO funding contracts are not identifiable intangible assets due to not being separable and contractual. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill

- The goodwill arising from the acquisitions were tested for impairment at June 2022. The recoverable amount of the business was tested for impairment on a value-in-use basis using a discounted cash flow model. Management has used its past experience of sales growth,

operating costs and margin, and external sources of information where appropriate, to determine their expectations for the future. Assumptions used in the discounted cashflow model to assess the value of goodwill are noted in Note 11.

2.2 SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

NZ IFRS 15 Revenue from Contracts with Customers
The Group's revenue recognition policy is detailed below:

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
(i) Service Revenue	For service agreements in which the contract obligation is to provide a 'stand ready' service, these services must deal with changes in volume. Payment terms are monthly or quarterly as per the contracted agreement.	Revenue is therefore recognised over time as specific performance obligations are satisfied. In service agreements where a discrete element exists, revenue is recognised either by meeting milestones or based on volume of activity. Revenue is therefore recognised at a point in time.
(ii) SLMF Revenue	60% of the total revenue relates to Capacity & Capability ("Stand Ready") and 40% relates to National Health Targets to be achieved. Payments are made – 25% in July and 50% in September. The remaining 25% is paid in the following September, based on performance measured against the targets (in FY20 this was paid in June at 100% performance as part of the Government's COVID-19 support to practices).	System Level Measures Framework income is recognised in the year it relates to.
(iii) Project/Fee for Service Revenue	For service agreements in which the contract obligation is to provide certain service. Payment terms are monthly as per the contracted agreement.	Project related revenue is recognised over time as the standalone performance obligations in the contract have been satisfied.
(iv) Deferred Revenue	Funds received from customers are deferred until the Group has satisfied the performance obligations.	The balance is shown as deferred revenue and is classified as current as the Group expects to satisfy the performance obligations in the next financial year.
(v) Other Revenue	For service agreements in which the contract obligation is to provide service other than the services listed in this table.	Revenue from other services is recognised over time in the accounting period(s) in which the services are rendered or performance obligations are achieved.
(vi) Interest Income	For interest received from the banks or intercompany loans. Payment terms can vary depends on the contracted agreement.	Interest income is recognised in the profit or loss on an accrual basis, using the effective interest method.

Deferred Revenue – funds received from customers are deferred until the Group has satisfied the performance obligations.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2022 and the results of all subsidiaries for the year then ended. The Company

and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are entities that are controlled, either directly or indirectly, by the Company. The Group controls an entity when the Group is exposed to,

or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

For the Group, intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Business Combinations

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. Refer to Intangibles Note 11.

Acquisition of Non-Controlling Interests

Acquisition of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Investments in Joint Ventures

A joint venture is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of net fair value of the identifiable assets and liabilities of the joint venture is recognised as goodwill, which is included within the carrying amount of the

investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the statement of financial position at cost and is adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture, the Group discontinues recognising its share of further losses. Distributions received from a joint venture reduce the equity accounted investment.

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is recognised in the profit or loss on a straight line basis over the estimated useful lives.

Property, plant and equipment depreciation rates are summarised as follows for the current and prior year:

- Computer hardware: 33% straight line
- Furniture and fittings: 20% straight line
- Leasehold improvements: 12.5% — 20% straight line
- Office and other equipment: 20 — 40% straight line.

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent costs

The cost of replacing part of an item of property, plant or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other subsequent expenditure is expensed as incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the profit or loss.

Computer Software

All costs directly incurred in the purchase or development of major computer software or subsequent upgrades and material enhancements, which can be reliably measured and are not integral to a related asset, are capitalised as computer software. Where a contract only gives ProCare a right to receive access to the supplier's application software, ProCare does not receive a software intangible asset, in accordance with IFRIC guidance.

Development expenditure that is directly attributable to the design and testing of identifiable and unique software products controlled by the Group is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs based on normal operating capacity that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Costs incurred on computer software maintenance are expensed to the profit or loss as they are incurred.

Computer software is amortised over the period of time during which the benefits are expected to arise, being two to five years. Amortisation commences once the computer software is available for use. The amortisation period is reviewed at each reporting date, with the effects of any changes in estimate accounted for on a prospective basis.

Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangibles are carried at cost less any accumulated amortisation and accumulated impairment losses.

Goodwill is not amortised but is tested for impairment annually. Intangible assets with a definite life are amortised on a straight-line basis. Goodwill is stated at cost, less any impairment losses. Refer to Note 2.1 and Note 11 for key assumptions made.

Financial Instruments

Non derivative financial assets and liabilities are initially recognised in the statement of financial position at fair value plus any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(i) Derivative Financial Instruments

Derivatives are initially recorded at fair value and are then revalued to fair value at reporting date with the resulting gain or loss on remeasurement recognised in profit or loss. The derivative is a conversion feature on a convertible note. The fair value of this derivative financial instrument is determined by applying market discount rates to the value of the loan and scheduled payments.

Financial instrument derivatives (embedded derivative) are measured at fair value determined on a daily basis. The fair value was determined by applying a net present value model comparing the market discount rate to the interest rate payable on the ProCare Charitable Foundation Loan. Please see Note 19 for more details.

The Group holds derivative instruments until expiry except where the underlying rationale from a risk management point of view changes, in which case early termination occurs.

(ii) Non-Derivative Financial Instruments

Non-derivative financial instruments carried on the Statement of Financial Position includes cash and cash equivalents, trade and other receivables and trade and other payables.

Subsequent measurement of financial instruments that are debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. The measurement

category into which the Group classifies its debt instruments is 'amortised cost' because they are held for collection of the contractual cash flows and those cash flows represent solely payments of principal and interest. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial assets measured at amortised cost includes cash and cash equivalents, short term deposits, trade receivables and related party receivables. Please see Note 19 for more details.

Financial liabilities at amortised cost includes trade payables, related party payables, borrowings, lease liability, related party payables and redeemable preference shares. The interest rate on redeemable preference shares is set once every five years by the Board. The fair value of this will depend upon the relationship of the current market interest rates to the coupon rate set by the Board. Please see Note 19 for more details.

Trade and Other Receivables

Trade and other receivables are stated at amortised cost using the effective interest method less expected credit loss allowance. The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses for trade receivables which uses a lifetime expected loss allowance for all trade receivables and accrued income. Receivables of a short-term duration are not discounted.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Investments — Short Term Deposits

Investments in short term deposits include short-term liquid investments maturing in 3 months to 12

months. These are measured at amortised cost using the effective interest method, less impairment losses.

Trade and Other Payables

Trade and other payables (including intercompany payables) are subsequently carried at amortised cost using the effective interest method and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Redeemable Preference Shares

Redeemable preference shares are initially recognised at fair value, net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

Non-Financial Assets Impairment

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment tests on goodwill are undertaken annually at the financial year end.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss

and are adjusted first against any goodwill in the CGU and then against other assets in the CGU on a pro-rata basis.

An impairment loss for goodwill is not reversed. In respect of other assets, impairment losses recognised in previous periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

For the purposes of considering whether there has been an impairment (CGU assets) are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. When the book value of a group of assets exceeds the recoverable amount, an impairment loss arises and is recognised in profit or loss immediately.

Assessing the carrying value of goodwill requires management to estimate future cash flows to be generated. The key assumptions used in the value in use models include the expected rate of growth of revenues and earnings, the terminal growth rate and the appropriate discount rate to apply.

Employee Benefits

The Group recognises a liability and an expense for employee bonuses where contractually obliged or when there is a constructive obligation to pay bonuses based on past practice.

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

Taxation

Income tax for the period comprises current and deferred tax. Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Current tax is the expected tax payable or receivable on the taxable income for the period, using tax rates enacted or substantively enacted at reporting date after taking advantage of all allowable deductions under current taxation legislation and any adjustment to tax liabilities in respect of previous years.

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future and goodwill. Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

- Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goods and Services Taxation (GST)

The consolidated statement of profit or loss and other comprehensive income has been prepared on a basis exclusive of GST.

All items in the statement of financial position are stated net of GST, with the exception of receivables and payables which are GST inclusive.

Statement of Cash Flows

The following is the definition of the terms used in the statement of cash flows:

- Cash and cash equivalents means coins, notes, demand deposits and other highly liquid investments in which the Group has invested as part of its day-to-day cash management. Cash and cash equivalents does not include receivables or payables or any borrowing that forms part of a term liability
- Investing activities include those relating to the addition, acquisition and disposal of property, plant and equipment, intangible assets and any addition and reduction of equity account joint ventures investments and loans
- Financing activities are those activities that result in changes in the size and composition of the capital structure of the Group
- Operating activities include all transactions and other events that are neither investing or financing activities.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Repurchase, Disposal and Reissue of Share Capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

Lease Accounting

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset
- The Group obtains substantially all the economic benefits from use of the asset; and
- The Group has the right to direct use of the asset.

(i) Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate, however, in such cases the initial present value determination assumes that the variable element will remain unchanged throughout the lease term.

Other variable lease payments are expensed in the period in which they relate.

For leases of property, the Group has elected to apply the practical expedient to include contractual payments to the lessor for non-lease elements of the arrangement in determining the lease liability.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under residual value guarantee
- The exercise price of any purchase option grants in favour of the Group if it is reasonable certain to assess that option
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increase for:

- Lease payments made at or before commencement of the lease
- Initial direct costs incurred
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically make-good provisions on buildings).

Right of use assets are depreciated over the term of the lease ranging from 2 to 44 years.

(ii) Subsequent measurement

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Right-of-use assets are also subject to impairment assessment at reporting date.

(iii) Remeasurement

When the Group revises its determination of the use (or non-use) of renewal and/or termination options, the carrying amount of the lease liability is adjusted to reflect the payments to make over the revised term, which are discounted at the revised discount rate.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, however, this is discounted at the original discount rate.

In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

(iv) Modifications to lease agreements

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

Increase in scope:

- If the renegotiation results in one or more additional assets being leased for an amount

commensurate with the stand-alone price (i.e. market rate) for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy

- In all other cases (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the revised discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

Decrease in scope:

- Both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss.

The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

2.3 NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

There are new standards, amendments to published standards and interpretations that are mandatory for the Group's financial periods beginning on or after 1 January 2023 or later periods that are applicable to the Group, but which the Group has not adopted earlier.

Standard/Interpretation

NZ IAS 12 — Income Taxes
NZ IAS 1 — Presentation of Financial Statements
NZ IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors
NZ IFRS 10 — Consolidated Financial Statements
NZ IAS 28 — Investments in Associates and Joint Ventures

The Group is yet to assess the full impact of the new standards or amendments but they are not at this stage expected to have a material impact on the Group.

PROCARE NETWORK LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

3 REVENUE AND OTHER INCOME

	2022	2021
	\$	\$
Ministry of Health		
Ready Steady Quit programme	1,497,018	1,536,525
Telehealth and Digitally Enabled Health Services	129,147	—
Patient Access Subsidies	628,841	874,958
Other	48,722	—
District Health Boards		
First Level Services	164,809,013	155,090,304
Care Plus	13,009,024	12,583,590
Services to Improve Access	9,864,407	9,372,703
Health Promotion	2,048,337	1,907,136
System Level Measures Framework	4,053,090	4,257,432
Management Fees	7,171,083	6,925,141
Programmes	19,711,581	14,886,072
COVID Testing & Vaccinations	284,420,222	65,664,585
Ministry of Social Development	1,785,539	830,982
Accident Compensation Corporation	796,949	786,727
General Practice Co-Payments	1,065,360	627,857
Health Alliance	682,440	785,121
Other	2,052,529	2,781,591
	513,773,302	278,910,724

In accordance with NZ IFRS15 Revenue, the Group has reviewed the performance obligations required within its contracts and recognises revenue based on the following categories:

	2022	2021
	\$	\$
IFRS 15 Analysis		
Stand Ready (Over Time)	168,477,735	159,158,336
Provision of Service (Over Time)	48,382,992	46,272,947
Activity Basis (Point in Time)	287,674,619	71,183,960
Milestone (Point in Time)	9,237,956	2,295,481
	513,773,302	278,910,724

The Group operates solely within the Auckland region.

Contract balances	NOTE	2022	2021
		\$	\$
Receivables in trade and other receivables	6	19,290,414	7,784,463
Accrued income (contract assets)	6	11,537,904	4,112,243
Deferred revenue (contract liabilities)	9	(12,871,461)	(13,208,209)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on health services provided. The contract assets are transferred to receivables when the services are complete for the relevant invoicing period as per the contract. As at reporting date this movement on the prior year relates to increased COVID-19 testing claims by Clinical Assessments Limited and SLMF revenue paid in September, based on performance measured against the targets (in FY21 this was paid in June at 100% performance as part of the Government's COVID-19 support to practices).

The contract liabilities primarily relate to the Group's advance consideration for payments received as per the relevant invoicing period as per the contract but the performance obligation has not yet been satisfied. This will be recognised as revenue once the performance obligation has been met. As at reporting date this movement on the prior year primarily relates to advanced funding for COVID-19 vaccination claims by Clinical Assessments Limited and Ministry of Social Development programme delivery.

No information provided about remaining performance obligations at 30 June 2022 or at 30 June 2021 that have an original expected duration of one year or less, as allowed by NZ IFRS15.

3.2 OTHER INCOME	NOTE	2022	2021
		\$	\$
Other income			
Lease income received from equity accounted joint ventures	17	—	79,416
		—	79,416

The book value of the intellectual property sold was nil.

4 EXPENSES

4.1 EXPENSES	2022	2021
	\$	\$
Expenses		
Clinical costs		
First level services to GPs	157,362,271	153,146,162
COVID testing and vaccination claims	282,630,884	65,664,587
Other clinical costs	36,250,239	28,395,028
Clinical costs	476,243,394	247,205,777
Administrative expenses — refer Note 4.2	36,128,022	31,472,715
	512,371,416	278,678,492

4 EXPENSES (CONTINUED)**4.2 ADMINISTRATIVE EXPENSES**

	NOTE	2022 \$	2021 \$
Administrative Expenses			
Fees paid to auditors — BDO			
Audit of financial statements		157,000	135,000
Taxation services		38,300	30,800
Due diligence services		77,055	—
Risk advisory fees		—	29,355
Professional fees		1,082,716	1,246,004
IT costs		2,934,630	2,564,033
Licencing		686,065	497,384
Management Fees		1,479,306	959,395
Depreciation		1,501,326	1,273,783
Amortisation	10, 21	411,663	449,819
Directors remuneration	11	579,243	590,667
Employee remuneration	17	20,891,303	17,519,660
Impairment of obsolete assets		130,972	3,227
Property expenses	11	400,133	352,006
Staff cost (training, recruitment, temp/contract staff) ¹⁾		3,103,359	2,988,307
Direct COVID-19 expenses ²⁾		505,721	295,479
Co-op Practice Support Payment		300,000	726,444
Other expenses		1,849,229	1,811,352
		36,128,022	31,472,715

1) Includes KiwiSaver defined contribution for the Group of \$554,070 (2021: \$493,922).

2) Direct COVID-19 expenses relate to the running of the Community Based Assessment Centre, non-financial support to Practices, and POAC management fees to East Health.

4.3 FINANCE INCOME AND COSTS

	NOTE	2022 \$	2021 \$
Interest received — financial assets at amortised cost			
Investment gain on disposal	13	58,031	94,342
Derivative fair value loss		249,882	—
Interest expense on lease liabilities		(15,706)	(158,093)
Interest paid on tax liabilities		(380,566)	(227,476)
Interest on redeemable preference shares	15	(7,900)	(2,789)
Interest expense on ANZ loans		(92,070)	(95,583)
Interest expense on PCF loan		(47,436)	—
Interest expense — financial liabilities at amortised cost		(161,227)	(161,227)
		(308,633)	(259,599)
		(396,992)	(550,826)

5 CASH AND CASH EQUIVALENTS AND SHORT TERM DEPOSITS

	2022 \$	2021 \$
Cash at bank available on demand	5,041,472	7,683,717
Cash on hand	1,000	500
Cash and cash equivalents	5,042,472	7,684,217
Short term deposits with maturities >3-12 months	1,200,000	7,000,000
Total short term deposits	1,200,000	7,000,000

Bank balances and cash held by the Group is on a short term basis with an original maturity of three months or less. The carrying amounts of these assets approximate their fair value. Short term deposits are held with both ANZ and Westpac at interest rates 0.63% - 0.70%. The original investment term of these ranges from 91-94 days.

6 TRADE AND OTHER RECEIVABLES

	2022 \$	2021 \$
Trade receivables	19,290,414	7,784,463
Accrued income (contract assets)	11,537,904	4,112,243
Impairment allowance	(10,476)	(9,725)
Trade financial assets at amortised cost	30,817,842	11,886,981
Prepayments	519,811	444,046
	31,337,653	12,331,027
Movements in the specific impairment allowance		
Balance at start of year	(9,725)	(12,145)
(Additional allowance)/ balance written back	(751)	2,420
Balance at end of year	(10,476)	(9,725)

Trade receivables have a 30 day collection cycle. Any debtors that extend beyond this point are identified for discussion by management to include in the impairment allowance.

See Note 3 for discussion on contract assets.

7 TRADE AND OTHER LIABILITIES

	2022 \$	2021 \$
Trade creditors	997,713	1,048,740
Health service claims (contract liabilities)	25,909,519	6,442,177
Other accruals	2,582,021	1,671,911
Trade financial liabilities at amortised cost	29,489,253	9,162,828
GST payable	437,056	511,068
Other taxes (PAYE)	(184)	36,943
Accrual for holiday pay	1,279,907	1,022,578
Accrual for bonuses	238,100	157,087
Accrual for employee entitlements	627,250	312,118
	32,071,382	11,202,622

The fair value of trade and other payables approximates their carrying value. No interest is paid on payables.

8 RECEIVABLES FROM/(PAYABLES TO) EQUITY ACCOUNTED JOINT VENTURES

	2022 \$	2021 \$
Receivables Owed From:		
Whakarongorau Aotearoa New Zealand Telehealth Services LP	—	185,040
CareHQ Limited Partnership	118,086	43,376
Payables Owed To:		
Whakarongorau Aotearoa New Zealand Telehealth Services LP	(62,171)	(42,564)
CareHQ Limited Partnership	(22,191)	—
	33,725	185,852

The amounts outstanding are unsecured, interest free, repayable on demand and will be settled in cash. No guarantees have been given or received.

Refer to Note 17 Related Parties.

9 DEFERRED REVENUE

	2022	2021
	\$	\$
Programme funding	12,871,461	13,208,209
	12,871,461	13,208,209
Non-current	—	—
Current	12,871,461	13,208,209
Contract liabilities	12,871,461	13,208,209

Funds received from customers are deferred until the Group has satisfied the performance obligations. The balance is shown as deferred revenue (or contract liabilities) and is classified as current as the Group expects to satisfy the performance obligations in the next financial year.

Funds relating to prior years are to be used for current year service delivery, or may be subject to recovery of funding by the DHBs.

No funds have been received for services not currently being provided.

10 PROPERTY, PLANT, AND EQUIPMENT

	Computer Hardware	Furniture & Fittings	Leasehold Improvements	Office & Other Equipment	Total
	\$	\$	\$	\$	\$
2022					
Carrying value at 1 July 2021	421,436	176,002	369,601	58,032	1,025,071
Additions	122,328	41,312	1,029,654	123,901	1,317,195
Reclassifications, Disposals and Transfers	(1,258)	(13,329)	2	(9,944)	(24,529)
Depreciation expense net of reclassifications	(223,813)	(45,704)	(130,322)	(25,655)	(425,494)
Carrying value at 30 June 2022	318,693	158,281	1,268,935	146,334	1,892,243

Represented by:

Cost	810,523	346,586	3,128,735	388,376	4,674,220
Accumulated depreciation	(491,830)	(188,305)	(1,859,800)	(242,042)	(2,781,977)
	318,693	158,281	1,268,935	146,334	1,892,243

	Computer Hardware	Furniture & Fittings	Leasehold Improvements	Office & Other Equipment	Total
	\$	\$	\$	\$	\$
2021					
Carrying value at 1 July 2020	319,427	35,341	456,247	32,054	843,069
Additions	296,075	178,103	10,759	37,617	522,554
Reclassifications, Disposals and Transfers	(2,575)	(9,577)	(15,459)	—	(27,611)
Depreciation expense net of reclassifications	(191,491)	(27,865)	(81,946)	(11,639)	(312,941)
Carrying value at 30 June 2021	421,436	176,002	369,601	58,032	1,025,071

Represented by:

Cost	920,001	236,101	660,167	94,217	1,910,486
Accumulated depreciation	(498,565)	(60,099)	(290,566)	(36,185)	(885,415)
	421,436	176,002	369,601	58,032	1,025,071

	Computer Hardware	Furniture & Fittings	Leasehold Improvements	Office & Other Equipment	Total
	\$	\$	\$	\$	\$
2020					
Represented by:					
Cost	911,562	333,029	1,296,971	58,475	2,600,037
Accumulated depreciation	(592,135)	(297,688)	(840,724)	(26,421)	(1,756,968)
	319,427	35,341	456,247	32,054	843,069

There is a general security agreement over these assets as part of the ANZ loan agreement, refer to Note 22.

11 INTANGIBLE ASSETS

	2022	2022	2022
	\$	\$	\$
2022	Computer Software	Goodwill	Total
Cost			
At 1 July	3,210,057	1,930,339	5,140,396
Additions			
— Additions — software & internally developed	278,888	—	278,888
— Acquired through business acquisitions (See Note 24)	—	14,402,742	14,402,742
Write off of obsolete or impaired assets	(1,659,654)	—	(1,659,655)
At 30 June	1,829,291	16,333,081	18,162,371

Accumulated Amortisation

At 1 July	1,904,780	—	1,904,780
Amortisation for the year	411,663	—	411,663
Write off of obsolete or impaired assets	(1,528,682)	—	(1,528,682)
At 30 June	787,761	—	787,761

Carrying amount at 30 June	1,041,529	16,333,081	17,374,610
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	2021	2021	2021
	\$	\$	\$
2021	Computer Software	Goodwill	Total
Cost			
At 1 July	2,910,491	482,439	3,392,930
Additions			
— Additions — software & internally developed	305,606	—	305,606
— Acquired through business acquisitions	—	1,447,900	1,447,900
Write off of obsolete or impaired assets	(6,040)	—	(6,040)
At 30 June	3,210,057	1,930,339	5,140,396

Accumulated Amortisation

At 1 July	1,457,775	—	1,457,775
Amortisation for the year	449,819	—	449,819
Write off of obsolete or impaired assets	(2,814)	—	(2,814)
At 30 June	1,904,780	—	1,904,780

Carrying amount at 30 June	1,305,277	1,930,339	3,235,616
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Goodwill

Goodwill arose from the purchase of Kaipara Health in December 2019, OneCare (including Rangitoto Medical Centre) and Mt Smart Health (2020) Limited in February 2021 and Health New Lynn Limited in March 2022.

Goodwill Impairment Assessment

The existing goodwill and the goodwill arising during the period from the acquisition of general practices were tested for impairment at June 2022. The recoverable amount of the businesses was valued on a value-in-use basis using a discounted cash flow model. Management has used its past experience of sales growth, operating costs and margin, and external sources of information where appropriate, to determine their expectations for the future.

The impairment assessment confirmed that the recoverable amount exceeds carrying values as at 30 June 2022 and hence no impairment was recognised during the financial year. For Kaipara Health, OneCare (including Rangitoto), Mt Smart Health and Health New Lynn, based on current economic conditions and performances of these businesses, no reasonable possible change in any of the key assumptions used in the determination of the recoverable value of these CGUs would result in a material impairment to the Group. The sensitivity to these key assumptions is outlined in the table below.

11 INTANGIBLE ASSETS (CONTINUED)

Cash-generating units – Health New Lynn, Kaipara, Mt Smart and OneCare

Key assumptions	Rate	Sensitivity	Change	Sensitivity
Growth rate	5.0%	3.5%	-1.5%	Not Impaired
Terminal growth rate	2.5%	2.0%	-0.5%	Not Impaired
Discount rate	10.8%	12.3%	1.5%	Not Impaired

12 INVESTMENT IN SUBSIDIARIES

The following entities meet the definition of a subsidiary as described in the specific accounting policy “Principles of Consolidation” and accordingly are fully consolidated.

All entities are incorporated and domiciled in New Zealand, and have a 30 June balance date.

Subsidiaries	2022	2021
Clinical Assessments Limited	67%	67%
Health New Lynn Limited	100%	0%
Kaipara Medical Centre	100%	100%
Mt Smart Health (2020) Limited	100%	100%
OneCare Health (2020) Limited	100%	100%
ProCare Fresh Minds Limited	100%	100%
ProCare Health (LP) Limited	100%	100%
ProCare Health (PHO) Limited	100%	100%
ProCare Network Partnerships Limited	100%	100%
Totara Clinical Research Limited (Subsidiary of Health New Lynn)	100%	0%

13 INVESTMENT IN EQUITY ACCOUNTED JOINT VENTURES

All entities are incorporated and domiciled in New Zealand, and have a 30 June balance date.
All Group transactions are unsecured, interest-free and repayable upon demand.

Investment in equity accounted joint ventures as at 30 June	2022	2021
	\$	\$
Whakarongorau Aotearoa New Zealand Telehealth Services LP	14,373,015	4,718,206
CareHQ Limited Partnership	91,877	175,440
Fresh Minds NZ Limited Partnership	37	67
BPAC New Zealand Limited	—	118
Total	14,464,929	4,893,831

Share of profit/(loss) of equity accounted joint ventures	2022	2021
	\$	\$
Whakarongorau Aotearoa New Zealand Telehealth Services LP	11,874,809	3,171,059
CareHQ Limited Partnership	(363,197)	(252,359)
Fresh Minds NZ Limited Partnership	(30)	(197,255)
Total	11,511,582	2,721,445

On 3 September 2021, ProCare Health (PHO) Board and the other share vendors have agreed to sell BPAC shares to South Link Education Trust Board. Following settlement of that transaction, South Link Education Trust Board became the sole shareholder in the company. There was a gain on this sale of \$249,822.

Whakarongorau Aotearoa New Zealand Telehealth Services LP

	2022	2021
	\$	\$
Opening Balance	4,718,206	3,427,293
Distribution received	(2,220,000)	(1,843,500)
Share of profit of equity accounted joint ventures	11,874,809	3,171,059
RWT Credit Transferred (Current Year)	—	(36,646)
	14,373,015	4,718,206

As Whakarongorau Aotearoa is a limited partnership it is not responsible for income tax. The results reported above are exclusive of income tax which is accounted for by the limited partners (ProCare Health (LP) Limited and Pegasus Health (LP) Limited).

The Group holds 50% of the capital of Whakarongorau Aotearoa. This investment has been accounted for as a Joint Venture.

Summary financial information for the equity accounted joint venture, not adjusted for the percentage ownership held by the Group for the period ending 30 June 2022:

	2022	2021
	\$	\$
Current assets		
Cash & cash equivalents	66,709,000	20,537,866
Other current assets	7,171,000	16,179,934
Non current assets	9,915,000	9,000,615
Total assets	83,795,000	45,718,415
Current liabilities		
Financial liabilities	15,142,000	12,852,964
Deferred revenue	24,690,000	11,834,638
Other current liabilities	9,040,000	6,047,272
Non current liabilities	5,219,000	4,522,090
Total liabilities	54,091,000	35,256,964
Net assets	29,704,000	10,461,451
Group's share of net assets	14,852,000	5,230,726

	2022	2021
	\$	\$
Revenue	304,585,000	113,233,131
Interest Income	83,000	10,618
Expenses		
Interest Expense	(326,000)	(162,856)
Depreciation	(1,831,000)	(2,309,664)
Other expenses	(278,761,382)	(104,429,111)
Profit	23,749,618	6,342,118
Group's share of profit	11,874,809	3,171,059

13 INVESTMENT IN EQUITY ACCOUNTED JOINT VENTURES (CONTINUED)**CareHQ Limited Partnership**

CareHQ, a joint venture limited partnership between ProCare Health (LP) Limited and Southern Cross, was established in November 2020. It has also positioned itself as an 'after hours' and 'overflow' service for Practices and patients and maintains an important point of difference in the market by not enrolling patients or seeking capitation. Its processes are designed to support continuity of care with the patient's regular GP and aim to be the most trusted and preferred Telehealth Provider in the market and seen as an extension of General Practice.

CareHQ Limited Partnership is aligned with ProCare's strategy to adopt and integrate a sustainable virtual GP service for practices to benefit patients, their businesses and respond to the competitive threats emerging in the sector.

The Partnership was established with both intellectual property and cash contributions by both partners.

	2022	2021
	\$	\$
Investment in CareHQ Limited Partnership		
Investment in Limited Partnership	91,877	175,440
Opening Balance	175,440	—
Investment in Limited Partnership	—	427,900
Additional Capital introduced during the year	279,830	—
Share of loss of equity accounted joint ventures	(363,197)	(252,359)
RWT Credit Transferred (Current Year)	(196)	(101)
	91,877	175,440

The Group holds 50% of the capital of CareHQ. This investment has been accounted for as a Joint Venture.

Summary financial information for the equity accounted joint venture, not adjusted for the percentage ownership held by the Group for the period ending 30 June 2022:

	2022	2021
	\$	\$
Current assets		
Cash & cash equivalents	32,612	308,137
Related parties	22,191	—
Other current assets	151,826	33,209
Non current assets		
Intellectual property asset	155,800	155,800
Property, plant and equipment	10,607	—
Total assets	373,036	497,146
Current liabilities		
Related parties	118,086	43,376
Other current liabilities	70,898	102,688
Total liabilities	188,984	146,064
Net assets	184,052	351,082
Group's share of net assets	92,026	175,541
Advances (RWT credits) to Limited Partnership	(101)	43,376
Total investment and advances	91,925	218,917

	2022	2021
	\$	\$
Revenue	665,470	69,106
Interest Income	870	450
Expenses		
Other Expenses	(1,392,734)	(574,275)
Loss	(726,394)	(504,719)
Group's share of loss	(363,197)	(252,359)

Fresh Minds NZ Limited Partnership

Fresh Minds NZ Limited Partnership (FMNZLP) provided clinical psychological services through managing the implementation of the Te Tumu Waiora model of care throughout New Zealand.

FMNZ, a joint venture limited partnership between ProCare Health and Tū Ora Compass was established in August 2019, as a response to the challenges and community needs identified in the He Ara Oranga Mental Health and Addictions Enquiry report and subsequent commitment from Government's 2019 Wellbeing Budget. This supports the move to a more primary and community-based model of behavioural and mental health service delivery integrated within general practice and other community settings.

Hibernation

Given the varied appetite for a joined-up investment in a digitally enabled care option and the conclusion of cultural safety framework, FMNZLP was recommended to complete all operational activities by 31 December 2020 and it ceased trading.

Investment in FMNZ	2022	2021
	\$	\$
Opening Balance	67	71,913
Capital introduced during the year	—	172,583
Share of profit of equity accounted joint ventures	(30)	(197,255)
Advances owing/(repaid) to ProCare Fresh Minds Limited	—	(47,174)
	37	67

As FMNZLP is a limited partnership it is not responsible for income tax. The results reported above are exclusive of income tax which is accounted for by the limited partners (ProCare Health (LP) Limited and Tu Ora Compass Health).

The Group holds 50% of the capital of FMNZLP. This investment has been accounted for as a Joint Venture.

13 INVESTMENT IN EQUITY ACCOUNTED JOINT VENTURES (CONTINUED)

Summary financial information for the equity accounted joint venture, not adjusted for the percentage ownership held by the Group for the period ending 30 June 2022:

	2022	2021
	\$	\$
Current assets		193
Cash & cash equivalents	74	—
Other current assets	74	193
Total assets		
Current liabilities		
Other current liabilities		59
Total liabilities	—	59
Net assets	74	134
Group's share of net assets	37	67
Total investment and advances	37	67

	2022	2021
	\$	\$
Revenue		156,587
Expenses	(60)	(551,096)
Loss	(60)	(394,509)
Group's share of loss	(30)	(197,255)

BPAC New Zealand Limited and New Zealand Medicines Formulary Limited Partnership

New Zealand Medicines Formulary Limited Partnership was formed in 2011 from seed capital provided from BPAC NZ on behalf of its shareholders. ProCare Health (PHO) Limited held 16.67% of the share capital of BPAC New Zealand Limited.

On 3 September 2021, the PHO Board and the other share vendors agreed to sell BPAC shares to South Link Education Trust Board for \$250,000, a gain of \$249,882.

	2022	2021	2022	2021
	\$	\$	\$	\$
BPAC New Zealand Limited	0%	16.67%	—	118
			—	118

14 TAXATION**14.1 INCOME TAX**

	2022	2021
	\$	\$
Income tax		
Income tax represented by:	3,305,814	451,634
Current tax	3,556,173	739,909
Deferred tax asset	(250,359)	(288,275)
	3,305,814	451,634
Net profit before taxation	12,516,476	2,482,267
Prima facie income tax at 28%	3,504,613	695,035
Non-assessable income	(244,051)	(73,195)
Non-deductible expenses	47,920	125,695
Prior year tax adjustment	(2,668)	(295,901)
Income tax expense	3,305,814	451,634

14.2 DEFERRED TAX ASSET/(LIABILITY)

	2022	2021
	\$	\$
Balance at beginning of year	616,822	32,646
Prior year tax adjustment	2,668	295,901
Current year temporary differences	250,359	288,275
Balance at end of year	869,849	616,822

	2022	2021
	\$	\$
Balance at year end attributable to:		
Employee entitlements	780,974	486,959
Trade receivables	73,616	6,061
Accruals	—	13,691
Property, Plant & Equipment (incl Right of Use asset)	392,951	478,085
IFRS15 Revenue	(377,692)	(367,974)
	869,849	616,822

14.3 IMPUTATION CREDIT ACCOUNT (ICA)

The Company is part of a consolidated imputation credit tax group and accordingly imputation credits are only presented at a Group level.

Movements for the year were:

	2022	2021
	\$	\$
Opening balance	1,041,823	636,164
Add:		
Income tax paid	2,155,873	368,146
Resident Withholding Tax paid	1,717	37,513
Other credits	—	38,353
Less:		
Credit attached to dividends (paid)	(38,115)	(38,353)
Closing balance (at year end)	3,161,298	1,041,823

The closing credits represent the maximum amount of tax credits available to be attached to future dividends payable by the Group are subject to shareholder continuity rules.

15 REDEEMABLE PREFERENCE SHARES (RPS)

The RPS will pay a coupon rate set at the Board's discretion and is to be set at a premium over the five year swap rate at 30 June of the year of review. The last review set the coupon rate at 8.34% per annum non-cumulative, effective from 1 July 2022 (previously 7.1% 1 July 2017).

The holders of non-voting taxable RPS have the right to the return of the amount paid up on the RPS \$500 and any accrued but unpaid (coupon) dividend in priority to the ordinary shares.

The RPS are redeemable for cash at the discretion of the Board.

Redeemable Preference Shares	Number of shares	\$
Opening balance as at 1 July 2021	3,900	1,950,000
Shares repurchased	(180)	(90,000)
Closing balance as at 30 June 2022	3,720	1,860,000

	Number of shares	\$
Opening balance as at 1 July 2020	4,104	2,052,000
Shares repurchased	(204)	(102,000)
Closing balance as at 30 June 2021	3,900	1,950,000

	2022	2021
	\$	\$
Current	144,000	144,000
Non-current	1,716,000	1,806,000
	1,860,000	1,950,000

The liability represents the net present value of the shares payable over the expected term until redemption, which has been estimated at 10 years. See Note 4.3 for current year interest accrued.

16 SHARE CAPITAL

	2022	2021
	\$	\$
Paid in capital	319,231	314,731
513 (2021: 517) Ordinary A shares	(7,250)	—
Treasury shares	311,981	314,731

Movement in Ordinary A shares	Number of shares	\$
Opening balances as at 1 July 2021	517	314,731
Share repurchased	(14)	(10,500)
Issue of shares	20	15,000
Closing balance as at 30 June 2022	523	319,231
Treasury shares repurchased via acquisition	(10)	(7,250)

	2022	2021
	\$	\$
Opening balance as at 1 July 2020	610	384,481
Share repurchased	(103)	(77,250)
Issue of shares	10	7,500
Closing balance as at 30 June 2021	517	314,731

All shares on issue are fully paid. All ordinary shares rank equally. Each fully paid ordinary A share has one vote. Each ordinary share has identical dividend rights. During the year there were 14 buy back shares that have been acquired by the Company at \$750 and cancelled (2021: 103 at \$750). Health New Lynn was acquired in March 2022 and holds 10 shares in ProCare Network Limited. These shares have not been cancelled and have been recorded as Treasury Shares in accordance with The Companies Act 1993 67A.

17 RELATED PARTIES

For the purpose of this note, related parties include any of the following:

- Key management personnel or a close member of their family
- Directors and entities they control or have significant influence over subsidiaries and associates.

17.1 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

	2022	2021
	\$	\$
Transactions with Key Management Personnel		
Short-term employment benefits	2,400,552	1,968,176
Directors' fees	579,243	590,667

17.2 TRANSACTIONS BETWEEN RELATED ENTITIES

	2022	2021
	\$	\$
EQUITY ACCOUNTED JOINT VENTURES		
Whakarongorau Aotearoa New Zealand Telehealth Services LP		
Revenue (including lease income and locums) paid to ProCare Network Ltd	(50,000)	(727,876)
Costs paid by the Group	474,474	439,124
Distribution to ProCare Health (LP) Ltd	(2,220,000)	(1,843,500)
Withholding Tax Credit transferred to ProCare Health (LP) Ltd	—	(36,646)
CareHQ Ltd Partnership		
Capital introduced by ProCare Health (LP) Ltd	279,830	350,000
Sale of IP by ProCare Health (LP) Ltd	—	77,900
Management fee paid to ProCare Network Ltd	(59,416)	(37,135)
Cost recoveries (including locum payments) paid to ProCare Network Ltd	(822,303)	(250,517)
Costs paid by the Group	54,649	—
Withholding Tax Credit transferred to ProCare Health (LP) Ltd	(196)	(101)
Fresh Minds (NZ) Limited Partnership		
Management fee paid to ProCare Network Ltd	—	(14,532)
Capital introduced by ProCare Health (LP) Ltd	—	172,583
Cost recoveries paid to ProCare Network Ltd	—	(560)
Cost recoveries paid to ProCare Fresh Minds Ltd	—	(108,658)

All Group receivables and payables are unsecured, interest-free and repayable upon demand.

At reporting date, receivables from equity accounted joint ventures equate to \$118,086 (2021: \$228,416) and payables of \$84,362 (2021: \$42,564).

17 RELATED PARTIES (CONT.)

Other entities	2022	2021
East Health Services Limited	\$	\$
Income paid to Group practices	(1,076,503)	(127,880)
Management Fee paid to ProCare Network Ltd	(28,000)	(16,000)
Costs paid by the Group	282,285,323	64,630,165
ProCare Charitable Foundation		
Loan to ProCare Network Partnerships Limited	(2,274,000)	(2,274,000)

On 30 June 2019, the 4,548 Ordinary B shares held by ProCare Charitable Foundation were bought back by ProCare Network Limited for \$2,274,000.

ProCare Charitable Foundation agreed to the assignment of this debt to the Group's wholly owned subsidiary ProCare Network Partnerships Limited ("PNPL"). The debt is repayable in whole or in part at any time, at the discretion of PNPL and must be repaid 60 months from date of assignment. At its discretion, PNPL can repay the loan in part or in full, along with any accrued interest, at any time during the period of the loan. PNPL can also elect to settle the outstanding principal amount of the debt in whole or in part to ordinary shares in PNPL at a conversion rate based on the current and future profitability of PNPL at a set multiple.

The Group has elected to recognise the conversion feature embedded derivative separately. Refer to Note 19. It is not an equity instrument as the conversion rate is not fixed and is accounted for at fair value through the Profit or Loss. It is fair valued annually and is a derivative asset at reporting date as the costs of paying the loan and related interest is higher than the payments on a loan at current market rates. The debt component is accounted for at amortised cost. The debt is unsecured and attracts interest at a rate of 7.09% per annum.

17.3 OTHER TRANSACTIONS WITH DIRECTORS

During the year the Group made payments to GP's in relation to first level services, programme claims and PHO performance management, as well as Practice Support Payments from ProCare Network Ltd. Some of these GP's are Directors in the Company and its subsidiaries.

In the case of payments for first level services, the payments are based on registers of enrolled patients submitted by the doctors to the District Health Boards. The payments to GP's for programme claims are made to all GP's at the same rate within their PHO area regardless of their status as a Director or Non-Director. The payments for performance management are based on algorithms that reflect the contribution of GP's and/or practices to PHO performance management targets. The algorithms are applied consistently in calculating and making of payments to GP's or GP's practices regardless of whether the GP is a Director or not.

The amounts outstanding are unsecured and payable on normal trade terms as with all GP's.

Transactions between the Group and Directors in their capacity as shareholders in ProCare Network Limited	2022	2021
	\$	\$
First level services	1,860,905	1,868,371
Programme claims	11,861	3,844
System Level Measures Framework*	176,186	138,841
Practice Support Payment *	—	64,228
Interest on redeemable preference shares	1,702	1,702
Other	9,275	10,814
	2,059,929	2,087,800

* the payment for performance management are made to the Directors' Practices, instead of each individual GP

Balances arising from transactions with Directors in their capacity as shareholders in ProCare Network Limited	2022	2021
	\$	\$
Payables	29,226	26,035

18 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or other capital expenditure not provided for at reporting date (2021: \$Nil).

19 FINANCIAL INSTRUMENTS

The accounting policies for financial instruments have been applied to the line items below:

	NOTE	2022	2021
Financial assets at Amortised Cost		\$	\$
Cash and cash equivalents	5	5,042,472	7,684,217
Investments — short term deposits	5	1,200,000	7,000,000
Trade and other receivables	6	30,817,842	11,886,981
Receivables from equity accounted joint ventures	8	118,086	228,416
		37,178,400	26,799,614
Financial Assets at Fair Value			
Derivative asset		34,447	50,153
		34,447	50,153
Financial Liabilities at Amortised Cost			
Trade and other liabilities	7	29,489,253	9,162,828
Lease liability	21	12,156,270	4,539,715
Payables to equity accounted joint ventures	8	33,725	185,852
Redeemable preference shares	15	1,860,000	1,950,000
ProCare Charitable Foundation loan	17.2	2,274,000	2,274,000
ANZ Bank Loans	22	4,046,141	—
		49,859,389	18,112,395

Derivative asset is the fair value of the embedded derivative recorded in ProCare Network Partnerships and relates to the value of the option to convert the ProCare Charitable Foundation loan to shares. Refer to Note 17.2.

The ProCare Charitable Foundation loan was accounted for at amortised cost and therefore the embedded derivative "the conversion feature embedded in the loan" was carried at fair value under NZ IFRS 13 assessed at \$34,447 (\$50,153 at 30 June 2021). See section on Fair Values later in this note.

The ProCare Charitable Foundation loan repayment date is 60 months from 28 June 2019 or earlier at the borrower's option. Interest is at 7.09% and payable at the discretion of the Group at an earlier date.

The ANZ loan repayment date is 24 months from 15 April 2022 or earlier at the borrower's option. Interest is at 5.70%, 6.50% and 7.22% and payable at the discretion of the Group at an earlier date.

The ANZ flexible credit facility term will end on 30 March 2023. Interest is at 6.05% and payable at the end of the funding period or on the last day of the facility term.

Currency Risk

The Group has no exposure to foreign exchange risk. The Group only transacts in New Zealand dollars.

Interest Rate Risk

At reporting date, the Group has the following financial assets exposed to New Zealand variable interest rate risk:

	2022	2021
	\$	\$
Bank — Cash and cash equivalents	5,042,472	7,684,217
Investments — short term deposits with maturities > 3-12 months	1,200,000	7,000,000
	6,242,472	14,684,217

19 FINANCIAL INSTRUMENTS (CONTINUED)

The average interest rate earned on cash deposits and short term deposits was 0.55% (2021: 0.65%).

The Group is not exposed to floating interest rates on its debt; lease liabilities, redeemable preference shares and ProCare Charitable Foundation loan, other than the flexible facility with ANZ, see Note 22. At 30 June the rate was 6.05% fixed until 17 October 2022.

It is estimated a 100 basis point decrease in interest rates would result in a decrease in the Group's interest earned in a year by approximately \$62,425 on the Group's investment portfolio exposed to floating rates at reporting date (2021: 100 basis point decrease of \$146,842).

Based on historical movements and volatilities and management's knowledge and experience, management believes that the above movements are 'reasonably possible' over a 12 month period: a shift of between 1%-2% in market interest rates. The impact on the profit or loss of a 1% (100 basis points) movement is presented above.

Credit Risk

To the extent that the Group has a receivable from another party, there is a credit risk in the event of non-performance of the counterparty. Financial instruments which potentially subject the Group to credit risk are listed below.

The Group manages its exposure to credit risk by performing credit evaluations on all customers requiring credit. Internal reporting surrounding the aging of its trade receivables occurs. The Group does not take guarantees, security interest as collateral or charge penalty interest on receivables past due.

Maximum exposures to credit risk at reporting date are:

	NOTE	2022 \$	2021 \$
Cash and cash equivalents	5	5,042,472	7,684,217
Investments — short term deposits	5	1,200,000	7,000,000
Trade receivables	6	30,817,842	11,886,981
Receivables from equity accounted joint ventures	8	118,086	228,416
		37,178,400	26,799,614

The ageing of trade receivables at reporting date that were not impaired was as follows:

	2022 \$	2021 \$
Neither past due nor impaired	30,373,861	11,243,862
1-90 days past due	304,615	421,284
Over 90 days past due	128,890	212,110
	30,807,366	11,877,256
Allowance for impairment	10,476	9,725
	30,817,842	11,886,981
Trade receivables not past due and not impaired	30,373,861	11,243,862
Trade receivables past due but not impaired	433,505	633,394
Trade receivables impaired individually	10,476	9,725
	30,817,842	11,886,981

Refer to Note 6 for the reconciliation of the movement in the impairment allowance. The allowance for impairment is deemed sufficient despite the high value of trade receivables over 90 days as there is confidence these amounts are collectible due to correspondence with the relevant debtors (primarily New Zealand Government departments and District Health Boards) and receipts post-reporting date.

Concentrations of Credit Risk

Cash and short term deposits are held with two separate trading banks which both have acceptable credit ratings. Acceptable credit ratings are defined as Standard & Poor's "Strong" or above as per the Reserve Bank of New Zealand.

The New Zealand Government departments and District Health Boards are regarded as a single customer. They comprise 96% (2021: 98%) of revenue for the Group and are considered an acceptable credit risk given their government backing. There are no other large concentrations of risk identified by the Directors.

Credit Facilities

The Group does not have an overdraft facility. It does have a flexible credit facility —see Note 22.

Liquidity Risk

All contractual financial liabilities stated in Note 7 are due to mature in less than six months time. Redeemable preference shares liability only arises when a shareholder leaves the Group, at the discretion of the Board.

Liquidity represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. The Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

The table below analyses the Group's financial liabilities into relevant maturity bands, based on the remaining period from reporting date to the contractual maturity date. The cash flow amounts disclosed in the table represent undiscounted cash flows liable for payment by the Group.

Group	Notes	Carrying amount	Total contractual cash flows	On demand	6 months — 1 year	More than 1 year
As at 30 June 2022						
Trade and other liabilities	7	29,489,523	29,489,523	29,489,523	—	—
Redeemable preference shares ¹	15	1,860,000	1,952,070	1,952,070	—	—
ProCare Charitable Foundation loan	17	2,274,000	2,596,453	—	—	2,596,453
ANZ Bank Loans	22	4,046,141	3,418,298	353,617	353,617	2,711,064
		37,669,394	37,456,074	31,794,940	353,617	5,307,517
As at 30 June 2021						
Trade and other liabilities	7	9,162,828	9,162,828	9,162,828	—	—
Redeemable preference shares ¹	15	1,950,000	2,045,583	2,045,583	—	—
ProCare Charitable Foundation Loan	17	2,274,000	2,757,680	—	—	2,757,680
ANZ Bank Loans	22	—	—	—	—	—
		13,386,828	13,966,091	11,208,411	—	2,757,680

¹ The Group is committed to pay \$94,949 per annum (2021: \$102,470) until such time as the shares are redeemed. The liability for the face value of the shares only arises when a shareholder leaves the Group, at the discretion of the Board.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

19 FINANCIAL INSTRUMENTS (CONTINUED)

Fair Values

The following financial assets and liabilities being cash, investments — short term deposits and trade balances are of a short term nature, accordingly the carrying amount is a reasonable approximation of their fair values. The interest rate on redeemable preference shares is set once every five years by the Board (next review 30 June 2027). The fair value of this financial instrument will depend upon the relationship of the current market interest rates to the coupon rate set by the Board (refer to Note 15).

As market interest rates are higher than when the coupon rate was fixed, the fair value of the loans would be higher than the current book value (ProCare Charitable Foundation loan \$2,596,453).

The fair value of the derivative financial instrument (derivative conversion feature) was determined by applying a net present value model comparing the market discount rate to the interest rate payable on the ProCare Charitable Foundation Loan. As the ANZ loans were drawn down within 3 months of balance date, management deem the book value to be a fair approximation of the market value of the liabilities.

(i) Fair Value Measurement

The Group embedded derivative is measured and recognised at fair value (refer above).

The derivatives is a Level 3 valuation based on an accepted valuation methodology.

Interest rate derivatives are calculated by discounting the future principal and interest cash flows at current market interest rates that are available for similar financial instruments.

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 Inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) other than quoted prices included within Level 1
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(ii) Fair Value Disclosures

The fair values of borrowings used for disclosure are measured under Level 3, by discounting future principal and interest cash flows at the current market interest rate plus an estimated credit margin

that is available for similar financial instruments with a similar credit profile to the Group.

The interest rate used to discount future principal and interest cash flows was 5.21% (ProCare's rate of borrowing), for both accounting and disclosure purposes.

Capital Risk Management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern and to deliver its services to its members and the public. The Group has various debt facilities. Some key measures are maintaining a bank debt to EBITDA ratio of 3:1 or lower as well as a EBITDA to interest cost ratio of 2:1 or higher. The current bank debt to EBITDA ratio is 0.8:1 and EBITDA to interest cost ratio is 5.16:1.

Going Concern

Current liabilities exceed current assets at balance date. The Directors' assessment is that this will be resolved with expected distributions from Equity Associated Joint Ventures as well as careful management and monitoring of key lending covenants and recognition of Deferred Income as performance obligations are met. It is intended that the Group will not be materially outside the target leverage ratio ranges on a long-term basis. The Group has produced a cashflow forecast that confirms the Group can meet its obligations going forward. The Group will continue to forecast and monitor its cashflow position.

Bank Guarantee

In June 2011 ProCare Network Limited signed a lease with Manukau City Centre Limited for premises in Westfield Manukau mall for seven years. The condition of the lease is an ANZ bank guarantee in favour of Manukau City Centre Limited of \$39,015.

In February 2021 ProCare Network Limited signed a lease with P.F.I Property No 1 Limited to lease part of Level 1, Building 1 at 12-16 Nicholls Lane for six years. The condition of the lease is an ANZ bank guarantee in favour of P.F.I Property No 1 Limited of \$214,348.

Bank Security Agreement

The Group has executed a General Security Agreement providing a first ranking charge over its present and after property in favour of its bankers

in consideration of receiving a clean credit payroll facility of \$1,218,750.

Changes in Liabilities Arising From Financing Activities

The Group's principal liabilities arising from financing activities are its redeemable preference shares see Note 15 and the loan from the ProCare Charitable Foundation which arose from the buyback in June 2019 of the Ordinary B shares owned by them, see Note 17.2. Lease liabilities see Note 21 and cashflows are reconciled in Note 20.2.

During the year ended 30 June 2022, the Group entered a loan agreement with ANZ to enable acquisitions. The agreement includes secured loans of \$2,846,141 and a \$6,500,000 flexible credit facility with ANZ Bank New Zealand Limited. Please see details in Note 22.

Other Risk

On 1 July 2022, New Zealand will be moving to a new national health system, Te Whatu Ora | Health New Zealand, to create a more equitable, accessible, cohesive and people-centred system that will improve the health and wellbeing of all New Zealanders. It is proposed that the Primary Health Organisations (PHOs) will be replaced or evolve into local networks alongside Iwi-Māori Partnership Boards, responsible for how community and primary health care is delivered. These reforms will be implemented over three years. Many of the services provided by PHOs such as coordinating multi-disciplinary teams and supporting clinical improvement will be all the more important in the future health system. Te Whatu Ora | Health New Zealand will be responsible for determining how best to deliver these services in each locality, including whether there is a role for an organisation to coordinate locality networks.

The ProCare Board and Management meet regularly as part of their strategic plan to work on how ProCare can be organised in locality networks in order to continue our support and provide primary care and community services in New Zealand. At this stage, the Company does not consider this as a significant risk in the short term as the Company should have sufficient time and resources to implement any changes and strategies as required. However, there is always a risk whether the Company will be part of the locality networks, that this will be determined by the commissioning function of Te Whatu Ora | Health New Zealand in consultation with localities.

A significant amount of funding comes from the New Zealand Government departments and Te Whatu Ora | Health New Zealand (previously District Health Boards). The Group has contracts with these entities that sets pricing and some programmes have capped claim drawdowns. As noted above, there is a concentration of reliance on the New Zealand Government departments and Te Whatu Ora | Health New Zealand (previously District Health Boards). When contracts are due for renewal, there is always a risk that pricing may be adjusted or contracts will not be renewed with entities within the Group.

20 SUPPORTING STATEMENT OF CASHFLOWS

20.1 NET CASHFLOW FROM OPERATING ACTIVITIES

	2022	2021
	\$	\$
Profit for the year	9,210,662	2,030,633
Non-Cash Items		
Depreciation and amortisation	1,912,989	1,723,603
Amortisation/(Release) of lease incentive	—	106,397
Bad debt and impairment allowances	750	(2,420)
Deferred income tax	(250,360)	(127,094)
Share of profits of equity accounted joint ventures	(11,511,582)	(2,721,445)
Derivative fair value loss/(gain)	15,706	158,093
Right of use asset & liability	303,200	—
	(9,529,297)	(862,866)
Movements in Working Capital		
(Increase)/decrease in Prepayments	(75,764)	22,814
Decrease/(increase) in Inventory	3,827	(9,286)
(Increase) in Trade/Other Receivables	(18,731,611)	(3,876,426)
Decrease in Related Parties Receivables/Payables	152,127	5,405
Increase in Taxation Payable	1,451,631	664,149
Increase in Trade Payments	20,942,765	987,153
(Decrease)/increase in Deferred Revenue	(336,747)	3,465,780
(Decrease)/increase in GST	(74,013)	253,237
Increase in Lease Liability	337,111	100,225
	3,669,326	1,613,051
Net cash from operating activities	3,350,691	2,780,818

20.2 NET CASHFLOW FROM FINANCING ACTIVITIES

	Redeemable Preference Shares	ProCare Charitable Foundation Loan	Lease Liability	ANZ Bank Loans	Total
	Notes 4.3, 15	Notes 4.3, 17	Notes 4.3, 21	Notes 4.3, 22	
Financing Liabilities	\$	\$	\$	\$	\$
Balance at 1 July 2021	1,950,000	2,274,000	4,539,715	—	8,763,715
Cash Flows	(185,584)	—	(1,303,215)	4,046,141	2,557,342
Non-cash flows					
Interest accruing in the period	92,070	161,227	380,566	—	633,863
Net interest accrued not paid	3,514	(161,227)	—	—	(157,713)
Lease additions	—	—	13,189	—	13,189
Lease additions via acquisitions	—	—	7,978,660	—	7,978,660
Lease modifications	—	—	547,355	—	547,355
Balance at 30 June 2022	1,860,000	2,274,000	12,156,270	4,046,141	20,336,411

	Redeemable Preference Shares	ProCare Charitable Foundation Loan	Lease Liability	ANZ Bank Loans	Total
	Notes 4.3, 15	Notes 4.3, 17	Notes 4.3, 21	Notes 4.3, 22	
Financing Liabilities	\$	\$	\$	\$	\$
Balance at 1 July 2020			2,867,831	—	7,193,831
Cash Flows	2,052,000	2,274,000	(1,167,170)	—	(1,374,682)
Non-cash flows	(207,512)	—			
Interest accruing in the period			227,476	—	323,060
Net interest accrued not paid	95,584	—	—	—	9,928
Lease additions	9,928	—	2,553,947	—	2,553,947
Lease modifications			57,631	—	57,631
Balance at 30 June 2021	1,950,000	2,274,000	4,539,715	—	8,763,715

21 LEASES

	Properties \$	Vehicles & Other Equipment	Total \$
Right-of-Use Asset			
Balance at 1 July 2021	4,418,938	—	4,418,938
Additions	—	13,188	13,188
Additions via acquisitions	7,978,660	—	7,978,660
Depreciation	(1,062,400)	(13,432)	(1,075,832)
Lease modifications	611,993	12,729	624,722
Balance at 30 June 2022	11,947,191	12,485	11,959,676
Lease Liability			
Balance at 1 July 2021	4,539,716	—	4,539,716
Additions	—	13,188	13,188
Additions via acquisitions	7,978,660	—	7,978,660
Interest	379,413	1,153	380,566
Lease payments	(1,288,884)	(14,331)	(1,303,215)
Lease modifications	534,462	12,893	547,355
Balance at 30 June 2022	12,143,367	12,903	12,156,270
Current			1,087,142
Non-current			11,069,128
Total Liabilities			12,156,270

	Properties \$	Vehicles & Other Equipment	Total \$
Right-of-Use Asset			
Balance at 1 July 2020	2,717,670	50,532	2,768,202
Additions	2,494,257	—	2,494,257
Depreciation	(910,310)	(50,532)	(960,842)
Lease modifications	117,321	—	117,321
Balance at 30 June 2021	4,418,938	—	4,418,938
Lease Liability			
Balance at 1 July 2020	2,813,157	54,675	2,867,832
Additions	2,553,947	—	2,553,947
Interest	226,636	840	227,476
Lease payments	(1,111,655)	(55,515)	(1,167,170)
Lease modifications	57,631	—	57,631
Balance at 30 June 2021	4,539,716	—	4,539,716
Current			750,032
Non-current			3,789,684
Total Liabilities			4,539,716

The Group leases various offices at different locations. It has reviewed the lease agreements and valued them ranging from the first renewable term to the maximum, as appropriate for each business and its location. These range from terms of 2 to 22 years, with some contracts containing further extension options. Contracts may contain both lease and non-lease components, in which case the consideration in the contract is allocated to each component based on their relative stand-alone prices.

Payments associated with short-term leases, with a lease term of 12 months or less, and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

During the year ended 30 June 2022 \$380,566 (2021: \$227,476) of interest expense relating to lease liabilities was recognised and total cash outflow for leases was \$1,303,215 (2021: \$1,167,170).

Significant judgements were to only value leases to the first renewal date in the lease agreements and excluded leases under 12 months and on low value assets (under \$10,000 NZD). An exception is Health New Lynn Limited that valued the full term of the medical centre property lease including right of renewals, and Mt Smart Health (2020) Limited which included leases on some low value office equipment.

22 LOANS

	2022	2021
	\$	\$
ANZ Bank Loans		
Flexible Credit Facility	1,200,000	—
Current	528,827	—
Non-current	2,317,314	—
Total ANZ Bank Loans	4,046,141	—

At 30 June 2022, the Group had secured loans of \$2,846,141 (2021: \$Nil) and a \$6,500,000 flexible credit facility with ANZ Bank New Zealand Limited. The terms of the loans and credit facility will end in April 2024 and March 2023 respectively.

At 30 June 2022, the Group was in compliance with the applicable covenants. There is a general security agreement with these ANZ bank loans held over the subsidiaries Health New Lynn Limited, ProCare Fresh Minds Limited, ProCare Network Partnerships Limited, ProCare Network Limited and ProCare Health (LP) Limited.

23 DIVIDENDS

On 5 October 2022 the Board resolved no dividend was payable during that financial year (2021: \$Nil).

24 BUSINESS COMBINATIONS DURING THE PERIOD

The Company acquired the business of Rangitoto Medical Centre on 31 January 2022 and Health New Lynn (including its wholly owned subsidiary Totara Clinical Research) on 31 March 2022 and started trading from that date.

Both Rangitoto Medical Centre and Health New Lynn were acquired for inclusion in the Elevate ownership programme. The programme is focused on facilitating ongoing independent General Practice ownership by clinicians. Under the programme, the ProCare co-operative acquires practices and then offers shareholdings to clinicians and other key staff over time.

Since acquisition, Rangitoto has contributed \$177,713 and Health New Lynn (including Totara Clinical Research) has contributed \$2,172,990 to Group revenues, along with \$69,588 and \$379,748 to Group profit before tax respectively.

If the practices were owned for the full year, based on their FY22 results, the Company assessed that Rangitoto would contribute \$426,511 and Health New Lynn (including Totara Clinical Research) would contribute \$8,691,959 to Group revenues, along with \$167,011 and \$1,518,990 to Group profit before tax respectively.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Health New Lynn incl Totara Clinical	Rangitoto	Total
	\$	\$	\$
Fair value of net assets acquired			
Building fitout	864,906	—	864,906
Accrued income	582,406	—	582,406
Cash and cash equivalents	284,874	—	284,874
Trade receivables	154,073	—	154,073
Other plant & equipment	59,411	3,156	62,567
Furniture & fittings	23,972	—	23,972
Investments	7,250	—	7,250
Prepayments	3,217	—	3,217
Inventory	—	1,500	1,500
Onerous lease	—	(26,420)	(26,420)
GST	(28,784)	—	(28,784)
Income Tax	(103,169)	—	(103,169)
Trade and other liabilities	(195,122)	—	(195,122)
Right of use assets	7,978,660	—	7,978,660
Finance Lease Liabilities	(7,978,660)	—	(7,978,660)
Employee Entitlements	(339,356)	—	(339,356)
Total net assets acquired	1,313,678	(21,764)	1,291,914
Fair value of consideration paid			
Cash	15,500,000	194,656	15,694,656
Total consideration	15,500,000	194,656	15,694,656
Goodwill	14,186,322	216,420	14,402,742

25 SUBSEQUENT EVENTS

There are no subsequent events to reporting date that would affect the financial statements.

PROCARE GROUP INDEPENDENT AUDITOR'S REPORT



BDO Auckland

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PROCARE NETWORK LIMITED AND SUBSIDIARIES

Opinion

We have audited the consolidated financial statements of ProCare Network Limited ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* 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.

Our firm carries out other assignments for the Group in the area of taxation compliance, due diligence advisory and risk advisory services. The firm has no other relationship with, or interests in, the Company or any of its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Key Audit Matter	How The Matter Was Addressed in Our Audit
<p>The Group reported revenue with contracts with customers of \$513.77m.</p> <p>The judgements and estimates that significantly impact the accuracy of revenue recognition include:</p> <ul style="list-style-type: none"> Identifying the separate performance obligations; Assessing whether the performance obligation are satisfied at a point in time or overtime; Assessing when to recognise revenue; and Whether the Group is acting as the principal or agent in the transactions. <p>We focussed on revenue recognition as a key audit matter due to the significance of the balance on the profit or loss for the year and the judgements and estimates involved in revenue recognition.</p> <p>The Group's accounting policy in relation to revenue recognition is included in accounting policy note 2.2, significant estimates and judgements related to contract revenue is included in note 2.1, and revenue is disclosed in note 3.1 of the consolidated financial statements.</p>	<ul style="list-style-type: none"> We assessed the compliance of the Group's revenue recognition policies with applicable accounting standards. We assessed the systems, processes, and controls in place for recording revenue. We analysed the correlation between the Group's recorded revenue and movements in accounts receivable, deferred revenue and cash using data analysis techniques. We tested the accuracy of cut off with substantive procedures. We considered management's assessment of whether they are the principal or agent in the transactions. We assessed the Group's basis for the identification of performance obligations and compared these, on a sample basis, to the underlying contractual agreements. We reviewed disclosures in the consolidated financial statements to the requirements of the accounting standard.



BDO Auckland

Business Combination - Health New Lynn Limited ("HNLL")

Key Audit Matter	How The Matter Was Addressed in Our Audit
<p>During the year the Group acquired 100% of the shares in HNLL for purchase consideration of \$15.5m. This was considered a significant acquisition for the Group.</p> <p>The financial reporting of the acquisition involves determining the fair value accounting for assets acquired and liabilities assumed, which includes the recognition of any identifiable intangible assets.</p> <p>Management have completed their determination that there are no identifiable intangible assets to recognise. The surplus of the purchase consideration over the fair value of the tangible assets and liabilities acquired of \$14.19m has been recognised as goodwill.</p> <p>Refer to note 24 business combinations during the period and significant estimates and judgements note 2.1 of the consolidated financial statements.</p>	<p><i>Fair value accounting for assets acquired and liabilities assumed as part of the business combination</i></p> <ul style="list-style-type: none"> We obtained Management's assessment of identifiable assets acquired and liabilities assumed in the acquisitions, and we performed audit procedures on the book value of assets and liabilities at acquisition date to identify any recorded fair value adjustments. <p><i>Intangible assets acquired as part of the business combination</i></p> <ul style="list-style-type: none"> We obtained Management's assessment of potential identifiable intangible assets acquired in the acquisition, and we reviewed their assessment against the relevant accounting standard and our expectations of likely intangible assets, based on our review of the sale and purchase agreements and our understanding of similar acquisitions. We have evaluated the adequacy of the disclosures of the business combination to ensure that they met the requirements of the accounting standard and that they adequately disclose the key judgements and estimates.

Goodwill Impairment Assessment

Key Audit Matter	How The Matter Was Addressed in Our Audit
<p>The Group has recognised goodwill on historical acquisitions, as well as for the HNLL business combination, which was acquired in the year.</p> <p>The total goodwill balance of \$16.33m at 30 June 2022 is subject to an annual impairment test in accordance with NZ IAS 36 <i>Impairment of Assets</i>, which includes goodwill resulting from the HNLL business combination of \$14.19m. No impairment has been recorded as a result of the test.</p> <p>Management performed their impairment test by considering the recoverable amount of the Group's Cash Generating Units (CGU), GP Practices, using a value in use calculation. This calculation is complex and subject to key inputs and assumptions, such as discount rates, terminal growth rates and future cash flows, which inherently include a degree of estimation uncertainty and are prone to potential bias or inconsistent application.</p> <p>Refer to note 11 of the consolidated financial statements.</p>	<ul style="list-style-type: none"> We obtained Management's value in use calculations prepared for each of the cash generating units and evaluated the key inputs and assumptions for material CGUs. The key inputs included revenue, operating margin, costs, forecast period growth rates, terminal growth rates, and discount rates. We agreed the forecasts to approved budgets. We reviewed managements sensitivity analysis in relation to the growth rate, terminal value and discount rates to consider the potential impact of changes in these assumptions. We engaged our internal valuation experts to review the HNLL value in use calculation. They assessed if the methodology used is consistent with NZ IAS 36 <i>Impairment of Assets</i>, the model was accurate, and an appropriate discount rate was used. We have compared the carrying value of the CGUs' assets to the recoverable amount determined by the impairment test to identify any impairment losses. We reviewed disclosures in the consolidated financial statements to the requirements of the accounting standard.

PROCARE GROUP
INDEPENDENT AUDITOR'S REPORT



BDO Auckland

Other Information

The directors are responsible for the other information. The other information comprises the Director's Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group 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 directors 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 Consolidated Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>.

This description forms part of our auditor's report.

Who we Report to

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

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

BDO Auckland

BDO Auckland
Auckland
New Zealand
19 October 2022



PROCARE NETWORK LIMITED AND SUBSIDIARIES DIRECTORS' INTERESTS

As at 30 June 2022

The following are general disclosures of interest given by Directors of the Parent pursuant to section 140(2) of the Companies Act 1993 as at 30 June 2022

A J Lawrence

Finesse Holdings Ltd
Quix NZ Ltd
Quix Commercial Ltd
AJ Lawrence Ltd
Miro Partners Ltd
Enviroplaz International Ltd
Lawrence Corporate Trustee Ltd
Aquatherm NZ Ltd

Chairman
Director
Director
Managing Director
Managing Director
Director — HK Registered
Director
Director

Dr C L King

NLHCC Ltd
Westcare Medical Limited
CareHQ (General Partner) Limited

Director/Chair
Shareholder
Chair

Dr F Lentini

Mairangi Medical Centre
Elevate Practice Advisory Committee
Medical Council

Director
Chair
Educational Supervisor

Dr H E Aish

Otara Family & Christian Health Centre
MAS

Director/Shareholder
Director/Chair

Dr J F V White

Mt Eden Medical Associates

Director

D R Clarke

Anglesea Urgent Care Clinic
Te Rau Ora

Chair
Deputy Chair

M Schubert

Silver Fern Farms Limited
Silver Fern Farm Holdings Limited (Subsidiary)
Silver Fern Farms JV Limited (Subsidiary)
Mimomax Wireless Limited
Financial Markets Authority - Auditor Oversight Committee
ProCare Charitable Foundation Trust Board
Whakarongorau Aotearoa New Zealand Telehealth Services LP
TSB Bank Limited

Director
Director
Director
Director
Director
Trustee
Director

Director

W E Gillespie

Te Ohu Rata O Aotearoa: Māori Medical Practitioners Association
Te Akoranga a Maui — Māori Chapter
Swanson Medical Centre
White Cross WestCare

Member
RCNZGP
Shareholder

Shareholder

J O'Sullivan

Mt Eden 575 Doctors

Shareholder and Director

DIRECTORS OF PROCARE NETWORK LIMITED SUBSIDIARIES (AS AT 30 JUNE 2021)

ProCare Health (PHO) Limited
ProCare Health (PHO) Limited
ProCare Health (PHO) Limited
ProCare Health (PHO) Limited
ProCare Health (PHO) Limited
ProCare Health (PHO) Limited

T F Funaki (Chair)
T Campbell
A T Davis
S A M Kinred
Dr J J O'Sullivan
Dr S L Taylor

ProCare Fresh Minds Limited
ProCare Fresh Minds Limited
ProCare Fresh Minds Limited

Dr A Moffitt
B Norwell (Chair)
S Webber

ProCare Health (LP) Limited
ProCare Health (LP) Limited

B Norwell (Chair)
S Webber

ProCare Network Partnerships Limited
ProCare Network Partnerships Limited

B Norwell (Chair)
S Webber

Health New Lynn Limited
Health New Lynn Limited

B Norwell
S Webber

Kaipara Health Limited

S Webber

Clinical Assessments Limited
Clinical Assessments Limited

Dr J H Betteridge
P D Roseman

Mt Smart Health (2020) Limited

S Webber

OneCare Health (2020) Limited

S Webber

Totara Clinical Research Ltd
Totara Clinical Research Ltd

B Norwell
S Webber

