

MEMO

To: Board Members
From: Eric Sinclair, GM Finance & Performance
Date: 20 September 2017
Subject: Financial Report for August 2017

Status
 This report contains:
 For decision
 Update
 Regular report
 For information

Overview

Financial Result



Budget Variance



Forecast Position



Cash Position



Capital Expenditure

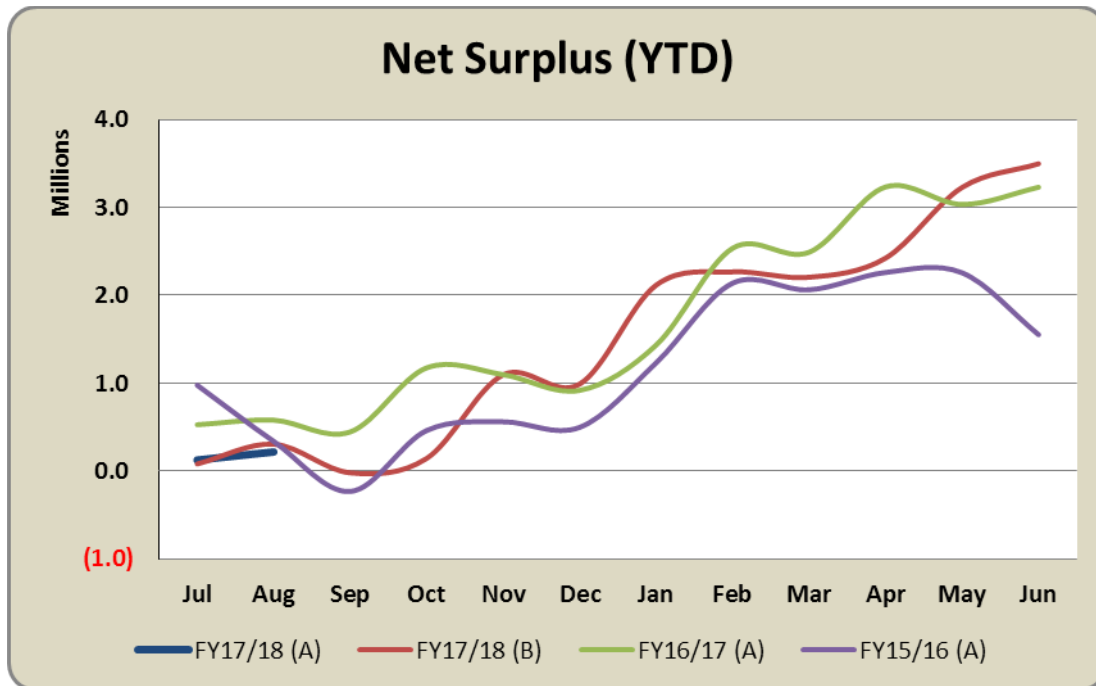


Commentary

It is pleasing to report that the new financial year has started in a positive manner with a small surplus of \$217k which is \$86k adverse to the plan.

Detailed financial statements are included in the Appendix attached to this report.

August 2017 \$Ms					Year to Date \$Ms				Full Year \$Ms	
Actual	Budget	Budget Variance	Last Year Actual		Actual	Budget	Budget Variance	Last Year Actual	Budget	Last Yr
44.98	44.75	0.23	37.97	Revenue	84.05	83.87	0.18	76.25	493.82	468.24
17.55	17.65	0.10	13.05	Expenditure	31.58	31.74	0.16	26.07	184.09	175.32
7.83	7.55	(0.27)	6.02	Workforce Costs	14.46	13.95	(0.51)	12.05	80.48	72.90
14.03	13.73	(0.30)	13.28	Other Operating Costs	26.84	26.74	(0.10)	26.41	158.92	153.41
3.70	3.69	(0.01)	3.80	External Provider Payments excluding IDFs	7.40	7.39	(0.02)	7.61	44.32	43.41
43.11	42.63	(0.48)	36.15	Inter District Flows	80.29	79.81	(0.48)	72.14	467.80	445.04
1.86	2.12	(0.25)	1.81	Total Expenditure before IDCC	3.77	4.06	(0.30)	4.11	26.01	23.19
1.77	1.89	0.12	1.76	Surplus/(Deficit) before IDCC	3.55	3.76	0.21	3.53	22.51	19.96
0.09	0.22	(0.13)	0.05	Capital Related Costs	0.22	0.30	(0.09)	0.58	3.50	3.23
				Surplus/(Deficit)						



Key messages for the month

- The MOH requested a change to the Annual Plan in relation to the pay equity settlement. The initial advice was that the revenue and associated expenditure for the settlement should not be included within the budgets however in early September the MOH revised this and requested that DHBs include the revenue and expenditure for the settlement. Key points to note:
 - The settlement is a neutral position so there is no change to the bottom line surplus position. However, there were variances reported in July in the revenue and expenditure lines that have been amended.
 - The annual budget reflects an increase of \$8.2M in both revenue and expenditure to account for the settlement but the projected surplus remains unchanged at \$3.5M. This change has also been made within the Annual Plan.
- Activity within the hospital has been very high during August and the financial results are reflective of this activity level with Clinical Supply costs \$366k adverse for the month. Workforce costs have remained favourable overall however this is due to vacancies in non-hospital services.

Eric Sinclair
GM Finance and Performance

RECOMMENDATION:

THAT THE BOARD RECEIVES THE FINANCIAL REPORT.

Appendix A – Detailed Financial Statements

Statement of Financial Performance

August 2017 \$000s				Year to Date \$000s				Full Year \$000s	
Actual	Budget	Budget Variance	Last Year Actual	Actual	Budget	Budget Variance	Last Year Actual	Budget	Last Yr
Revenue									
40,556	40,146	410	33,875	75,289	74,819	470	67,777	442,001	418,471
1,972	2,073	(101)	1,583	3,959	4,151	(193)	3,483	23,530	22,090
1,313	1,392	(79)	1,495	2,668	2,795	(127)	2,940	16,007	15,243
1,135	1,135	(0)	1,015	2,136	2,109	27	2,048	12,278	12,433
44,975	44,745	230	37,969	84,052	83,875	177	76,249	493,817	468,237
Expenditure									
17,216	17,531	315	12,785	31,033	31,511	478	25,561	182,781	171,259
337	123	(214)	269	548	225	(322)	507	1,306	4,060
17,553	17,654	101	13,055	31,581	31,737	156	26,068	184,088	175,319
1,281	1,365	84	901	2,623	2,710	88	1,752	15,875	10,561
3,550	3,185	(366)	2,771	6,261	5,783	(478)	5,503	33,878	35,623
2,995	3,002	7	2,347	5,581	5,456	(124)	4,799	30,724	26,718
14,031	13,730	(301)	13,277	26,838	26,738	(100)	26,412	158,917	153,409
3,701	3,693	(8)	3,803	7,404	7,387	(17)	7,606	44,321	43,412
43,112	42,630	(482)	36,154	80,287	79,811	(476)	72,139	467,803	445,043
1,863	2,115	(252)	1,814	3,765	4,063	(298)	4,110	26,014	23,194
29	24	(5)	242	59	44	(15)	485	252	1,914
960	1,088	128	866	1,925	2,158	232	1,734	12,907	11,631
782	780	(3)	655	1,564	1,559	(5)	1,310	9,355	6,418
1,771	1,892	121	1,763	3,548	3,760	212	3,530	22,514	19,964
92	223	(132)	52	217	303	(86)	580	3,500	3,230

Financial Performance by Division

August 2017 \$000s				Year to Date \$000s				Full Year \$000s	
Actual	Budget	Budget Variance	Last Year Actual	Actual	Budget	Budget Variance	Last Year Actual	Budget	Last Yr
Revenue									
41,421	40,945	475	34,622	76,939	76,411	528	69,272	451,541	427,945
354	354	0	374	728	717	12	728	4,281	4,270
22,324	23,048	(724)	21,977	44,572	45,949	(1,377)	44,252	273,208	262,585
(19,123)	(19,601)	478	(19,005)	(38,187)	(39,202)	1,015	(38,002)	(235,212)	(226,563)
44,975	44,745	230	37,969	84,052	83,875	177	76,249	493,817	468,237
Expenditure									
36,702	37,024	322	36,087	72,436	73,327	891	72,021	438,449	423,385
278	319	41	375	649	659	11	689	3,818	4,385
27,027	26,781	(246)	20,460	48,938	48,788	(150)	40,961	283,263	263,800
(19,123)	(19,601)	(478)	(19,005)	(38,187)	(39,202)	(1,015)	(38,002)	(235,212)	(226,563)
44,884	44,522	(362)	37,917	83,835	83,572	(263)	75,669	490,317	465,006
Net Contribution									
4,719	3,921	798	(1,465)	4,504	3,085	1,419	(2,750)	13,092	4,560
76	35	41	(1)	80	58	22	39	463	(115)
(4,703)	(3,733)	(970)	1,517	(4,367)	(2,839)	(1,527)	3,291	(10,055)	(1,215)
92	223	(132)	52	217	303	(86)	580	3,500	3,230

Statement of Financial Position

	June 2017	Aug	Aug		Annual
\$000s	Actual	Actual	Budget	Variance	Budget
Current Assets					
Bank - National Sweep	21,561	25,050	29,536	(4,486)	30,156
Deposits - Self-Invested	19,301	19,301	18,950	351	18,950
Debtors & Prepayments	18,140	19,885	15,000	4,885	15,000
Stock	2,700	2,760	2,770	(10)	2,770
Assets Held for Sale	465	465	191	274	465
Current Assets	62,167	67,460	66,447	1,013	67,341
Current Liabilities					
Creditors	28,534	30,058	29,805	(253)	29,804
Employee Entitlements	33,201	36,615	32,000	(4,615)	32,000
Term Debt - Current Portion	477	478	500	22	500
Current Liabilities	62,212	67,151	62,305	(4,846)	62,304
Working Capital	(46)	309	4,142	(3,833)	5,037
Non Current Assets					
Property Plant and Equipment	171,589	171,357	166,551	4,806	168,227
Other Non Current Assets	3,881	3,895	3,936	(41)	3,998
Non Current Assets	175,470	175,252	170,487	4,765	172,225
Non Current Liabilities					
Employee Entitlements	9,923	9,923	10,200	277	10,200
Term Debt	8,663	8,582	7,300	(1,282)	7,300
Non Current Liabilities	18,586	18,505	17,500	(1,005)	17,500
Net Assets	156,838	157,056	157,129	(73)	159,762
Equity					
Crown Equity	83,015	83,015	83,014	1	82,467
Revaluation Reserve	53,213	53,213	53,213	0	53,213
Retained Earnings:					
General	19,789	19,279	20,610	(1,331)	23,829
DSS	(52)	332	101	231	19
Mental Health	873	1,216	191	1,025	234
Total Retained Earnings	20,611	20,827	20,902	(75)	24,082
Total Crown Equity	156,838	157,056	157,129	(73)	159,762

Statement of Cash Flows

Aug			Year to Date			Full Year
Actual	Budget	Variance	Actual	Budget	Variance	AP
Operating Cash Flow						
Receipts						
38,984	43,611	(4,627)	76,529	481,490	(404,961)	481,490
133	167	(34)	268	2,000	(1,732)	2,000
937	1,134	(197)	1,807	12,274	(10,467)	12,274
40,054	44,912	(4,858)	78,604	495,764	(417,160)	495,764
Payments						
13,786	17,531	3,745	27,620	182,783	155,163	182,783
27,730	25,264	(2,466)	45,690	283,292	237,602	283,291
-	780	780	-	9,355	9,355	9,355
80	24	(56)	139	252	113	252
41,596	43,599	2,003	73,449	475,682	402,233	475,681
(1,542)	1,313	(2,855)	5,155	20,082	(14,927)	20,083
Cash Flow from Investing Activities						
Receipts						
4	-	4	46	-	46	-
4	-	4	46	-	46	-
Payments						
1,376	500	(876)	1,712	17,550	15,838	17,550
-	-	-	-	-	-	-
1,376	500	(876)	1,712	17,550	15,838	17,550
(1,372)	(500)	(872)	(1,666)	(17,550)	15,884	(17,550)
Net Cash Inflow/(Outflow) from Financing Activities						
-	-	-	-	(547)	547	(547)
(2,914)	813	(3,727)	3,489	1,985	1,504	1,986
27,964	28,723	(759)	21,561	28,171	(6,610)	28,171
25,050	29,536	(4,486)	25,050	30,156	(5,106)	30,157

12-Month Rolling Cash Forecast

Consolidated 12 Month Rolling Statement of Cash Flows	Sep 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Cash Flow												
Receipts												
Government & Crown Agency Received	45,487	36,394	45,488	36,394	36,394	36,394	45,488	36,394	45,488	36,341	40,690	40,690
Interest Received	167	167	167	167	167	167	167	167	167	167	167	167
Other Revenue Received	1,106	982	1,106	982	982	982	1,106	982	1,106	982	1,034	1,034
Total Receipts	46,760	37,543	46,761	37,543	37,543	37,543	46,761	37,543	46,761	37,490	41,891	41,891
Payments												
Personnel	17,412	13,944	17,449	13,944	17,412	13,944	13,944	13,944	17,449	13,944	15,348	15,348
Payments to Suppliers	26,475	21,784	26,474	21,784	21,784	21,784	22,475	21,783	26,449	21,506	23,876	23,876
Capital Charge	780	780	780	780	780	780	780	780	780	780	-	-
Interest Paid	21	21	21	21	21	21	21	21	21	21	32	32
Total Payments	44,688	36,529	44,724	36,529	39,997	36,529	37,220	36,528	44,699	36,251	39,256	39,256
Net Cash Inflow/(Outflow) from Operating Activities	2,072	1,014	2,037	1,014	(2,454)	1,014	9,541	1,015	2,062	1,239	2,635	2,635
Cash Flow from Investing Activities												
Receipts												
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments												
Capital Expenditure	500	1,300	100	7,300	1,000	450	4,700	500	1,000	100	-	50
Total Payments	500	1,300	100	7,300	1,000	450	4,700	500	1,000	100	-	50
Net Cash Inflow/(Outflow) from Investing Activities	(500)	(1,300)	(100)	(7,300)	(1,000)	(450)	(4,700)	(500)	(1,000)	(100)	-	(50)
Net Cash Inflow/(Outflow) from Financing Activities												
	-	-	-	-	-	-	-	-	-	(547)	-	-
Net Increase/(Decrease) in Cash Held	1,572	(286)	1,937	(6,286)	(3,454)	564	4,841	515	1,062	592	2,635	2,585
Plus Opening Balance	25,050	26,622	26,336	28,273	21,987	18,533	19,097	23,938	24,453	25,515	26,107	28,742
Closing Balance	26,622	26,336	28,273	21,987	18,533	19,097	23,938	24,453	25,515	26,107	28,742	31,327