

Pegasus Health (Charitable) Limited

Primary Health Organisation Function

NOT FOR-PROFIT ENTITY

SPECIAL PURPOSE FINANCIAL STATEMENTS
For the Year Ended 30 June 2025

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
FUNCTION
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For the year ended 30 June 2025**



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**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
FUNCTION
CORPORATE DIRECTORY
For the year ended 30 June 2025**



Directors	Mr B J Bragg Mr B M Chambers Dr C M Christie Mr B P Kepes Mr G J Muir Dr R A Rawstron Dr H R H Royal Ms B Sinclair Dr L Whiteley
Registered office	Pegasus Health (Charitable) Limited 401 Madras Street Christchurch
Auditor	BDO Christchurch Audit Limited
Solicitors	Dentons

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
FUNCTION
DIRECTORS' REPORT
For the year ended 30 June 2025**



The Directors are pleased to present the special purpose financial statements of Pegasus Health (Charitable) Limited - Primary Health Organisation Function for the year ended 30 June 2025.

A Directors' Report is not included in these special purpose financial statements. The Directors' Report for Pegasus Health (Charitable) Limited is included in the company's financial statements, a copy of which will be provided upon request.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PEGASUS HEALTH (CHARITABLE) LIMITED
PRIMARY HEALTH ORGANISATION FUNCTION**

Opinion

We have audited the special purpose financial statements of Pegasus Health (Charitable) Limited ("the Company") which comprise the Primary Health Organisation Function special purpose statement of financial position as at 30 June 2025, and the special purpose statement of comprehensive revenue and expense, special purpose statement of changes in net assets/equity and cash flow statement for the year then ended, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the special purpose financial position of the Company as at 30 June 2025, and its financial performance and its cash flows for the year then ended in accordance with the financial reporting obligations under the PHO Services Agreement and the requirements of the Ministry of Health and Te Whatu Ora (formerly Canterbury District Health Board) as set out in the Operating Policy Framework Guidance on the Management and Use of PHO Cash Balances.

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 (Revised) Code of Ethics for Assurance Practitioners 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.

Other than in our capacity as auditor we have no relationship with, or interests in Pegasus Health (Charitable) Limited.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion we draw attention to note 1 in the special purpose financial statements, which describe the basis of accounting. The special purpose financial statements are prepared based on the financial reporting obligations under the PHO Services Agreement and to satisfy the requirements of the Ministry of Health and Te Whatu Ora (formerly Canterbury District Health Board) as set out in the Operating Policy Framework Guidance on the Management and Use of PHO Cash Balances. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Shareholders, as a body, and should not be distributed to or used by parties other than the Shareholders'. Our opinion is not modified in respect of this matter.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation and fair presentation of the special purpose financial statements in accordance with the financial reporting obligations under the PHO Services Agreement and the requirements of the Ministry of Health and Te Whatu Ora (formerly Canterbury District Health Board) as set out in the Operating Policy Framework Guidance on the Management and Use of PHO Cash Balances, and for such internal control as the directors determine is necessary

to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the directors are responsible for assessing the 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 Function 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-7/>.

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.

BDO Christchurch Audit Limited

BDO Christchurch Audit Limited
Christchurch
New Zealand
24 September 2025

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
FUNCTION
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 30 June 2025**



	Note	2025 \$'000	2024 \$'000
Revenue			
Delivery of health and other services	5	3,605	3,505
Total revenue		3,605	3,505
Expenses			
General operating expenses	6	(5)	4
Programme contracts, financial management and community engagement		(3,700)	(3,545)
Total expenses		(3,705)	(3,541)
Surplus/(deficit) before net financing costs		(100)	(36)
Finance income/(expense)		116	106
Surplus for the year		16	70
Other comprehensive income for the year		-	-
Total comprehensive revenue and expense for the year		16	70

The above statement of comprehensive revenue and expense should be read in conjunction with the accompanying notes

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
FUNCTION
STATEMENT OF FINANCIAL POSITION
As at 30 June 2025**



	Note	2025 \$'000	2024 \$'000
Assets			
Current assets			
Cash and cash equivalents	7	3,206	4,913
Receivables (from exchange transactions)	9	2,208	1,834
Total current assets		5,414	6,747
Total assets		5,414	6,747
Liabilities			
Current liabilities			
Payables (from exchange transactions) and accruals	10	260	205
GST payable		-	212
Contract funding received in advance	11	4,195	5,324
Intercompany payable	16	264	327
Total current liabilities		4,719	6,068
Total liabilities		4,719	6,068
Net assets		695	679
Equity			
Accumulated revenue and expense		695	679
Total equity		695	679

Mr B J Bragg
Chair

Dr C M Christie
Deputy Chair

24 September 2025

The above statement of financial position should be read in conjunction with the accompanying notes

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
FUNCTION
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2025**



	Accumulated revenue and expense	Total equity
	\$'000	\$'000
Balance at 1 July 2023	609	609
Surplus for the year	70	70
Other comprehensive revenue and expense for the year	-	-
Total comprehensive revenue and expense for the year	70	70
Balance at 30 June 2024	679	679

	Accumulated revenue and expense	Total equity
	\$'000	\$'000
Balance at 1 July 2024	679	679
Surplus for the year	16	16
Other comprehensive revenue and expense for the year	-	-
Total comprehensive revenue and expense for the year	16	16
Balance at 30 June 2025	695	695

The above statement of changes in equity should be read in conjunction with the accompanying notes

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
FUNCTION
STATEMENT OF CASH FLOWS
For the year ended 30 June 2025**



	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		158,460	149,311
Payments to suppliers and employees (inclusive of GST)		(160,167)	(146,784)
Net cash (used in)/from operating activities	8	(1,707)	2,527
Net cash from investing activities		-	-
Cash flows from financing activities			
Net cash from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(1,707)	2,527
Cash and cash equivalents at the beginning of the financial year		4,913	2,386
Cash and cash equivalents at the end of the financial year	7	3,206	4,913

The above statement of cash flows should be read in conjunction with the accompanying notes

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
FUNCTION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025**



Note 1. Reporting entity

Pegasus Health (Charitable) Limited is a Tier 1 Public Benefit Entity (the 'controlling entity') and a charity under the Charities Act 2005. The entity is domiciled in New Zealand, and is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013). The controlling entity's registered and principal place of business is 401 Madras Street, Christchurch. The controlling entity is a Tier 1 entity as it is publicly accountable for funds held in a fiduciary capacity as part of its primary business, and it is considered large as it has total expenses over \$33 million.

Pegasus Health (Charitable) Limited is principally involved in the delivery of health services. On 1 March 2013 the Company took on the function of a Primary Health Organisation ('PHO').

This function is separately reported upon in these special purpose financial statements, which are an extract from the full financial statements of the company, and cover the year ended 30 June 2025.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 September 2025.

Note 2. Basis of preparation

a) Statement of compliance

The special purpose financial statements have been prepared to fulfil the company's reporting obligations under the PHO Services Agreement and to satisfy the requirements of Health New Zealand | Te Whatu Ora as set out in the Operating Policy Framework Guidance on the Management and Use of PHO Cash Balances. Selected Public Benefit Entity Accounting Standards have been applied where relevant to the purpose of these statements. As the special purpose financial statements are a report on only the PHO Function it is not fully compliant with Public Benefit Entity Accounting Standards.. The Directors have determined the accounting policies adopted for these special purpose financial statements are acceptable to meet the reporting requirements.

b) Measurement basis

The consolidated financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the controlling entity's functional and company's presentation currency, rounded to the nearest thousand. There has been no change in functional currency of the PHO during the year.

Note 3. Material accounting policy information

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Other Significant Accounting Policies

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, except for receivables and payables that are stated inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

New Zealand Standards and Interpretations not yet mandatory or early adopted

New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') that have recently been issued or amended but are not yet mandatory have not been early adopted by the company for the annual reporting period ended 30 June 2025.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

a) Judgements

Public benefit entity

The directors have judged that the company is a public benefit entity. They believe that the charitable objectives of the company are consistent with the public benefit entity requirements. Any equity has been provided with a view to supporting these charitable objectives rather than for a financial return to equity holders.

b) Assumptions and estimation uncertainties

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

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Contract funding in advance

Where funding agreements contain specific conditions requiring the delivery of services or return of unspent funds, the unspent portion is recognised as a liability. This reflects the PHO's obligation to either deliver the services or refund the unspent balance. Estimation uncertainty arises in assessing the extent of services delivered at balance date. Management estimates the proportion of funding attributable to services not yet delivered based on expenditure incurred to date. See note 11 for details.

Note 5. Revenue

	2025	2024
	\$'000	\$'000
Management fee for delivery of health services	3,605	3,505

The PHO Function has significant agreements with Health New Zealand | Te Whatu Ora, formerly the Ministry of Health, to provide services to general practices and their patients.

Accounting policy for revenue recognition

Revenue is recognised when the amount can be reliably measured and it is probable that economic benefits will flow to the company.

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

Revenue from exchange transactions

Management fee for the delivery of health services

Revenue from health services rendered is recognised at the fair value of consideration received or receivable, including related profits or losses in proportion to the stage of completion of the transaction at the reporting date. The services revenue received includes the delivery and provision of health care and PHO related services.

The PHO operates within the health services sector and the stage of completion of different types of revenue is assessed as follows:

- Where the service involves an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the period unless there is evidence that another method better represents the stage of completion. Where the contract delivery is subject to significant seasonality variations, the revenue is recognised on the basis of service delivery patterns.
- Revenue that compensates for expenses incurred is recognised on a systematic basis matching the pattern of the related expenditure.

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
FUNCTION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025**



Note 6. Expenses by nature

	2025	2024
	\$'000	\$'000
Audit fees	5	6
Governance expenses	-	(10)
General operating expenses	5	(4)

Note 7. Current assets - cash and cash equivalents

(a) Cash and cash equivalents

	2025	2024
	\$'000	\$'000
Cash at bank	3,206	4,913

	2025	2024
	%	%
Per annum annual interest rate ranges applicable to components of cash and cash equivalent:		
Bank deposits	0.05%	2.30%

A General Security Agreement is in place over all the assets of the company. This secures the borrowings from Westpac Bank.

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 8. Reconciliation of operating cash flows

	2025	2024
	\$'000	\$'000
Surplus for the year	16	70
Adjustments for:		
Agency receipts	156,517	143,222
Agency payments	(156,517)	(143,222)
Change in operating assets and liabilities:		
(Increase)/decrease in receivables - exchange transactions	(374)	95
(Decrease)/increase in payables - exchange transactions	(220)	(127)
(Decrease)/increase in contract funding in advance	(1,129)	2,489
Net cash (used in)/from operating activities	(1,707)	2,527

Note 9. Current assets - receivables - exchange transactions

a) Receivables

	2025	2024
	\$'000	\$'000
Net trade receivables from exchange transactions	2,201	1,780
Intercompany receivables	7	54
Total receivables	2,208	1,834

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
FUNCTION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025**



Note 9. Current assets - receivables - exchange transactions (continued)

b) Maturities

The maturities of the net accounts receivable based on the remaining period are as follows:

Analysed as due:

- Less than 30 days (current)
- Between 31 and 60 days
- Between 61 and 90 days
- Greater than 91 days

2025	2024
\$'000	\$'000
2,035	1,809
142	-
2	-
29	25
2,208	1,834

Net trade receivables from exchange transactions

None of the receivables past due are considered to be impaired.

c) Credit term and interest

The average credit term on invoiced amounts is 30 days and is interest free (2024: 30 days and interest free).

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 10. Current liabilities - payables - exchange transactions

(a) Trade payables

- Trade payables from exchange transactions
- Non-trade payables and accrued expenses

2025	2024
\$'000	\$'000
245	192
15	13
260	205

Total payables

(b) Maturities

The maturities of trade payables based on the remaining period are as follows:

Analysed as due:

- Less than 30 days (current)
- Between 91 and 365 days

2025	2024
\$'000	\$'000
245	168
-	24
245	192

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition and are interest free.

Agency Payments

The PHO Function acts as an agent for various funding parties and in that capacity pays a variety of claims to general practices and other parties, for which it is reimbursed. These receipts and payments do not flow through the profit or loss but are included in the operating cash flows. The net balance at year end is recognised as a current liability.

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
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Note 11. Current liabilities - contract funding in advance

	2025	2024
	\$'000	\$'000
Enhanced capitation (Care Plus)	210	149
Health promotion	289	129
Services to improve access	279	260
System level measures framework	70	369
Rural retention / Rural roster	152	76
Te Whatu Ora additional services	432	274
Te Whatu Ora other services	2,555	3,841
Project management for Te Whatu Ora	192	220
Non Te Whatu Ora contracts	16	6
Total contract funding received in advance	4,195	5,324

The contract funds received in advance represent income received for funding contracts that have yet to be completely spent. As there is a contractual obligation to spend the contract funds on designated funding streams, the contract funds unspent have been recognised as a liability as at 30 June 2025.

Note 12. Financial instruments

Classification and fair values of financial instruments

The tables below show the carrying value amount and fair values (except those where carrying amount approximates fair value) of the financial assets and financial liabilities.

As at 30 June 2024	Note	Financial assets (Amortised cost)	Financial liabilities (Amortised cost)	Total
		\$'000	\$'000	\$'000
<i>Subsequently not measured at fair value</i>				
Cash and cash equivalents	7	4,913	-	4,913
Receivables	9	1,834	-	1,834
Payables	10	-	(205)	(205)
Loans		-	-	-
		6,747	(205)	6,542

As at 30 June 2025	Note	Financial assets (Amortised cost)	Financial liabilities (Amortised cost)	Total
		\$'000	\$'000	\$'000
<i>Subsequently not measured at fair value</i>				
Cash and cash equivalents	7	3,206	-	3,206
Receivables	9	2,208	-	2,208
Payables	10	-	(260)	(260)
Loans		-	-	-
		5,414	(260)	5,154

Note 12. Financial instruments (continued)

Accounting policy for financial instruments

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

The PHO derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the PHO is recognised as a separate asset or liability.

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

The PHO also derecognises financial assets and liabilities when there have been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the PHO has a legal right to offset the amounts and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial instruments

Non-derivative financial instruments include cash and cash equivalents, trade and other receivables, trade and other payables, loans and related party payables.

The PHO recognises financial instruments as follows:

- (i) Cash and cash equivalents: measured at amortised cost. These comprise cash balances held in bank accounts and/or short term deposits with maturities of 3 months or less.
- (ii) Trade and other receivables are classified as financial assets and are measured initially at fair value and subsequently at amortised cost adjusted for any expected credit losses (ECL) identified using the simplified approach allowed to calculate ECL for trade receivables.
- (iii) Trade and other payables are recognised at the original invoice value due to the short period of the credit terms (30 days) and immateriality of the discounting (PBE IPSAS 41 paragraph 60).
- (iv) The loans are initially recognised at fair value with subsequent measurement at amortised cost using the effective interest method.

Note 13. Financial risk management

(a) Overall risk management framework

The company's overall financial risk management framework is set out in a comprehensive Treasury Policy which is reviewed regularly by the Board. Adherence to this policy is formally maintained by the Assurance and Risk Committee ('ARC') of the Board, on a four-monthly basis. In addition ARC considers the financial statements and risk assessments of all Group companies at least annually.

The PHO Function's cash balances are held in separate accounts to those relating to the other activities of the company.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if the customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from its financial assets, represented by the value of trade and other receivables, cash and cash equivalents and fixed interest securities at the reporting date.

There is also a credit risk exposure to financial institutions through banking arrangements and fixed interest securities. Investments are only in liquid securities, are placed with counterparties that are registered banks with an AA- or higher credit rating, and New Zealand Corporate Debt with an AA- or higher credit rating. To ensure appropriate diversification, the total exposure limit for each counterparty is further capped. Investments are protected by the operation of the Company's Treasury Policy.

The carrying amount of the above financial assets represent the Group's maximum exposure to credit risk.

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
FUNCTION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025**



Note 13. Financial risk management (continued)

Cash and cash equivalents and derivative assets

The PHO has a total of \$3,206,169 (2024: \$4,913,150) of cash and cash equivalents with financial institutions. The company's Treasury policy dictates the levels of investment for a range of allowed credit limits and classes.

It is also the company's policy to ensure that no more than \$3,000,000 of registered bank term deposits are held with a single financial institution. Details of the spread of the Group's cash and cash equivalents between different financial institutions is detailed below:

	Credit rating		% of cash funds held	
	2025	2024	2025	2024
Westpac	AA-	AA-	100	100

Receivables (from exchange transactions)

The PHO's exposure to credit risk is influenced by the specific individual characteristics of each counterparty within the different sub-class of receivables presented in note 9. The majority of accounts receivable relate to funding to be received from Health New Zealand | Te Whatu Ora which is considered a low credit risk. Other exposures arise in relation to the delivery of patient services. There are no concentrations of credit risk beyond the above exposures.

In respect of trade receivables from exchange transactions, terms of trade require payment on the 20th of the month following from the date of invoice.

At the reporting date, the maximum exposure to credit risk for trade receivables from exchange transactions is detailed in the table below:

	2025	2024
	\$'000	\$'000
Other debt	2,208	1,834

The ageing of trade receivables from exchange transactions, and credit quality of those balances that are neither past due nor impaired, as at the reporting date, is presented in note 9(b).

There is no impairment allowance for trade receivables (2024: \$nil).

In respect of all other advances to related parties, under the Treasury Policy, the Board must approve all amounts advanced and drawn down to related party activities. Refer to note 16 for further details of terms and conditions.

The carrying amount of all other advances to related parties represents the maximum exposure to credit risk. There are no amounts overdue nor impaired as at year end.

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
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For the year ended 30 June 2025**



Note 13. Financial risk management (continued)

(c) Liquidity risk

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

Trade and other payables are short term and are repayable in the normal operating cycles. No interest is accrued.

The table below details the undiscounted contractual cash flows (principal and interest) of the PHO Function's financial liabilities:

Contractual cash flows	0-1 Month \$'000	1-3 Months \$'000	3-12 Months \$'000	12-60 Months \$'000	Total Amount \$'000	Carrying Amount \$'000
As at 30 June 2024						
<i>Non-derivative financial liabilities:</i>						
Payables (from exchange transactions)	(205)	-	-	-	(205)	(205)
Total	(205)	-	-	-	(205)	(205)
As at 30 June 2025						
<i>Non-derivative financial liabilities:</i>						
Payables (from exchange transactions)	(260)	-	-	-	(260)	(260)
Total	(260)	-	-	-	(260)	(260)

All financial assets, which include cash and cash equivalents and accounts receivable, are immediately due or due not later than one month.

Interest rate risk

The PHO Function is exposed to interest rate risk on cash, cash equivalents and short term deposits. These are held on call or as fixed interest deposits. There is no sensitivity to interest rate risk for all cash and cash equivalents as they are held at amortised cost or market value and are at fixed interest rates.

A reasonably possible increase of 2.7% (2024: 3.3%) and decrease of 2.7% (2024: 3.3%) in interest rates would have the following impact on the surplus or deficit and equity amounts:

	Surplus or deficit		Equity	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Interest rate increase of 2.7% (2024: 3.3%)	(87)	(162)	(87)	(162)
Interest rate decrease of 2.7% (2024: 3.3%)	87	162	87	162

Note 14. Capital management

Capital comprises retained earnings. The company's PHO Function capital policy is to maintain a sufficient capital base to sustain future development and delivery of its PHO Function. The company's constitution precludes the distribution of its earnings to shareholders. The company's policies in respect of capital and treasury management are reviewed regularly by the ARC of the Board of Directors. The company's Treasury policy provides the framework for all treasury, investment, borrowing and related risk management activities. The company is not subject to externally imposed capital requirements.

Note 15. Commitments and contingencies

As at 30 June 2025, the PHO Function has no capital commitments and no contingent assets or liabilities (2024: \$nil).

**PEGASUS HEALTH (CHARITABLE) LIMITED - PRIMARY HEALTH ORGANISATION
FUNCTION**
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025



Note 16. Intercompany and related party transactions

Transactions between the PHO Function and the operating divisions of the company are governed by the company's Services Contracting Policy. The value of funding from the PHO Function to the company's operating divisions was \$19,007,792 (2024: \$18,782,581) for the year, and the balance outstanding as at 30 June 2025 totalled \$263,525 (2024: \$327,009).

The PHO Function has loaned funds, short term, on demand, at arm's length rates of interest, to the operational bank accounts of the Company to cover short term operational financing needs. Such loans are governed by the Company's Treasury and Investment Policy and must not impinge on the PHO Function's solvency. The maximum amount loaned during the year was \$6,400,000 (2024: \$4,620,000). The amount outstanding as at 30 June 2025 was \$nil (2024: \$nil) and the balance is repaid in full each month.

A number of directors hold PHO Agreements for the provision of first level services; these are on standard terms and conditions.

As part of its PHO Function, \$2,520,012 (2024: \$784,908) was paid in capitation and claims to Lincoln Medical Centre (an associate of Pegasus Health (Charitable) Limited).

The PHO Function has no other related party transactions.

Note 17. Events after the reporting period

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.