

**TESTING LABORATORY REGISTRATION COUNCIL
OF NEW ZEALAND**

ANNUAL REPORT

For the year ended 30 June 2008

*Presented to the House of Representatives pursuant to Section 150(3) of the
Crown Entities Act 2004 and pursuant to section 44 of the Public Finance Act
1989*

CONTENTS

Section	Page
Directory	4
Council's Overview	6
Chief Executive's Report	9
About the Council	12
Statement of Service Performance 30 June 2008	16
Statement of Responsibility	27
Report of the Auditor-General	28
Statement of Accounting Policies	31
Statement of Financial Performance	35
Statement of Changes in Equity	35
Statement of Financial Position	36
Statement of Cash Flows	37
Notes to the Financial Statements	38
Appendix 1: Council Members and Management	47
Appendix 2: Council Structure and Services	49
Appendix 3: Accreditation and Certification Explained	50
Appendix 4: Glossary of Acronyms	53

DIRECTORY

Head Offices

International Accreditation New Zealand

Level 1, 626 Great South Road, Ellerslie, Auckland 1051
Private Bag 28908, Remuera, Auckland 1541, New Zealand
Phone 09 525 6655, Facsimile 09 525 2266
Email info@ianz.govt.nz
www.ianz.govt.nz

Telarc SAI Limited

Level 3, 626 Great South Road, Ellerslie, Auckland 1051
Private Bag 28901, Remuera, Auckland 1541, New Zealand
Phone 09 525 0100, Facsimile 09 525 1900
Email info@telarcsai.co.nz
www.telarcsai.co.nz

New Zealand Quality College

Level 2, 626 Great South Road, Ellerslie, Auckland 1051
Private Bag 28908, Remuera, Auckland 1541, New Zealand
Phone 09 525 6633, Facsimile 09 525 2266
Email info@nzqc.co.nz
www.nzqc.co.nz

Regional Offices

Telarc SAI Limited

Hamilton	795 Te Rapa Road PO Box 10072, Te Rapa, Hamilton, New Zealand Phone 07 849-1996, Facsimile 07 849-1997
Tauranga	1181 Cameron Road PO Box 9023, Tauranga, New Zealand Phone 07 571-2508, Facsimile 07 571-2415
Wellington	Level 2, 191 High Street, Lower Hutt, New Zealand PO Box 31518 Lower Hutt Phone 04 569 3512, Facsimile 04 569 3513
Christchurch	4/24 Settlers Crescent, Ferrymead PO Box 25065, Christchurch, New Zealand Phone 03 379-7358, Facsimile 03 379-7368

Quality Health New Zealand

A division of Telarc SAI Limited (from 1 July 2007)

Level 12, 49 Boulcott Street, Wellington

PO Box 5088, Lambton Quay, Wellington, New Zealand

Phone (04) 499 0367, Facsimile (04) 499 0368

Email admin@qualityhealth.org.nz

www.qualityhealth.org.nz

Auditor

Audit New Zealand

(On behalf of the Controller and Auditor-General)

155 Queen Street, Auckland, New Zealand

Bankers

The National Bank of New Zealand Limited

Great South Road, Penrose, Auckland, New Zealand

Westpac New Zealand Limited

Great South Road, Penrose, Auckland, New Zealand

Solicitors

Meredith Connell

55 Shortland Street, Auckland, New Zealand

Insurer Brokers and Consultants

Hopkins Paton Limited

57 Market Road, Remuera, Auckland, New Zealand

COUNCIL'S OVERVIEW

The Hon Lianne Dalziel, Minister of Commerce

We have the honour of presenting the thirty-fourth report of the Testing Laboratory Registration Council of New Zealand.

Statutory Outputs

In accordance with the Memorandum of Understanding agreed with the Minister of Commerce, and as detailed in the 2007-2008 Statement of Intent, the Council's outputs for the year to 30 June 2008, as listed below, were achieved.

- (a) Accredited testing and calibration laboratories which met the requirements of ISO/IEC 17025
- (b) Registered laboratories which met the requirements of the Organisation of Economic Cooperation and Development's *Principles of Good Laboratory Practice* (OECD GLP)
- (c) Accredited medical testing laboratories which met the requirements of ISO 15189
- (d) Accredited radiology services which met the requirements of the *New Zealand Code of Radiological Management Practice*
- (e) Accredited inspection bodies which met the requirements of ISO/IEC 17020
- (f) Accredited building consent authorities which met the requirements of the Building (Accreditation of Building Consent Authorities) Regulations 2006
- (g) Provided annual assessments for the certification bodies currently accredited by International Accreditation New Zealand (this programme will close in 2009)
- (h) Registered suppliers which met the requirements of quality management, environmental management systems certification and other Telarc SAI Limited criteria
- (i) Provided training courses in accreditation and certification
- (j) Facilitated New Zealand's trade by improving access to overseas markets.

Outcomes for each of these outputs are provided in the Statement of Service Performance.

Financial Performance

The Council recorded a financial deficit this year of \$241,219 (1.7% of revenue) (\$129,423 deficit in 2007) as a result of costs associated with investment in new programmes.

Overall, Council revenue grew this year by 38% with these new programmes, from \$10.0M to \$13.9M. The gross contribution from both IANZ and Telarc SAI (before non-recurring costs) was also an improvement of \$289,000 on last year.

There were significant increases in revenue and expense when compared to budget due, in the main, to the time taken for IANZ assessing all building consent authorities for the

Department of Building and Housing in this period, and to the acquisition of Quality Health New Zealand by Telarc SAI Limited.

All applicant building consent authorities were assessed by IANZ by the end of May 2008. The deadline for accreditation was subsequently moved to 31 March 2009. Future stages of this programme over the next five years will allow IANZ to bring costs in line with revenue.

Contract related costs of \$417,000 associated with the acquisition and programme development by Telarc SAI have been expensed this year.

The financial statements contained in this and future reports comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

Operating Performance

A number of recent initiatives reached fruition this year, increasing the overall number of New Zealand organisations being IANZ accredited and Telarc SAI certified.

Telarc Limited and SAI New Zealand merged their operations in April 2007 to form Telarc SAI Limited. Telarc SAI then acquired the operations of the New Zealand Healthcare Standards Council in July 2007. The healthcare services provided by both organisations were combined under Quality Health New Zealand. This acquisition provided greater economies of scale and additional products for the health industry.

A new programme accrediting building consent authorities (BCA) got underway this year and 79 were assessed against the Stage One standards set by the Department of Building and Housing. Stages Two and Three of this programme will be implemented over the next six years.

All other programmes performed at similar levels to those forecast. However, this year saw several laboratory amalgamations in the medical testing area. Certificates to the ISO 9001 standard were down in number compared to forecast, continuing the slow long term decline in certification.

International

IANZ has maintained a strong relationship with its Australian counterpart body, NATA. There is considerable cooperation at the programme level, with interaction between technical programme managers, and the interchange of technical experts.

IANZ and NATA fully recognise each other's laboratory and inspection body accreditation programmes, as do most regulators in both countries. This provides seamless recognition of test and inspection reports, thus facilitating the single market concept between New Zealand and Australia.

In addition, both IANZ and NATA are full signatories for laboratory and inspection body accreditation at the regional level (Asia Pacific and Europe), and are both foundation signatories of the global mutual recognition arrangement for laboratory accreditation.

Governance

Dr Campbell Kyle, Clinical Director, Diagnostic Medlab Limited, Auckland was appointed to the Council on 3 September 2007.

Mr Geoff Hunt resigned as Chair of Telarc SAI Limited and Mr David Bone, Company Director, Auckland was appointed as Chair in March 2008. The Council is indebted to Mr Hunt for his guidance of Telarc SAI Limited since he joined the Board in 1999. His generosity with his time is especially appreciated.

The Council is pleased to welcome Mr Bone as the new chair of the Telarc SAI Limited board and looks forward to his contribution in the coming years.

Names of current members of the Council are listed in Appendix 1.

Tributes

The Council is always indebted to the many persons from New Zealand and overseas who make themselves available to serve on the Council's various professional advisory committees and as technical expert assessors. This vital contribution to the Council's accreditation activity is provided mainly by persons who, with the support of their employers, volunteer their time freely to provide the essential peer-review. The Council recognises with gratitude this significant contribution to the effectiveness of IANZ accreditation domestically and internationally.

The Council also acknowledges the dedication and intellectual support it receives from its management and staff. It is through these enthusiastic people that the Council ensures that New Zealand commerce and industry are performing to international quality and technical management standards and practices; and ensures that New Zealand's voice is heard in the international conformity assessment fora.

We have pleasure in submitting this Annual Report and the Financial Statements for the year ended 30 June 2008.



Dr Robin Pratt
Chair
5 September 2008



Richard Dimmock
Chair Audit Committee
5 September 2008

CHIEF EXECUTIVE'S REPORT

Increased Assurance Provided

The operations of International Accreditation New Zealand (IANZ) and Telarc SAI Limited continued to provide assurance across a broad spectrum of the New Zealand economy.

The number of laboratories, inspection bodies, and radiology services actively assessed by IANZ grew to 1,750 units during the year (from 1,728). The major contributors to the increase were building consent authorities, radiology services, a small number of testing laboratories and assessments for the Ministry of Health National Screening Unit. As expected, the number of medical testing laboratories accredited fell due to amalgamations of laboratories in that sector.

Telarc SAI recorded a full year with clients previously served by SAI New Zealand (April 2006) and from the acquisition of Quality Health New Zealand (July 2007). The number of assessments completed this year increased to 3,143, from 2,956 last year.

Programme Developments

IANZ worked actively with the New Zealand Food Safety Authority (NZFSA) on the design and technical criteria for the new Domestic Food Plan. The plan requires third party external verifiers to be accredited to ISO/IEC 17020.

New criteria for accrediting radiology services, based on the medical laboratories standard ISO 15189, were prepared this year and a draft is currently being reviewed by the Radiology Professional Advisory Committee and other relevant experts. It is expected that this new *Code of Radiology Practise* will be published during 2008-2009.

The operations of the New Zealand Council on Healthcare Standards, trading as Quality Health New Zealand, were acquired by Telarc SAI, on 1 July 2007. The combined company created the largest provider of health sector certification in New Zealand.

An agreement was made by Telarc SAI with the Australian Council on Healthcare Standards (ACHS) to implement the new EQUIP 4 health care standards in New Zealand. The EQUIP 4 standards (which were developed via an extensive consultation with consumer representatives, government bodies, peak industry associations and colleges) increase the emphasis on issues such as the safe management of blood, falls prevention, continuity of care between health care providers and infection control. It will provide improvements in the way service providers achieve healthcare standards and in the way assessments are performed and reported. This programme was promoted to District Health Boards, Maori healthcare providers and the health and disability sector.

Advancing Conformity Assessment

During the year, senior IANZ staff continued to work with officials of government agencies to implement conformity assessment. Of particular note was the work with the Department of Building and Housing to complete Stage One assessments of the Building Consent Authorities standard. In the space of a year, 79 applicants for building consent authority accreditation went

through the assessment process; the first time such a large number of organisations have completed this within a twelve month period in New Zealand. A dedicated team of seven assessors worked on this project and ensured that building consent authorities were ready to meet the Building (Accreditation of Building Consent Authorities) Regulations 2006 before the original deadline of 30 June 2008. This date was extended during the year to 31 March 2009. The process for assessing Stage 2 – meeting the requirements for quality management systems - will be completed during 2008-2009, as will the remainder of Stage 1 reassessments of building consent authorities.

Regulatory Forum

This was the first year of the Regulatory Forum established by the Ministry of Economic Development, bringing together providers of conformity assessment services and regulators. The Chief Executive and other senior managers have attended all meetings and it is proving to be a very useful forum for greater awareness and better understanding of the role and activities of all parties. Discussions have been held with Standards New Zealand and JAS-ANZ (Joint Accreditation System of Australia and New Zealand) to establish greater cooperation in advancing conformity assessment for the benefit of New Zealand business and public interests without inhibiting competition in any way.

International Involvement

Because of the importance of international recognition for test results and inspection reports to New Zealand trade, and to ensure requirements from overseas do not become overly prescriptive for New Zealand laboratories and inspection bodies, senior IANZ staff were again fully involved in both regional and international laboratory accreditation cooperation forums and the OECD Working Group for GLP.

Human Resources

The overall number of staff positions increased this year for both IANZ and Telarc SAI from 75 to 89, as detailed below:

As at 30 June	IANZ 2008	Telarc SAI 2008	IANZ 2007	Telarc SAI 2007
Full time equivalent	48*	37	45	29
Contract	3	1	-	1
Total	51	38	45	30

* Two positions were vacant at 30 June 2008.

In addition, Telarc SAI employs 46 sub contactors – 40 in the quality health programme and six in the management systems programmes.

Four new accreditation assessor positions were established in three IANZ programmes: Radiology (1), Medical Testing (1) and Inspection Body (2). Appointments were made in all cases. The position of Personal Development Officer was disestablished and a human resource consultant was employed on contract. Two IANZ staff went from being full time to working on contract during the year. A temporary administration position was established to assist with the extra work required for building consent authority accreditation.

Twelve new staff were added to Telarc SAI with the acquisition of Quality Health New Zealand at the beginning of the year. During the year, four staff resigned and were not replaced, with existing staff absorbing the work load. In addition, one staff member was on extended sick leave and two were on bereavement leave, which had a significant impact on the number of assessments that could be completed and on the revenue for the year.

A survey of IANZ staff attitudes was undertaken and a plan that focused on improving team work, personal learning and development, performance reviews and internal communication was implemented.

Health and Safety

The Health and Safety committee met monthly and monitored areas of potential risk in the work environment, which included travel on business and assessment staff working at client premises. Weekly visits by a workplace support person provided an independent, professional counsellor for staff to discuss personal and other issues.

The Council has taken a leadership role in monitoring the processes that are in place to ensure all activities comply with health and safety and other legislative requirements at all times.

Adoption of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS)

In December 2002 the Accounting Standards Review Board (ASRB) announced that New Zealand reporting entities will be required to comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) for periods commencing on or after 1 January 2007, with the option to comply early for periods beginning on or after 1 January 2005. International Accreditation New Zealand has adopted NZ IFRS for its financial statements for the year ending 30 June 2008. The comparative financial statements have been restated and an opening position prepared using NZ IFRS as at 1 July 2006. The only significant change from previous years is the inclusion of the accrued long service leave provisions.



Dr W L Richards
Chief Executive

5 September 2008

ABOUT THE COUNCIL

Official status

The Council is an Autonomous Crown Entity under the Crown Entities Act 2004, and reports annually to Parliament through the Minister of Commerce. It is a Public Benefit Entity and receives no Crown funding for its operations. It was established under the Testing Laboratory Registration Act 1972, which was amended and reprinted in May 2007.

The Council, under the name of International Accreditation New Zealand (IANZ), is the national authority for accrediting laboratories, inspection bodies and radiology services. This accreditation formally recognises the technical competence of these conformity assessment bodies to world class standards. The value of this is acknowledged by government agencies and other bodies specifying IANZ accreditation to meet regulatory requirements.

Members

The Council consists of nine members. The Minister of Commerce appoints five of these, including the Chair. The remaining four are appointed by the Council itself to ensure broad industry coverage and the appropriate expertise necessary for Council's activities.

A Director is appointed by the Council to manage its operations. Dr Llewellyn Richards is the present Director.

(See Appendix 1 for details of Council members and management).

Functions

The Council is required to act independent of Government in carrying out its functions and exercising its statutory powers.

The specific functions of the Council, as provided in the current version of the Act, are:

- (a) to promote the development and maintenance of good practice in conformity assessment; and to establish and maintain a registration scheme for conformity assessment bodies (except certification bodies) that comply with that practice; and
- (b) to develop and maintain international recognition and acceptance of the Council's registration scheme; and to maintain appropriate international relationships consistent with the Council's functions under this section; and
- (c) if the Council chooses, to provide certification services; and
- (d) to perform any other functions that the Minister may direct the Council to perform in accordance with section 112 of the Crown Entities Act 2004.

Functions (a), (b) and (d) the Council performs in the name of International Accreditation New Zealand; function (c) is undertaken by the Council's subsidiary, Telarc SAI Limited.

(See Appendix 2 for details of Council structure and services).

Subsidiary

The certification function of the Council is performed by a subsidiary company, Telarc SAI Limited, which has its own Board of Directors, Chief Executive and staff that operate separately from the Council's accreditation function (IANZ). This company is a Crown Entity Subsidiary in terms of the Crown Entity Act 2004.

Members of the Telarc SAI Limited board comprise three members appointed by the Council and one member appointed by SAI Global Limited, Sydney, Australia.

The Chief Executive is Mr Peter Rose.

Overall objectives

The Council, as an integral part of the New Zealand standards and conformance infrastructure, contributes directly to three overall objectives:

- Health, safety and environmental risks are managed
- Domestic economic development is facilitated, and
- International trade is facilitated.

For each of these, Telarc SAI certification assures consumers, businesses and regulators that products and processes have been assessed against stringent standards; and IANZ accreditation provides the assurance that results reported by laboratories, radiology services and inspection bodies can be relied upon.

Operational Standards

International standards are a cornerstone to the credibility of accreditations and certifications provided by IANZ and Telarc SAI. Each organisation is regularly evaluated against specific standards for their type of operation.

To operate as an accreditation authority, IANZ complies with the ISO/IEC 17011 *Conformity Assessment – General Requirements for Accreditation Bodies Accrediting Conformity Assessment Bodies* standard.

In addition, it meets the requirements of the International Laboratory Accreditation Cooperation (ILAC), the Asia Pacific Laboratory Accreditation Cooperation (APLAC) and of the European cooperation for Accreditation (EA). Every four years IANZ is evaluated by representatives of APLAC and EA to ensure continuing compliance with the standard and MRA signatory requirements. The most recent evaluations occurred in 2007 and confirmed on going compliance with global best practice.

To operate as a certification body, Telarc SAI Limited complies with ISO/IEC 17021 *Conformity Assessment – Requirements for Bodies Providing Audit and Certification of Management Systems*. (This standard replaced ISO/IEC Guide 62, ISO/IEC Guide 65 and ISO/IEC Guide 66 during 2008).

Annual assessments of Telarc SAI against this standard are undertaken by the Trans-Tasman accreditation authority, Joint Accreditation System for Australia and New Zealand (JAS-ANZ).

These external evaluations are combined with twice-yearly management reviews and internal audits to provide Government, regulators and industry with confidence to adopt the outputs provided by the Council for their purposes.

Good employer policies and practices

Every effort is made to ensure that no staff are disadvantaged and are equally treated regardless of their status. Firm guidelines in the recruitment process stress the need to appoint new staff on merit and their ability to perform the tasks required in their employment. Those responsible for recruiting staff were fully briefed on this aspect of the process, and overseen by the human resource consultant.

Good employer practice is promulgated in the Corporate Manual under sections covering:

- Policies
- Health and safety
- Environmental
- Staffing
- Training and development
- Induction.

Further explanation of good employment practices are contained in the Staff Manual and individual employment contracts, which clearly set out the procedure for personal grievances based on being disadvantaged in their employment, are discriminated against, or sexually or racially harassed. The details of these documents have been discussed individually with all staff.

Workplaces are designed to accommodate disabled people, and the regular building emergency evacuation drills incorporates the practice for managing such persons in emergencies.

Workplace stress was closely monitored by managers and the health and safety committee, and reported on monthly to manager's and staff meetings. Where stress is identified as a potential issue, action is taken by the responsible manager to lessen the pressure and to ensure staff take adequate precautions to avoid undue stress.

International Involvement

To ensure that New Zealand products can be accepted in overseas markets without the need for further testing or inspection, IANZ has entered into mutual recognition arrangements (MRA) with accreditation bodies in other economies. Currently, 66 accreditation bodies in 51 economies, including all our major trading partners, participate in this arrangement.

To provide the most efficient mechanism in evaluating accreditation bodies, a series of regional cooperation has been established, with an international body providing a light but authoritative umbrella over the regions. IANZ is a signatory for laboratory and inspection body accreditation in two such regions: Asia Pacific Laboratory Accreditation Cooperation (APLAC) and European cooperation for Accreditation (EA). The latter is most important as many

European regulators will only accept test results and inspection reports from bodies accredited by EA signatories. Through APLAC, IANZ is also a signatory to the ILAC global MRA.

In addition, the operation of IANZ's GLP Compliance Monitoring Programme using the OECD Principles of Good Laboratory Practice, and IANZ's involvement in the OECD Working Group on Good Laboratory Practice ensures that safety testing data generated in New Zealand on chemicals intended for regulatory approval will be accepted in all other OECD Member States under the OECD's Mutual Acceptance of Data agreement.

STATEMENT OF SERVICE PERFORMANCE 30 June 2008

IANZ Accreditation Programmes

About Accreditation Programmes

Accreditation means formal recognition that a conformity assessment body has been independently assessed by an authoritative accreditation body in the five key areas of:

- Competence and experience of staff
- Integrity and traceability of equipment and materials
- Technical validity of methods
- Validity and suitability of results
- Compliance with appropriate management systems standards and is found to be competent to carry out its services in a professional, reliable and efficient manner

See Appendix 2 for the list of accreditation programmes and their respective standards; and Appendix 3 for a description of accreditation.

Financial Performance 2008

	Actual 2008	Budget 2008	Actual 2007
Revenue	\$5,822,566	\$5,206,974	\$4,176,127
Costs	\$5,685,400	\$5,001,164	\$4,366,494

Assessment Performance 2008

Accreditation Programme	Active Assessment Units		
	Forecast 2008	Actual 2008	Actual 2007
Testing Laboratories (excluding medical)	665	662	654
Metrology and Calibration Laboratories	88	88	89
Medical Testing Laboratories	360	346	362
Radiology Services	410	410	398
Inspection Bodies	100	98	99
Building Consent Authorities	76	82	65
MoH National Screening Unit	11	37	32
Certification Bodies	4	4	4
Proficiency Testing Laboratories	3	3	3
OECD GLP Compliant Laboratories	16	15	16
Conformity Assessment Bodies	6	5	6
Total	1,739	1,750	1,728

Performance Highlights

Testing and Calibration Laboratories

The small growth in the number of testing and calibration laboratories assessed during this year indicates the continuing requirement for accreditation in what is the largest IANZ programme. Very few chemical, biological and dairy testing laboratories in New Zealand are not IANZ accredited. This illustrates the importance these laboratories have in ensuring the safety of our food, water, air emissions, environmental monitoring, drugs, pests and diseases, accuracy of weights and measurements, etc; and the suitability of manufacturing processes and products.

Medical Testing Laboratories

As expected, rationalisation of medical testing laboratories reduced the number of active assessment units in this programme. However, the number of assessment days increased because of the extended scopes and increased size of laboratory operations. An additional assessor position was established to ensure all assessments are completed by due date.

Radiology Services

The trend for District Health Boards to seek accreditation for their radiology services continued this year, as did that for private radiology services wanting to be recognised by funders such as the Accident Compensation Corporation. This brought additional assessment workload to this programme and required a new assessor position to be established. IANZ leads the world in providing this accreditation programme, which is to the credit of the New Zealand radiology industry.

Inspection Bodies

Full assessments against AS/NZS ISO/IEC 17020 were completed of bodies inspecting to:

- Department of Labour *Health and Safety in Employment (Pressure Equipment, Cranes and Passenger Ropeways) Regulations 1999*
- Department of Labour *Guidelines for a Certificate of Fitness for High Pressure Gas and Liquids Transmission Pipelines*
- Department of Labour *Health and Safety in Employment (Petroleum Exploration and Extraction) Regulations*
- Ministry of Health *Food Safety Auditor Assessment Programme*
- Ministry of Health *Health (Drinking Water) Amendment Act 2006*.

IANZ continued to work with the New Zealand Food Safety Authority on developing technical requirements for the NZFSA Domestic Food Plan and the Wine Act 2003. An additional assessment position was established to help with this work and to undertake assessments from 2008 onwards.

Building Consent Authorities

All building consent authorities, predominantly Local Authorities, were assessed during the year to Stage One of the Department of Building and Housing standards. This was a full-time task for a team of seven IANZ assessors and a complementary team of technical experts, and resulted in 48 BCAs being accredited. The completion date for Stage One is March 2009.

An additional assessor position was established and assessment staff seconded from other accreditation programmes to help complete the heavy work load that was generated by this programme.

Close liaison was maintained between IANZ and the Department of Building and Housing throughout the year, which ensured both organisations were able to complete this considerable task relatively smoothly and to schedule. A series of workshops in all centres provided building consent authorities with a good understanding of the assessment process and of the standard's requirements.

National Screening Unit

The three year contract IANZ has with the National Screening Unit of the Department of Health was completed this year. In all, 37 units were assessed and involved auditing Breast Screen Aotearoa Lead Providers and the Regional and Colposcopy Services of the National Cervical Screening Programme. IANZ has been informed that another contract for the next three years will be negotiated.

OECD GLP Compliant Laboratories

Because of its closure, one laboratory withdrew from this programme during the year.

The General Manager - Accreditation Services, New Zealand's representative at the OECD Working Group, attended this year's meeting in Frascati, Italy where he was elected Vice Chair; he will become Chair in 2010.

Telarc SAI Limited Certification Programmes

About Certification Programmes

Telarc SAI certification programmes provide an independent third party evaluation of a range of business management systems against established international and national standards and regulatory requirements. Certification is granted when a product, service, system, process or material conforms to specific requirements.

See Appendix 2 for the list of certification programmes and their respective standards; and Appendix 3 for a description of certification.

Financial Performance 2008

	Actual 2008	Budget 2008	Actual 2007
Revenue	\$7,184,387	\$7,476,717	\$4,987,213
Costs	\$7,407,288	\$7,572,556	\$4,867,214

Assessment Performance 2008

Certification Programme	Assessment Units		
	Forecast 2008	Actual 2008	Actual 2007
Quality Management Systems	1,800	1,733	1,974
Environmental Management Systems	146	193	142
Health Sector Management Systems	400	519	250
Other (Regulatory)	485	487	474
Other (Non-regulatory)	395	211	116
Total	3,226	3,143	2,956

Performance Highlights

Quality Management Systems

The drop in assessment units resulted from higher than predicted losses (although one client accounted for 120 lost assessment units). It is estimated that 42% of those losses were due to customers' branch closures, mergers and ownership transfer overseas; 13% saw no value in continuing certification and 20% were to lower cost competitors.

Environmental Management Systems

Interest in certification to ISO 14001 increased again this year with 51 new assessments units being added. During the year Telarc SAI held discussions with the Ministry for the Environment on ways to promote environmental management systems, and with Landcare Research regarding a new, jointly developed sustainability programme primarily for SMEs.

Health Sector Management Systems

The acquisition of Quality Health New Zealand at the beginning of the year contributed to a substantial increase in the number of health sector assessments undertaken. Additional growth was also achieved in Physiotherapy assessments on behalf of ACC and Health and Disability clients requiring audits against the Health and Disability Sector Safety Act.

Other Programmes

Assessments for regulatory compliance (ACC WSMP, Food Safety, Transit's TQS standards, Rail Safety and Employer Licences) increased slightly this year. Second party audits increased significantly. Product Certification audits were carried out on behalf of SAI Global.

New Zealand Quality College Training

About Training Courses

The New Zealand Quality College provides short specialist courses covering all aspects of technical competence and good management practices essential for attaining IANZ accreditation; and good management practices essential for certification to ISO 9001 and ISO 14001 international standards. In addition, training in auditing skills is provided to all organisations accredited by IANZ or certified by a certification body where internal audits are required.

Financial Performance 2008

	Actual 2008	Budget 2008	Actual 2007
Revenue	\$793,971	\$854,000	\$795,998
Costs	\$712,765	\$748,584	\$717,551

Training Performance 2008

Training Programme	Trainee Days		
	Forecast 2008	Actual 2008	Actual 2007
Quality Management	400	323	281
Laboratory Management	630	616	427
Inspection Body Management	60	82	295
Environmental Management	150	153	92
Food Safety Management	40	36	22
Auditor Training	1,620	1,113	1,447
Total	2,900	2,323	2,564

Performance Highlights

The significant growth in auditing skills training experienced in 2007 was not sustained as forecast for 2008, largely due to courses for accreditation bodies overseas (Singapore, Malaysia and Hong Kong) being deferred until the 2009. This delay also reduced the number of laboratory management courses, which are normally run in conjunction with auditing when overseas.

Despite this, laboratory management trainee days grew substantially, which reflects a commitment from IANZ customers to maintain a high level of understanding and skill necessary to retain their accreditation status.

Increased quality management systems training was less than forecast but remained on par with past years. Decreasing Telarc SAI certifications to ISO 9000 is the likely cause of this result.

The forecasted increase in environmental management systems training was realised, reflecting increased Telarc SAI ISO 14001 certification and growing business interest in environmental sustainability.

The doubling of food safety management trainee days was partly a result of growing interest in the pending Domestic Food Plan legislation.

Inspection body trainee days were back to normal, although better than forecast, after the high level of training provided to building consent authorities in 2007.

Facilitating New Zealand Trade

International Cooperation

Accreditation bodies in Guatemala, Malta and Tunisia were accepted as ILAC mutual recognition arrangement signatories this year, as was another in the USA. The accreditation body from one economy, the Philippines, had its signatory status suspended during the year.

As at 30 June, MRA signatory numbers were:

	2008	2007
Economies	51	49
Accreditation Bodies	66	63

Trade Negotiations

This year, IANZ continued to assist the Ministry of Economic Development and the Ministry of Foreign Affairs and Trade in their trade negotiation activities. As acceptance of conformity assessment results (especially from laboratories and inspection bodies) now plays such an important part in trade facilitation, IANZ is able to use the relationship developed with accreditation bodies in other economies to advance these negotiations. During the past year, IANZ has provided assistance with negotiations with China, the Gulf Cooperation Council, ASEAN and the non-agriculture market access discussions within the WTO.

Trans Tasman MRA

Assistance was also provided by IANZ with the review of the Trans Tasman MRA, and continued to work cooperatively with its counterpart organisation in Australia, NATA, to provide seamless recognition of laboratory results and inspection reports for regulators on both sides of the Tasman.

Promoting Conformity Assessment

Publications

There were no changes to the general criteria for accreditation this year.

A number of IANZ criteria, technical and information publications were updated during the year. These publications are maintained up to date on www.ianz.govt.nz and copies forwarded to the Legal Deposit Office, National Library of New Zealand.

Two brochures explaining IANZ accreditation were produced this year. One was for general distribution and the other specifically written to better inform policy makers.

Websites

The Council maintains four websites:

www.ianz.govt.nz

www.telarcsai.co.nz

www.nzqc.co.nz

www.qualityhealth.org.nz.

Each website contains details of all Council's activities, and includes full product information, how the assessment process operates, the register of accredited organisations, and how to become IANZ accredited or Telarc SAI certified; news, articles of interest and contact details are also provided.

Equal Employment Opportunities

Policies and Practices

A review of the Council's EEO policies and practices was completed by an independent human resource consultant, which found:

- Gender equality was maintained over the past twelve months
- All staff are paid on merit and without bias
- No employee requested flexible working hours outside that normally practiced
- The disability of one staff member (hearing difficulty) was accounted for
- There were no grievances or discrimination reported during 2008.

Staff understanding of the vision and goals and their attitudes towards their work and the way IANZ is being managed was surveyed by the human resource consultant during the year. The two areas that came through as the best thing about working for IANZ were the people and the flexibility/autonomy of the role. Areas for improvement included team work, internal communication and learning and development opportunities.

Performance Appraisals

All Council staff underwent performance appraisal against personal key performance indicators. From this, opportunities for personal development and training were identified and implemented.

Staff Training

Specific courses held during the year to improve staff performance included:

- Interpersonal management skills
- Staff performance appraisal skills
- Auditing skills and product knowledge for health sector assessors
- Certification and accreditation auditing skills and product knowledge.

Human Resource Statistics

As at 30 June 2008

Gender

	IANZ	Telarc SAI	Total 2008	Total 2007
Male	26	16	42	45
Female	23	22	45	30
Total	49	38	87	75

Ethnicity*

	IANZ	Telarc SAI	Total 2008
NZ Pakeha	28	20	48
European	5	12	17
Maori	1	3	4
Pacific Island	2	1	3
Asian	5	-	5
Not stated	8	2	10
Total	49	38	87

Age*

	IANZ	Telarc SAI	Total 2008
Under 30	2	2	4
30 – 39	9	2	11
40 – 49	17	9	26
50 – 59	17	10	27
60 +	4	12	16
Not stated	-	3	3
Total	49	38	87

* Data for previous years not compiled.

STATEMENT OF RESPONSIBILITY

In the financial year ended 30 June 2008, the Council and management of IANZ accept responsibility for the preparation of the financial statements and the judgements used therein.

The Council and management of IANZ accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of IANZ, the financial statements for the financial year fairly reflect the financial position and operations of Council for the financial year ended 30 June 2008.



Dr R Pratt
Chairperson

5 September 2008



R Dimmock
Chairperson
Audit Committee

5 September 2008



Dr W L Richards
Chief Executive Officer

5 September 2008



N J Perfect
Chief Financial Officer

5 September 2008

**AUDIT REPORT
TO THE READERS OF
TESTING LABORATORY REGISTRATION COUNCIL OF NEW ZEALAND AND GROUP'S
FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2008**

The Auditor-General is the auditor of Testing Laboratory Registration Council of New Zealand (the Council) and group. The Auditor-General has appointed me, John Scott, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Council and group for the year ended 30 June 2008.

Unqualified Opinion

In our opinion:

- The financial statements of the Council and group on pages 31 to 46:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Council and group's financial position as at 30 June 2008; and
 - the results of operations and cash flows for the year ended on that date.
- The statement of service performance of the Council and group on pages 16 to 26:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 5 September 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Council and group as at 30 June 2008 and the results of operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Council and group's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Council's responsibilities arise from the Crown Entities Act 2004, the Public Finance Act 1989 and the Testing Laboratory Registration Act 1972.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Council or any of its subsidiaries.



John Scott

Audit New Zealand

On behalf of the Auditor-General

Auckland, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial Statements and Statement of Service Performance

This audit report relates to the financial statements and statement of service performance of Testing Laboratory Registration Council of New Zealand and group for the year ended 30 June 2008 included on the Testing Laboratory Registration Council and group's website. The Testing Laboratory Registration Council is responsible for the maintenance and integrity of the Testing Laboratory Registration Council and group's website. We have not been engaged to report on the integrity of the Testing Laboratory Registration Council and group's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 5 September 2008 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

STATEMENT OF ACCOUNTING POLICIES

For The Year Ended 30 June 2008

Reporting Entity

These are the financial statements of Testing Laboratory Registration Council of New Zealand, a Crown entity in terms of the Crown Entities Act 2004.

These financial statements have been prepared pursuant to the Public Finance Act 1989 and the Crown Entities Act 2004.

The financial statements are for the year ended 30 June 2008, and were approved by the Council on 5 September 2008 and nobody has the power to amend the financial statements after issue.

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirements to comply with the New Zealand generally accepted accounting practice (“NZ GAAP”)

The financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

First year preparation under NZ IFRS

This is the first full set of financial statements prepared using NZ IFRS and as the only adjustment to the statements when adopting NZ IFRS were made in the year to 30 June 2007 there is no requirement to re-state balances to 30 June 2007. Reconciliations of equity for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in note 16.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

Measurement Base

The financial statements have been prepared on an historical cost basis and in compliance with NZ IFRS.

Functional and presentation currency

The financial statements are presented in New Zealand dollars. The functional currency of Testing Laboratory Registration Council of New Zealand is New Zealand dollars.

Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

Basis of Consolidation – purchase method

The consolidated financial statements include the parent Council and its subsidiary. The subsidiary is accounted for using the purchase method, which involves adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis.

All significant inter-entity transactions are eliminated on consolidation.

The investment in subsidiary is carried at cost in the Council records and the Council confirms this reflects fair value.

Budget figures

The budget figures are those approved by the Council at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of financial statements.

Revenue

The Council derives revenue through the provision of outputs to the Crown, for services to third parties and income from its investments. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Goods and Services Tax

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable, which are stated with GST included. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

Taxation

The Council is exempt from income tax in accordance with section 21, Testing Laboratory Registration Act 1972.

Telarc SAI Ltd is exempt from income tax in accordance with Part CW 31 Public authorities, of the Income Tax Act 2004.

Trade and other Receivables

Trade and other receivables are stated at their expected realisable value after providing for doubtful and uncollectible debts.

Investments in Subsidiary, Telarc SAI Limited

Investment in Subsidiary is carried at cost in the Councils records and the Council confirms this reflects fair value.

Investments: Short Term Deposits

Investments short term deposits are stated at the lower of cost and net realisable value. Any decreases are recognised in the statement of financial performance.

Property, Plant and Equipment

Property Plant and Equipment are recorded at historical cost.

Depreciation

Property Plant and Equipment are depreciated at rates that will write off the cost, on a straight-line basis, of the assets to their estimated residual value over their useful life. The useful lives and associated depreciation rates of major classes of assets used in the preparation of these statements are reviewed annually and are as follows:

Computer hardware	3-5 years	20%-33% straight line
Leasehold improvements	6 Years (max)	16.67% straight line
Office furniture and equipment	5-10 years	10%-20% straight line
Motor vehicles	5 years	20% straight line

Intangible Assets

Computer software is recorded at historical cost.

Client lists purchased are recorded at historical cost.

Amortisation

Computer software is amortised, at rates that will write off the cost, on a straight line basis, to the estimated residual value over the useful life of the software. The useful lives and associated amortisation rates used in the preparation of these statements are reviewed annually and are as follows:

Computer software	3-5 years	20%-33% straight line
-------------------	-----------	-----------------------

Client lists purchased are amortised over their expected useful life.

Employee entitlements

Provision is made in respect of the Council and Group's liability for annual leave and retirement leave. Annual leave and retirement leave has been calculated on an actual entitlement basis at current rates of pay.

Employees who have completed 20 years continuous service may be granted once only four weeks long service leave. Provision has been made for any liability that may arise in the future and has been calculated on an actuarial basis.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership, the leased items are classified as operating leases. Payments under these leases are recognised as expenses in the periods in which they are incurred.

Financial instruments

The Council and group are party to financial instruments as part of normal operations. These financial instruments include bank accounts, short-term deposits, debtors, and creditors. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

Except for those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

Statement of cash flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Council and group invest as part of day-to-day cash management.

Operating activities include cash received from all income sources of the Council and group and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Council and group.

Changes in accounting policies

The Council has adopted the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) for its financial statements for the year ending 30 June 2008. The comparative financial statements have been restated and an opening position prepared using NZ IFRS as at 30 June 2006.

There have been no other changes in accounting policies since the date of the last audited financial statements. The policies have been applied on a basis consistent with other years.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2008

	Notes	CONSOLIDATED			PARENT		
		2008 Actual \$	2008 Budget \$	2007 Actual \$	2008 Actual \$	2008 Budget \$	2007 Actual \$
Revenue	2	13,860,054	13,612,691	10,033,946	6,616,537	6,060,974	4,972,125
Interest income		278,388	224,000	119,995	226,962	173,000	111,037
Dividend Income		-	-	-	-	134,250	200,000
Profit on Sale of Shares in Telarc SAI Limited		-	-	249,204	-	-	249,204
Total operating revenue		14,138,442	13,836,691	10,403,145	6,843,499	6,368,224	5,532,366
Cost of services	2	14,379,661	13,814,577	10,532,568	6,970,707	6,237,815	5,628,466
Net operating surplus (deficit) before tax for the period		(241,219)	22,114	(129,423)	(127,208)	130,409	(96,100)
Net operating surplus (deficit) for the period	1	(241,219)	22,114	(129,423)	(127,208)	130,409	(96,100)
Surplus attributable to:-							
Minority Interest		(28,503)	6,489	48,906	-	-	-
Testing Laboratory Registration Council		(212,716)	15,625	(178,329)	(127,208)	130,409	(96,100)
		(241,219)	22,114	(129,423)	(127,208)	130,409	(96,100)

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

	CONSOLIDATED			PARENT		
	2008 Actual \$	2008 Budget \$	2007 Actual \$	2008 Actual \$	2008 Budget \$	2007 Actual \$
Equity at 1 July	3,184,898	3,184,898	3,049,321	2,634,900	2,634,900	2,731,000
Net operating surplus (deficit) for the period	(241,219)	156,364	(129,423)	(127,208)	130,409	(96,100)
Total recognised revenues and expenses for the period	(241,219)	156,364	(129,423)	(127,208)	130,409	(96,100)
Increase in capital Telarc SAI Limited 1 April 2007	-	-	215,000	-	-	-
Sale of shares in Telarc SAI Limited	-	-	50,000	-	-	-
Total Equity at 30 June	2,943,679	3,341,262	3,184,898	2,507,692	2,765,309	2,634,900
Parent Entity interest	2,722,182	3,084,773	2,934,898	2,507,692	2,765,309	2,634,900
Minority Entity Interest in Telarc SAI Limited						
Brought forward	250,000	250,000	-	-	-	-
Share Capital	-	-	265,000	-	-	-
Adjustment to correct profit share	-	-	(63,906)	-	-	-
Share of surplus (deficit)	(28,503)	6,489	48,906	-	-	-
Total minority Interest at 30 June	221,497	256,489	250,000	-	-	-
Testing Laboratory Registration Council Equity at 30 June						
Total Equity	2,943,679	3,341,262	3,184,898	2,507,692	2,765,309	2,634,900

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2008

Notes	CONSOLIDATED			PARENT		
	2008 Actual \$	2008 Budget \$	2007 Actual \$	2008 Actual \$	2008 Budget \$	2007 Actual \$
EQUITY						
Opening General Funds						
<u>IANZ Shareholders</u>						
	2,934,898	2,934,898	3,099,321	2,634,900	2,634,900	2,731,000
	-	-	63,906	-	-	-
	(212,716)	149,875	(228,329)	(127,208)	130,409	(96,100)
	<u>2,722,182</u>	<u>3,084,773</u>	<u>2,934,898</u>	<u>2,507,692</u>	<u>2,765,309</u>	<u>2,634,900</u>
<u>Minority Share in Telarc SAI Limited</u>						
	250,000	250,000	-	-	-	-
	-	-	215,000	-	-	-
	-	-	50,000	-	-	-
	(28,503)	6,489	(15,000)	-	-	-
	<u>221,497</u>	<u>256,489</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Equity	<u>2,943,679</u>	<u>3,341,192</u>	<u>3,184,898</u>	<u>2,507,692</u>	<u>2,765,309</u>	<u>2,634,900</u>
ASSETS						
Current assets						
	43,542	121,970	219,218	(19,678)	59,659	54,223
	1,849,451	2,482,050	1,921,289	937,506	1,022,550	881,371
	342,396	87,500	225,734	72,887	61,100	42,448
	2,376,746	1,950,000	4,213,407	1,820,842	1,660,000	3,308,294
	<u>4,612,135</u>	<u>4,641,520</u>	<u>6,579,648</u>	<u>2,811,557</u>	<u>2,803,309</u>	<u>4,286,336</u>
Non current assets						
	-	-	-	450,000	450,000	450,000
	483,941	556,463	579,913	304,886	383,095	401,195
	<u>483,941</u>	<u>556,463</u>	<u>579,913</u>	<u>754,886</u>	<u>833,095</u>	<u>851,195</u>
Intangible assets						
	263,484	277,729	210,829	116,524	85,155	111,255
	-	-	318,231	-	-	-
	<u>263,484</u>	<u>277,729</u>	<u>529,060</u>	<u>116,524</u>	<u>85,155</u>	<u>111,255</u>
Total assets	<u>5,359,560</u>	<u>5,475,712</u>	<u>7,688,621</u>	<u>3,682,967</u>	<u>3,721,559</u>	<u>5,248,786</u>
LIABILITIES						
Current liabilities						
	1,911,144	1,591,450	4,059,110	848,112	618,250	2,322,605
	504,737	543,000	444,613	327,163	338,000	291,281
	<u>2,415,881</u>	<u>2,134,450</u>	<u>4,503,723</u>	<u>1,175,275</u>	<u>956,250</u>	<u>2,613,886</u>
Total liabilities	<u>2,415,881</u>	<u>2,134,450</u>	<u>4,503,723</u>	<u>1,175,275</u>	<u>956,250</u>	<u>2,613,886</u>
NET ASSETS	<u>2,943,679</u>	<u>3,341,262</u>	<u>3,184,898</u>	<u>2,507,692</u>	<u>2,765,309</u>	<u>2,634,900</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2008

Notes	CONSOLIDATED			PARENT			
	2008 Actual \$	2008 Budget \$	2007 Actual \$	2008 Actual \$	2008 Budget \$	2007 Actual \$	
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash was provided from:							
Revenues from services provided	11,742,892	10,617,771	12,377,372	5,134,667	4,335,776	6,541,622	
Interest received	278,222	228,820	116,671	228,940	178,505	107,320	
	<u>12,021,114</u>	<u>10,846,591</u>	<u>12,494,043</u>	<u>5,363,607</u>	<u>4,514,281</u>	<u>6,648,942</u>	
Cash was applied to:							
Payments to employees	6,229,099	6,119,598	4,767,954	3,517,281	3,320,220	2,972,779	
Payments to suppliers	7,437,595	6,425,030	5,150,653	3,164,911	2,555,308	2,298,326	
Net Goods and Services Tax	64,714	130,220	(76,225)	73,272	70,465	(80,855)	
	<u>13,731,408</u>	<u>12,674,848</u>	<u>9,842,382</u>	<u>6,755,464</u>	<u>5,945,993</u>	<u>5,190,250</u>	
Net cash flows from operating activities	17	<u>(1,710,294)</u>	<u>(1,828,257)</u>	<u>2,651,661</u>	<u>(1,391,857)</u>	<u>(1,431,712)</u>	<u>1,458,692</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Cash was provided from:							
Proceeds from sale of Property Plant & Equipment	65,224	64,000	15,918	41,960	28,000	-	
Proceeds from sale of Intangible assets	3,703	-	-	3,703	-	-	
Proceeds from sale of Shares in Telarc SAI Limited	-	-	299,204	-	-	299,204	
Dividends Received from Telarc SAI Limited	-	-	-	-	-	320,000	
	<u>68,927</u>	<u>64,000</u>	<u>315,122</u>	<u>45,663</u>	<u>28,000</u>	<u>619,204</u>	
Cash was applied to:							
Purchase of Property Plant & Equipment	174,007	310,000	183,434	129,994	183,000	119,965	
Purchase of Intangible assets (Computer Software)	199,509	232,644	69,881	85,165	56,146	24,797	
Purchase of Intangible assets (Client lists)	(2,546)	53,754	156,981	-	-	-	
	<u>370,970</u>	<u>596,398</u>	<u>410,296</u>	<u>215,159</u>	<u>239,146</u>	<u>144,762</u>	
Net cash flows from investing activities		<u>(302,043)</u>	<u>(532,398)</u>	<u>(95,174)</u>	<u>(169,496)</u>	<u>(211,146)</u>	<u>474,442</u>
Net increase (decrease) in cash held	(2,012,337)	(2,360,655)	2,556,487	(1,561,353)	(1,642,858)	1,933,134	
Plus opening cash	4,432,625	4,432,625	1,876,138	3,362,517	3,362,517	1,429,383	
Closing cash balance	<u>2,420,288</u>	<u>2,071,970</u>	<u>4,432,625</u>	<u>1,801,164</u>	<u>1,719,659</u>	<u>3,362,517</u>	
Cash and bank	43,542	121,970	219,218	(19,678)	59,659	54,223	
Short term investments	2,376,746	1,950,000	4,213,407	1,820,842	1,660,000	3,308,294	
Closing cash balance	<u>2,420,288</u>	<u>2,071,970</u>	<u>4,432,625</u>	<u>1,801,164</u>	<u>1,719,659</u>	<u>3,362,517</u>	

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

	CONSOLIDATED			PARENT		
	2008 Actual \$	2008 Budget \$	2007 Actual \$	2008 Actual \$	2008 Budget \$	2007 Actual \$
Note 1: Operating surplus (deficit)						
The net surplus (deficit) is after charging for:						
Fees paid to auditors for external audit	40,100	40,100	38,943	21,100	21,100	20,843
Fees paid to auditors for other services	-	-	2,700	-	-	1,500
Council and Directors' Fees	175,000	175,000	161,459	122,917	125,000	111,459
Depreciation and Amortisation by type:						
Motor vehicles	86,913	63,398	91,990	63,398	58,000	58,417
Office furniture and equipment	39,016	30,981	40,970	30,981	42,700	32,056
Leasehold improvements	45,469	41,786	43,879	41,786	30,614	40,629
Computer hardware	77,592	48,629	83,624	48,629	41,786	50,755
Amortisation computer software	143,044	76,295	172,334	76,295	76,100	110,121
Amortisation client lists purchased	315,685	-	53,750	-	-	-
Total Depreciation and Amortisation	707,719	261,089	486,547	261,089	249,200	291,978
Deficit (profit) on disposal of fixed assets	5,112	-	4,223	(554)	-	-
Rental expense on operating leases	527,453	514,433	410,835	282,562	278,308	270,413
Bad Debts	4,687	-	17,733	-	-	7,563
Note 2: Net revenue (cost) analysis						
Accreditation services						
Revenue	5,822,566	5,206,974	4,176,127	5,822,566	5,206,974	4,176,127
Less cost	5,685,400	5,001,164	4,366,494	5,685,400	5,001,164	4,366,494
Net revenue (deficit)	137,166	205,810	(190,367)	137,166	205,810	(190,367)
Certification services						
Revenue	7,184,387	7,476,717	4,987,213	-	-	-
Less cost	7,407,288	7,572,556	4,867,214	-	-	-
Net revenue (deficit)	(222,901)	(95,839)	119,999	-	-	-
Training and other services						
Revenue	853,101	929,000	870,606	793,971	854,000	795,998
Less cost	714,431	752,790	754,440	712,765	748,584	717,551
Net revenue	138,670	176,210	116,166	81,206	105,416	78,447
National recognition services						
Revenue	-	-	-	-	-	-
Less cost	572,542	488,067	544,420	572,542	488,067	544,420
Net (deficit)	(572,542)	(488,067)	(544,420)	(572,542)	(488,067)	(544,420)
Total revenue						
Total revenue	13,860,054	13,612,691	10,033,946	6,616,537	6,060,974	4,972,125
Less total cost	14,379,661	13,814,577	10,532,568	6,970,707	6,237,815	5,628,465
Net (deficit)	(519,607)	(201,886)	(498,622)	(354,170)	(176,841)	(656,340)

Telarc SAI Limited paid the Parent \$590,914 as a contribution towards overheads, and this income has been off-set against cost of services in the Parent accounts.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

Note 3: Trade and other receivables

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
	Actual	Actual	Actual	Actual
Trade and other receivables	1,859,451	1,931,289	937,506	881,371
Less: provision for impairment	(10,000)	(10,000)	-	-
Total trade and other receivables	1,849,451	1,921,289	937,506	881,371

The carrying value of receivables approximates their fair value

As at 30 June 2008 and 2007, all overdue receivables have been assessed for impairment and appropriate provisions applied as detailed below:

	PARENT 2008			PARENT 2007		
	Gross \$	Impairment \$	Net \$	Gross \$	Impairment \$	Net \$
Not past due	755,871	-	755,871	690,948	-	690,948
Past due 1-30 days	113,786	-	113,786	115,082	-	115,082
Past due 31-60 days	52,211	-	52,211	38,491	-	38,491
Past due 61-90 days	13,915	-	13,915	25,295	-	25,295
Past due > 91 days	1,723	-	1,723	11,555	-	11,555
Total	937,506	-	937,506	881,371	-	881,371

	CONSOLIDATED 2008			CONSOLIDATED 2007		
	Gross \$	Impairment \$	Net \$	Gross \$	Impairment \$	Net \$
Not past due	1,276,787	-	1,276,787	1,254,673	-	1,254,673
Past due 1-30 days	306,004	-	306,004	554,840	-	554,840
Past due 31-60 days	194,072	-	194,072	47,554	-	47,554
Past due 61-90 days	51,916	-	51,916	42,067	-	42,067
Past due > 91 days	30,672	(10,000)	20,672	32,155	(10,000)	22,155
Total	1,859,451	(10,000)	1,849,451	1,931,289	(10,000)	1,921,289

The provision for impairment has been calculated based on expected losses for the Council's pool of debtors. Expected losses have been determined based on an analysis of Council's losses in previous periods and review of specific debtors.

There has been no movement in the provision for the year to 30 June 2008 and debts of \$4,687 were written off to expense in the year. (2007 \$17,733).

Note 4: Investments

	CONSOLIDATED			PARENT		
	2008 Actual \$	2008 Budget \$	2007 Actual \$	2008 Actual \$	2008 Budget \$	2007 Actual \$
Current						
Short term deposit investments	2,376,746	1,950,000	4,213,407	1,820,842	1,660,000	3,308,294
Weighted average effective interest rates						
Short term deposit investments	8.56%	7.00%	7.87%	8.59%	7.00%	7.77%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

Note 5: Property, Plant and Equipment

PARENT

Movements for each class of property, plant & equipment are as follows:

Cost	Leasehold	Furniture	Computer	Motor	Total
	Improvements		Hardware	Vehicles	
	\$	\$	\$	\$	\$
Balance as at 1 July 2006	382,697	298,917	467,203	292,090	1,440,907
Additions	16,773	9,073	77,845	-	103,691
Disposals	-	-	-	-	-
Balance at 30 June 2007	399,470	307,990	545,048	292,090	1,544,598
Balance at 1 July 2007	399,470	307,990	545,048	292,090	1,544,598
Additions	-	2,506	23,824	103,663	129,993
Disposals	-	-	(52,754)	(92,095)	(144,849)
Balance at 30 June 2008	399,470	310,496	516,118	303,658	1,529,742
Accumulated depreciation					
Balance as at 1 July 2006	287,888	222,412	398,594	52,651	961,545
Depreciation expense	40,629	32,056	50,755	58,417	181,857
Eliminate on disposal	-	-	-	-	-
Balance at 30 June 2007	328,517	254,468	449,349	111,068	1,143,402
Balance at 1 July 2007	328,517	254,468	449,349	111,068	1,143,402
Depreciation expense	41,786	30,981	47,078	64,497	184,342
Eliminate on disposal	-	-	(49,466)	(53,423)	(102,889)
Balance at 30 June 2008	370,303	285,449	446,961	122,142	1,224,855
Carrying amounts					
At 1 July 2006	94,809	76,505	68,609	239,439	479,362
At 30 June and 1 July 2007	70,953	53,522	95,699	181,022	401,196
At 30 June 2008	29,167	25,047	69,157	181,516	304,887

CONSOLIDATED

Movements for each class of property, plant & equipment are as follows:

Cost	Leasehold	Furniture	Computer	Motor	Total
	Improvements		Hardware	Vehicles	
	\$	\$	\$	\$	\$
Balance as at 1 July 2006	407,634	442,834	897,528	454,516	2,202,512
Additions	16,773	14,561	107,209	28,617	167,160
Disposals	-	-	-	(27,464)	(27,464)
Balance at 30 June 2007	424,407	457,395	1,004,737	455,669	2,342,208
Balance at 1 July 2007	424,407	457,395	1,004,737	455,669	2,342,208
Additions	2,270	2,506	71,996	146,685	223,457
Disposals	-	-	(67,286)	(147,301)	(214,587)
Balance at 30 June 2008	426,677	459,901	1,009,447	455,053	2,351,078
Accumulated depreciation					
Balance as at 1 July 2006	298,472	333,751	788,784	88,148	1,509,155
Depreciation expense	43,879	40,970	83,624	96,213	264,686
Eliminate on disposal	-	-	-	(11,546)	(11,546)
Balance at 30 June 2007	342,351	374,721	872,408	172,815	1,762,295
Balance at 1 July 2007	342,351	374,721	872,408	172,815	1,762,295
Depreciation expense	45,469	39,016	75,596	94,123	254,204
Eliminate on disposal	-	-	(63,554)	(85,809)	(149,363)
Balance at 30 June 2008	387,820	413,737	884,450	181,129	1,867,136
Carrying amounts					
At 1 July 2006	109,162	109,083	108,744	366,368	693,357
At 30 June and 1 July 2007	82,056	82,674	132,329	282,854	579,913
At 30 June 2008	38,857	46,164	124,997	273,924	483,942

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

Note 6: Intangible assets

Movements for each class of intangible asset are as follows:

Cost	CONSOLIDATED			PARENT		
	Acquired Computer Software	Acquired Client lists	Total	Acquired Computer Software	Acquired Client lists	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2006	1,066,120	-	1,066,120	671,943	-	671,943
Additions	92,525	371,981	464,506	30,943	-	30,943
Disposals	-	-	-	-	-	-
Balance at 30 June 2007	1,158,645	371,981	1,530,626	702,886	-	702,886
Balance at 1 July 2007	1,158,645	371,981	1,530,626	702,886	-	702,886
Additions	199,300	(2,546)	196,754	85,165	-	85,165
Disposals	(3,703)	-	(3,703)	(3,703)	-	(3,703)
Balance at 30 June 2008	1,354,242	369,435	1,723,677	784,348	-	784,348

Accumulated amortisation and impairment losses

Balance as at 1 July 2006	775,482	-	775,482	481,510	-	481,510
Amortisation expense	172,334	53,750	226,084	110,121	-	110,121
Eliminate on disposal	-	-	-	-	-	-
Balance at 30 June 2007	947,816	53,750	1,001,566	591,631	-	591,631
Balance at 1 July 2007	947,816	53,750	1,001,566	591,631	-	591,631
Amortisation expense	142,941	315,685	458,626	76,193	-	76,193
Eliminate on disposal	-	-	-	-	-	-
Balance at 30 June 2008	1,090,757	369,435	1,460,192	667,824	-	667,824

Carrying amounts

At 1 July 2006	290,638	-	290,638	190,433	-	190,433
At 30 June and 1 July 2007	210,829	318,231	529,060	111,255	-	111,255
At 30 June 2008	263,485	-	263,485	116,524	-	116,524

Note 7: Trade creditors and other payables

	CONSOLIDATED			PARENT		
	2008 Actual	2008 Budget	2007 Actual	2008 Actual	2008 Budget	2007 Actual
	\$	\$	\$	\$	\$	\$
Trade creditors	537,923	688,000	453,164	242,613	270,000	199,097
Other payables	42,875	85,000	124,376	29,365	45,000	97,086
Accrued expenses	229,564	174,450	162,997	37,562	78,250	53,707
Revenue in advance	1,100,782	644,000	3,318,573	538,572	225,000	1,972,715
Total trade creditors and other payables	1,911,144	1,591,450	4,059,110	848,112	618,250	2,322,605

Trade creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade creditors and other payables approximates their fair value.

Revenue in advance decreased over 2007 due to the reduction of fees received from the Building Consent Authorities Accreditation Programme and a reduction of the advance fees received from clients of New Zealand Council on Healthcare Standards (Incorporated).

Note 8: Employee entitlements

	CONSOLIDATED			PARENT		
	2008 Actual	2008 Budget	2007 Actual	2008 Actual	2008 Budget	2007 Actual
	\$	\$	\$	\$	\$	\$
Annual leave	405,700	420,000	344,076	247,878	236,000	210,151
Long Service Leave	82,075	109,000	85,241	62,323	88,000	65,834
Retirement Leave	16,962	14,000	15,296	16,962	14,000	15,296
Total	504,737	543,000	444,613	327,163	338,000	291,281

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

Note 9: Related party information

Testing Laboratory Registration Council of New Zealand has entered into a number of transactions with government departments, Crown agencies and state owned enterprises on an arm's length basis and where those parties are only acting in the course of the normal dealings with Testing Laboratory Registration Council of New Zealand. These transactions are not considered to be related party transactions.

Council owns 75% of the share capital of Telarc SAI Limited.

The share capital of Telarc SAI Limited is 600,000 Ordinary Shares.

The principal activity of Telarc SAI Limited is the business of providing management system assessments and recognition services.

Telarc SAI Limited balance date: 30 June

During the year the total transactions charged by Testing Laboratory Registration Council of New Zealand to Telarc SAI Limited were \$721,873, \$590,914 being overhead contribution fees and the balance for goods and services. Transactions charged to Testing Laboratory Registration Council by Telarc SAI Limited for goods and services were \$97,513 (2007 transactions charged by Testing Laboratory Registration Council were \$641,672, \$568,091 being overhead contribution fees and the balance for goods and services, and transactions charged to Testing Laboratory Registration Council for goods and services were \$100,190). There are no other related party transactions.

At year end Telarc SAI Limited owed the Council:

Current Account Advances: \$Nil (2007 Nil)

Payables: \$45,365 (2007 \$81,780)

At year end Council owed Telarc SAI Limited:

Payables: \$Nil (2007 \$Nil)

Key management personnel compensation

	CONSOLIDATED		PARENT	
	Actual 2008	Actual 2007	Actual 2008	Actual 2007
	\$	\$	\$	\$
Salaries and other short term employee benefits	2,367,288	2,127,553	1,680,508	1,539,129
Other long term benefits	46,141	56,781	31,556	45,781
Termination Benefits	16,962	15,296	16,962	15,296
Total key management personnel compensation	2,430,391	2,199,630	1,729,026	1,600,206

Note10: Employees' Remuneration

During the year the number of employees of the Council and Group, not being members and directors, who received remuneration and other benefits in excess of \$100,000 were:

Remuneration	Number of employees	
	2008	2007
\$240,000 - \$250,000	1	-
\$230,000 - \$240,000	-	1
\$180,000 - \$190,000	1	1
\$130,000 - \$140,000	1	-
\$110,000 - \$120,000	-	1
\$100,000 - \$110,000	4	1

The chief executive's remuneration is in the \$240,000 to \$250,000 band.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

Note 11: Council and Directors Fees

Council members and Telarc SAI Limited directors earned the following fees during the year

Council members	2008 \$	2007 \$
Dr T Barker (Until 11 April 2007)	-	9,375
J Brosnahan (From 1 May 2007)	12,500	2,083
Mr N Cann	12,500	12,500
Ms M R Dean	12,500	12,500
Mr R Dimmock, Acting Chair (Until 30 April 2007)	12,500	22,917
Dr J Hay	12,500	12,500
Dr R S Janes	12,500	12,500
Ms S Kennedy	12,500	12,500
Dr C Kyle (From 1 September 2007)	10,417	-
Dr R Pratt, Chair (From 1 May 2007)	25,000	4,167
Mr G Robertson (Until 30 April 2007)	-	10,417
Telarc SAI Limited Directors		
Mr G Hunt, Chair to 28/2/2008	18,750	25,000
Mr P Bone Chair (From 1 March 2008)	8,333	-
Mrs L Cruickshank	12,500	12,500
Mr R Dimmock	12,500	12,500
Mr A Scotton	-	-
Total Council and Directors fees	<u>175,000</u>	<u>161,459</u>

Note 12: Insurance Cover Directors and Employees

Council has effected Professional Indemnity and Directors & Officers Liability insurance cover for directors and employees.

Note 13: Financial Instruments

Credit Risk

Council has a minimal credit risk in its holdings of various financial instruments. These instruments include cash, bank deposits and accounts receivable.

Council places its investments with institutions that have a high credit rating. It also reduces its exposure to risk by limiting the amount that can be invested in any one institution. Council believes that these policies reduce the risk of any loss which could arise from its investment activities. Council does not require any collateral or security to support financial instruments.

There is no significant concentration of credit risk.

The maximum amount of credit risk for each class is the carrying amount in the Statement of Financial Position.

Fair Value

The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Council has no exposure to currency risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

There are no interest rate options or interest rate swap options in place as at 30 June 2008 (2007 nil). The interest rates on Council's investments are shown in Note 4.

The Council does not consider that there is any significant interest exposure on its investments.

Note 14: Major Budget Variations

Major budget variances for IANZ were increased revenue and associated costs with the Building Consent Authority programme. Telarc SAI Limited achieved and incurred additional costs associated with the purchase of the New Zealand Council of Healthcare Standards.

Note 15: Post balance date events

There are no significant events occurring between the year end and the signing of the financial statements to result in adjustments to the amounts in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

Note 16: Explanation of transition to NZ IFRS

	CONSOLIDATED 1 July 2006			PARENT 1 July 2006		
	Previous NZ GAAP	Effect on Transition NZ IFRS	NZ IFRS Restated	Previous NZ GAAP	Effect on Transition NZ IFRS	NZ IFRS Restated
	\$	\$	\$	\$	\$	\$
EQUITY						
Parent entity Interest	3,125,851	(76,530)	3,049,321	2,790,130	(59,130)	2,731,000
TOTAL EQUITY	3,125,851	(76,530)	3,049,321	2,790,130	(59,130)	2,731,000
Represented by:						
ASSETS						
Current assets						
Cash and cash equivalents	72,142	-	72,142	17,491	-	17,491
Trade and other receivables	1,623,682	-	1,623,682	1,015,538	-	1,015,538
Other financial assets: prepayments	117,452	-	117,452	63,164	-	63,164
Short-term deposit investments	1,803,996	-	1,803,996	1,411,892	-	1,411,892
Total current assets	3,617,272	-	3,617,272	2,508,085	-	2,508,085
Non current assets						
Investments (Shares in Telarc SAI Limited)	-	-	-	500,000	-	500,000
Property, Plant and Equipment	693,359	-	693,359	479,363	-	479,363
Total non current assets	693,359	-	693,359	979,363	-	979,363
Intangible assets						
Computer software	290,637	-	290,637	190,432	-	190,432
Total intangible assets	290,637	-	290,637	190,432	-	190,432
TOTAL ASSETS	4,601,268	-	4,601,268	3,677,880	-	3,677,880
LIABILITIES						
Current liabilities						
Payables	1,171,116	-	1,171,116	672,612	-	672,612
Employee entitlements	304,301	76,530	380,831	215,138	59,130	274,268
Total current liabilities	1,475,417	76,530	1,551,947	887,750	59,130	946,880
TOTAL LIABILITIES	1,475,417	76,530	1,551,947	887,750	59,130	946,880
NET ASSETS	3,125,851	(76,530)	3,049,321	2,790,130	(59,130)	2,731,000

There were no adjustments required to the financial statements for the financial year to 30 June 2007 in relation to the transition to NZ IFRS.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

Note 17: Reconciliation of reported operating surplus with net cash flow from operating activities

	CONSOLIDATED			PARENT		
	2008 Actual \$	2008 Budget \$	2007 Actual \$	2008 Actual \$	2008 Budget \$	2007 Actual \$
Net Operating Surplus (Deficit)	(241,219)	22,114	(129,423)	(127,208)	(3,841)	(96,100)
<i>Add (less) non cash item:</i>						
Depreciation	248,990	269,450	260,463	184,794	173,100	181,857
Amortisation Computer Software	143,044	143,100	226,084	76,295	76,100	110,121
Amortisation Client lists purchased	315,685	371,985	-	-	-	-
Total non cash items	707,719	784,535	486,547	261,089	249,200	291,978
<i>Add (less) movement in working capital items:</i>						
Decrease (increase) in receivables	(8,409)	(269,097)	(322,103)	(86,574)	(25,581)	154,883
(Decrease) increase in payables	(15,831)	210,377	142,787	(40,349)	49,506	95,866
Increase in employee entitlements	60,124	98,387	63,782	35,882	46,719	17,013
(Decrease) increase in other provisions	(2,217,790)	(2,674,573)	2,655,052	(1,434,143)	(1,747,715)	1,564,256
Working capital movements - net	(2,181,906)	(2,634,906)	2,539,518	(1,525,184)	(1,677,071)	1,832,018
<i>Add (less) items classified as investing activities:</i>						
Net loss (gain) on disposal of assets	5,214	-	4,223	(452)	-	-
Net (gain) on disposal of intangibles	(102)	-	-	(102)	-	-
Dividend received	-	-	-	-	-	(320,000)
Proceeds from sale of Shares in Telarc SAI Limited	-	-	(249,204)	-	-	(249,204)
Net cash flow from operating activities	(1,710,294)	(1,828,257)	2,651,661	(1,391,857)	(1,431,712)	1,458,692

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

Note 18: Capital management

Testing Laboratory Registration Council of New Zealand's capital is its equity, which comprises accumulated funds.

Testing Laboratory Registration Council of New Zealand is subject to the financial management and accountability of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

Testing Laboratory Registration Council of New Zealand manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure Testing Laboratory Registration Council of New Zealand effectively achieves its objectives and purpose, whilst remaining a going concern.

NOTE 19: Cash and cash equivalents

	CONSOLIDATED		PARENT	
	Actual 2008	Actual 2007	Actual 2008	Actual 2007
	\$	\$	\$	\$
Cash on hand and at bank	43,542	219,218	(19,678)	54,223
Cash equivalents - short term deposit investments	2,376,746	4,213,407	1,820,842	3,308,294
Total cash and cash equivalents	2,420,288	4,432,625	1,801,164	3,362,517

NOTE 20: Commitments

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$
Capital commitments approved and contracted	-	-	-	-
Non-cancellable operating lease commitments, payable:				
Not later than one year	424,261	513,938	209,450	272,897
Later than one year and not later than two years	139,258	441,381	-	204,673
Later than two year and not later than five years	48,858	280,208	-	-
Later than five years	-	-	-	-
Total Non-cancellable operating lease commitments, payable:	612,377	1,235,527	209,450	477,570

Testing Laboratory Registration Council of New Zealand leases one Auckland office property. The lease expires March 2009 with an option to renew for a further term of six years.

Telarc SAI Limited leases seven office properties, and a significant proportion of the total non-cancellable operating lease expense relates to the Auckland head office property. The lease expires in November 2010 with an option to renew for a further term of six years.

There are no restrictions placed on Testing Laboratory Registration Council or Telarc SAI Limited by any of their leasing arrangements.

Other non-cancellable contracts

There are no material non-cancellable contracts at balance date. (2007 Nil).

Note 21: Contingent liabilities as at 30 June 2007

As at balance date there are no known contingent liabilities. (2007 Nil)

APPENDIX 1

COUNCIL MEMBERS AND MANAGEMENT

Council Members

Dr Robin Pratt (Chair)	Company Director, Christchurch
Dr Richard Janes (Deputy Chair)	Company Director, Wellington
Jo Brosnahan	Company Director, Auckland
Nigel Cann	General Manager, Melbourne
Miriam Dean QC	Barrister, Auckland
Richard Dimmock	Company Director, Auckland
Dr John Hay	Chief Executive Officer, Wellington
Sarah Kennedy	Chief Executive Officer, Auckland
Dr Campbell Kyle	Clinical Pathologist, Auckland

Telarc SAI Limited Board

David Bone (Chair)	Company Director, Auckland
Lisa Cruickshank	Company Director, Auckland
Richard Dimmock	Company Director, Auckland
Anthony Scotton	Chief Executive, Sydney

International Accreditation New Zealand

Dr Llewellyn Richards	Chief Executive
Barry Ashcroft	General Manager – Accreditation Services
Jane Busby	Programme Manager – Radiology Services Accreditation
Phil Carter	Manager Quality Improvement
Alan Glover	Assistant General Manager – Accreditation Services Programme Manager – Metrology and Calibration, Applied Physics, Electrical and Wool Testing Accreditation
Geoff Hallam	Programme Manager – Inspection Body Accreditation
Denys Hatch	Manager Business Services
Anne Hofstra	Programme Manager – Biological/Chemical/Dairy Testing Accreditation
Phil Holliday	Programme Manager – Gas Cylinder Testing Accreditation
Glenn O’Leary	Manager Information Technology
Nigel Perfect	Chief Financial Officer
Ian Roy	Manager International Affairs and Government Liaison
Keith Towl	Programme Manager – Mechanical Testing Accreditation
Shelli Turner	Programme Manager – Medical Testing Accreditation

Dian Wilkinson
Dr Greg Williams

Manager Administration
General Manager – New Zealand Quality College

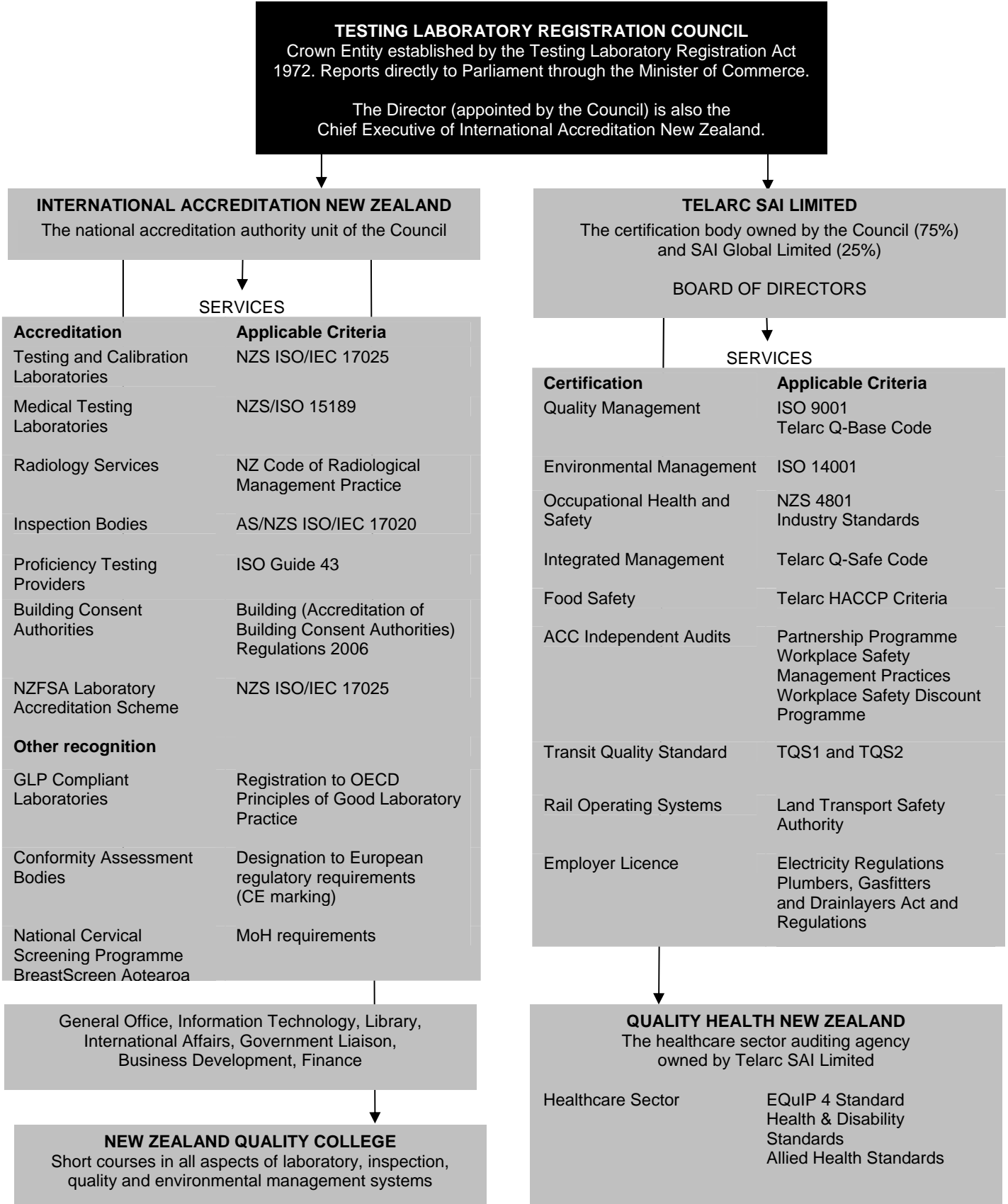
Telarc SAI Limited

Peter Rose
John Freeman
Tony Bennett
Robyn Brown
John Bryden
Bob Greenough
Chris Jackson
Isabella Wright

Chief Executive
Deputy CEO / Southern Region Operations Manager
Technical & Certification Manager
Quality Health Accreditation Programme Manager
Northern Region Operations Manager
ACC/Health & Safety Programme Manager
Business & Programme Development Manager
Quality Health Certification Programme Manager

APPENDIX 2

COUNCIL STRUCTURE AND SERVICES



APPENDIX 3

ACCREDITATION AND CERTIFICATION EXPLAINED

Accreditation

Accreditation requires organisations to meet exacting conditions of technical competence in seven areas of their operations, facilities and procedures.

1 Personnel

The agency must be managed and staffed by personnel with appropriate technical qualifications. Staff must also have significant experience in their fields of inspection and testing, a thorough understanding of the scientific principles underlying their work and sound operational and managerial skills. The evaluation of laboratory staff expertise is a major component of the IANZ accreditation process.

2 Accommodation and Environment

Many measurement and test procedures must be carried out under tightly controlled environmental conditions or in sterile or electromagnetically screened accommodation. Accreditation of an organisation is dependent upon its accommodation and environmental controls being found to be appropriate for its work.

3 Inspection, Test and Measurement Procedures

Accreditation is available only for validated inspection and test methods that are known to produce reliable results. An IANZ accredited organisation must implement rigorous quality control procedures to demonstrate the ongoing validity of their test and inspection methods. It must also properly determine its uncertainties of measurement and its limits of detection.

4 Test Equipment

An accredited laboratory or inspection body must use test and measuring equipment as specified in its validated methods. This equipment must be well maintained and regularly calibrated. Such calibrations must, where appropriate, be traceable to the New Zealand national standards of measurement maintained by the Measurement Standards Laboratory under the authority of the Measurement Standards Act 1992.

5 Reference Standards and Materials

An accredited organisation must be equipped with an appropriate range of reference measurement standards and reference materials sufficient to be able to demonstrate the accuracy of its tests and measurements. These essential quality control materials must have demonstrated traceability to appropriate international standards.

6 Records and Reports

An accredited laboratory or inspection body must maintain complete records of its inspections and tests and must issue reports in formats that meet international standards for such documents.

7 Quality Management

An accredited laboratory or inspection body must implement a quality management system that is essentially in compliance with the requirements of ISO 9001: 2000.

An Accredited Organisation

Any organisation providing inspection, testing or measurement services may apply for accreditation under the Testing Laboratory Registration Act (1972). The organisation is subjected to a searching assessment of its expertise, facilities, resources, operations, procedures and quality systems by a team of independent, technical experts accompanied by an IANZ accreditation assessor. Technical experts are selected for their personal expertise in the specific field involved. They are drawn from industry, academic institutions, research associations, government and private sector bodies in both Australia and New Zealand.

When full compliance with the accreditation criteria is achieved, the organisation is formally accredited by IANZ and may then be referred to as an Accredited Laboratory, Accredited Radiology Service, Accredited Inspection Body, or Accredited Calibration Laboratory, as appropriate.

Accredited organisations are subjected to annual reassessments to ensure that they continue to comply with the accreditation criteria. More frequent reassessments are carried out if necessary.

It should be noted that accreditation does not constitute a blanket endorsement of all of an organisation's activities. Accreditation is granted only for specific types of work in which the organisation has demonstrated its expertise. This work is defined in the organisation's Scope of Accreditation which is published on the IANZ website: www.ianz.govt.nz/directory. It is also printed in a schedule to each accredited organisation's certificate of accreditation, copies of which should be available from the organisations themselves.

Certification

Certification/registration is when an independent and competent third party certifies that a product, service, system, process or material conforms to specific requirements.

The most well known examples are the certification of quality management systems and environmental management systems as conforming, respectively, to ISO 9000 and ISO 14000 standards.

Over 900,000 businesses in 170 countries are certified with quality management systems that comply with ISO 9001, and over 23,000 businesses in 84 countries are certified with environmental management systems that comply with ISO 14001.

In the ISO 9001 and ISO 14001 context, "certification" and "registration" are used interchangeably and they both mean the same thing. One term is preferred over the other depending on the country. Likewise, the bodies that issue ISO 9001 or ISO 14001 certificates are referred to in some countries as "certification bodies" and in others as "registration bodies" or "registrars".

The International Organisation for Standardisation (ISO), as the publisher of standards, does not issue certificates of conformity to any standard; these are issued by certification/registration bodies, which are independent of ISO and of the businesses they certify. There is over 740 certification or registration bodies worldwide.

The world association of Conformity Assessment Accreditation Bodies, the International Accreditation Forum, Inc. (IAF), requires that certification/registration bodies accredited by IAF accreditation body members comply with one of the international ISO/IEC Guides 62, 65 and/or 66 and the IAF Guidance to those Guides. The guides are designed to ensure that certification/registration bodies are both competent to carry out the work involved and are operated independently of businesses that are certified.

Quality and environmental management system certification assures users and customers that the business has management systems in place that comply with ISO 9001 or ISO 14001 standards, irrespective of the business and its work. To maintain compliance, standards are monitored by regular surveillance.

Product certification is specific to a particular product produced by a particular business. Product certification assures users and regulators that the certified product complies with the standard(s) specified on the certificate. Product certification may be limited to compliance with one or more standards even though the product may be subject to many standards.

APPENDIX 4

GLOSSARY OF ACRONYMS

ACC	Accident Compensation Corporation
ACHS	Australian Council on Healthcare Standards
APLAC	Asia Pacific Laboratory Accreditation Cooperation
AS	Australian Standard
BCA	Building Consent Authority
CE	European Conformity
EA	European cooperation for Accreditation
EEO	Equal Employment Opportunities
EQulP	Evaluation and Quality Improvement Programme
GLP	Good Laboratory Practice
GST	Goods and Services Tax
HACCP	Hazard Analysis and Critical Control Point
HSNO	Hazardous Substances and New Organisms
IAF	International Accreditation Forum
IANZ	International Accreditation New Zealand
IEC	International Electrotechnical Commission
IFRS	International Financial Reporting Standards
ILAC	International Laboratory Accreditation Cooperation
ISO	International Organisation for Standardisation
JAS-ANZ	Joint Accreditation System of Australia and New Zealand
MoH	Ministry of Health
MoU	Memorandum of Understanding
MRA	Mutual Recognition Arrangement
NATA	National Association of Testing Authorities
NZFSA	New Zealand Food Safety Authority
NZQC	New Zealand Quality College
NZS	New Zealand Standard
OECD	Organisation for Economic Cooperation and Development
QC	Queen's Counsel
QHNZ	Quality Health New Zealand
TQS	Transit New Zealand Quality Standard
WTO	World Trade Organisation

Testing Laboratory Registration Council
626 Great South Road, Ellerslie
Private Bag 28908, Remuera
Auckland
New Zealand

Tel: 64 9 525 6655

Fax: 64 9 525 2266

Email: info@ianz.govt.nz

www.ianz.govt.nz