

# **Hunter Primary Care Limited**

## **Financial Statements**

**for the Financial Year Ended 30 June 2018**

# Hunter Primary Care Limited

## Financial Statements for the Financial Year Ended 30 June 2018

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## Hunter Primary Care Limited

# Directors' Report

## 30 June 2018

The directors present their report on Hunter Primary Care Limited for the financial year ended 30 June 2018.

### General information

#### Directors

The names of the directors in office at any time during, or since the end of, the year are:

##### Names

Mr Steven Adams  
Mr Richard Anicich, AM  
Dr Mark Foster  
Ms Jennifer Hayes  
Dr Peter Hopkins  
Mr Scott Puxty  
Dr Milton Sales  
Mr Laurence (Benjamin) Wilkins

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### Company secretary

The following person held the position of Company secretary at the end of the financial year:

Mr Phillip (Jack) Hanson

Mr Phillip (Jack) Hanson is the Corporate Services Executive of Hunter Primary Care Limited.

#### Principal activities and significant changes in nature of activities

The principal activities of Hunter Primary Care Limited during the financial year were:

- A non-profit health promotion charity and community health services organisation, servicing the needs of primary health care clinicians in the delivery of care to their patients and communities.
- This includes operating GP Access After Hours which provides an integrated system of after hours primary medical care for four Local Government Areas.
- Mental Health Services supports primary health care clinicians in providing mental health care services and facilities access to mental health care for patients.
- IT Services provides systems and desktop support to general practice and other health providers both within and beyond the Medical local boundaries.

There were no significant changes in the nature of Hunter Primary Care Limited's principal activities during the financial year.

#### Operating results

The profit of the Company for the financial year ended 30 June 2018 amounted to \$ 741,363 (2017: \$ 464,378).

## Hunter Primary Care Limited

# Directors' Report

30 June 2018

### Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

### Environmental matters

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

### Information on directors

Mr Steven Adams	Director
Qualifications	FAICD, AdvDip Bus Man
Experience	Clinical Governance Committee
Mr Richard Anicich, AM	Director
Qualifications	BCom, LLB, FAICD
Experience	Deputy Chair of Board, Finance Audit and Risk Management Committee
Dr Mark Foster	Director
Qualifications	MBBS; M Med Sci; FRACGP; DA; FFARCS; Dip RACOG; GAICD
Experience	Clinical Governance Committee
Ms Jennifer Hayes	Director
Qualifications	BBus, MBus, CPA, GAICD
Experience	Chair of Finance, Audit and Risk Management Committee
Dr Peter Hopkins	Director
Qualifications	MBBS (Hons); M Med Sc (EPI); FRACGP
Experience	Chair of Board, Chair of Nomination and Remuneration Committee
Mr Scott Puxty	Director
Qualifications	BCom, Dip Law, MBusAdmin, GAICD
Experience	Nomination and Remuneration Committee
Dr Milton Sales	Director
Qualifications	MBBS; Dip RANZCOG; FRACGP
Experience	Chair of Clinical Governance Committee
Mr Laurence (Benjamin) Wilkins	Director
Qualifications	BPharm; AACPA; GAICD
Experience	Nomination and Remuneration Committee
Ms Kirsty Porteous	External member
Qualifications	BCom; CA; RCA
Experience	Finance, Audit and Risk Management Committee

**Hunter Primary Care Limited**

**Directors' Report**

**30 June 2018**

**Information on directors (Cont'd)**

Ms Melissa O'Brien External member  
 Qualifications Dip AppSc (Nursing); PgD Acute Care (Nursing); Grad Cert Stomal Therapy; M Clinical Leadership (Nursing), Honorary Clinical Fellow.  
 Experience Clinical Governance Committee

**Meetings of directors**

During the financial year, 15 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

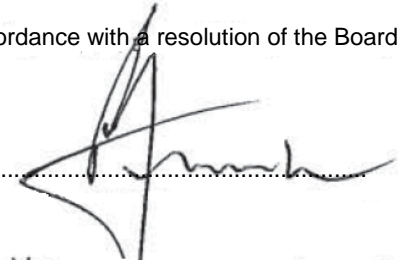
	Directors' Meetings		Finance Audit & Risk Management Committee		Clinical Governance Committee		Nomination and Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Steven Adams	6	6	-	-	2	1	-	-
Mr Richard Anicich, AM	6	6	4	4	-	-	-	-
Dr Mark Foster	6	6	-	-	2	1	-	-
Ms Jennifer Hayes	6	6	4	4	-	-	-	-
Dr Peter Hopkins	6	6	-	-	-	-	3	3
Mr Scott Puxty	6	5	-	-	-	-	3	3
Dr Milton Sales	6	5	-	-	2	2	-	-
Mr Laurence (Benjamin) Wilkins	6	6	-	-	-	-	3	3
Ms Melissa O'Brien	-	-	-	-	2	-	-	-
Ms Kirsty Porteous	-	-	4	4	-	-	-	-

**Indemnification and insurance of officers and auditors**

During the financial year, the Company paid a premium in respect of a contract insuring the directors of Hunter Primary Care Limited, the company secretary and all executive officers of the Company against liability incurred as such a director, secretary or executive officer to the extent permitted by the Australian Charities and Not-for-Profits Commission (ACNC) Act 2012. The contract of insurance prohibits disclosure of the nature of the liability and the amount of insurance.

The Company has not otherwise, during or since the end of the financial year except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred as such an officer or auditor.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Director: 

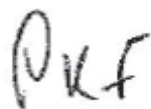
Dated this 5th day of September 2018

Hunter Primary Care Limited

**Auditor's Independence Declaration under Section 307C  
of the Corporations Act 2001**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profits Commission (ACNC) Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



CLAYTON HICKEY  
PARTNER

5 SEPTEMBER 2018  
NEWCASTLE, NSW

## INDEPENDENT AUDIT REPORT

### TO THE MEMBERS OF HUNTER PRIMARY CARE LIMITED

#### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Hunter Primary Care Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended; and
- (ii) complying with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

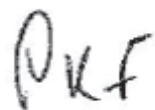
Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Report

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

## Uncertainty Regarding Going Concern

Without modifying our opinion, we draw attention to Note 1(g) in the financial statements which indicates the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the ordinary course of business.



PKF



CLAYTON HICKEY  
PARTNER

5 SEPTEMBER 2018  
NEWCASTLE, NSW



# Hunter Primary Care Limited

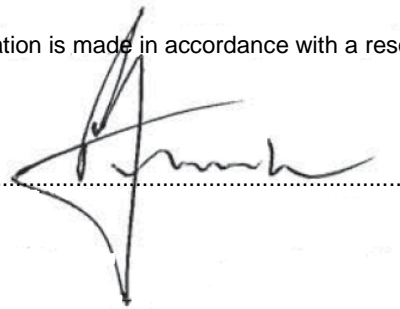
## Directors' Declaration

The directors of the Company declare that:

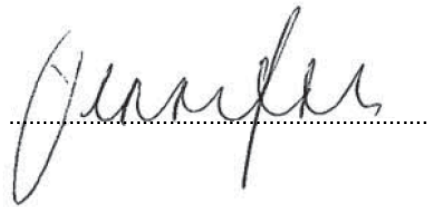
1. The financial statements and notes as set out on pages 8 to 24 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year
2. In the directors' opinion, there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable with due reference to Note 1(g) to the financial statements.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....



Director .....



Dated this 5<sup>th</sup> day of September 2018

# Hunter Primary Care Limited

## Statement of Profit or Loss and Other Comprehensive Income For the Financial Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Revenue	3	23,434,313	20,798,056
Other revenue	3	135,783	94,284
Employee benefits expense	3	(15,486,960)	(13,874,360)
Depreciation and amortisation expense		(180,109)	(159,939)
Administration Expenses		(2,039,987)	(2,466,274)
Sub-contractors expense		(3,424,776)	(2,628,745)
Occupancy Expense		(1,421,600)	(1,125,471)
Other operating expenses		(275,301)	(173,173)
<b>Surplus before income tax</b>		<b>741,363</b>	<b>464,378</b>
Income tax expense	1(h)	-	-
<b>Surplus for the year</b>		<b>741,363</b>	<b>464,378</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>741,363</b>	<b>464,378</b>

The accompanying notes form part of these financial statements.

# Hunter Primary Care Limited

## Statement of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	14(a)	8,552,754	9,257,904
Trade and other receivables	6	1,386,287	1,308,071
Other current assets		188,493	161,277
Inventories		35,280	10,593
Other financial assets		145,665	145,665
<b>TOTAL CURRENT ASSETS</b>		<b>10,308,479</b>	<b>10,883,510</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	1,209,613	182,996
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,209,613</b>	<b>182,996</b>
<b>TOTAL ASSETS</b>		<b>11,518,092</b>	<b>11,066,506</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	1,432,006	4,122,284
Provisions	9	1,587,868	1,517,456
Other financial liabilities	10	4,102,994	1,815,273
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,122,868</b>	<b>7,455,013</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee provisions	9	301,731	259,363
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>301,731</b>	<b>259,363</b>
<b>TOTAL LIABILITIES</b>		<b>7,424,599</b>	<b>7,714,376</b>
<b>NET ASSETS</b>		<b>4,093,493</b>	<b>3,352,130</b>
<b>EQUITY</b>			
Donations Reserve	11	39,952	29,491
Retained earnings		4,053,541	3,322,639
<b>TOTAL EQUITY</b>		<b>4,093,493</b>	<b>3,352,130</b>

The accompanying notes form part of these financial statements.

# Hunter Primary Care Limited

## Statement of Changes in Equity For the Year Ended 30 June 2018

2018

	Accumulated Surplus	Donations Reserve	General Reserves	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>3,322,639</b>	<b>29,491</b>	-	<b>3,352,130</b>
Surplus for the year	741,363	-	-	741,363
Transfer from accumulated surplus to donation reserve	(10,461)	10,461	-	-
<b>Balance at 30 June 2018</b>	<b>4,053,541</b>	<b>39,952</b>	-	<b>4,093,493</b>

2017

	Accumulated Surplus	Donations Reserve	General Reserves	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	473,333	-	2,414,419	2,887,752
Surplus for the year	464,378	-	-	464,378
Transfer from general reserve to accumulated surplus	2,414,419	-	(2,414,419)	-
Transfer from accumulated surplus to reserves	(29,491)	29,491	-	-
<b>Balance at 30 June 2017</b>	<b>3,322,639</b>	<b>29,491</b>	-	<b>3,352,130</b>

The accompanying notes form part of these financial statements.

# Hunter Primary Care Limited

## Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
<b><u>Cash flows from operating activities:</u></b>		
Receipts from clients and funding bodies	23,674,351	21,287,353
Payments to suppliers and employees	(23,299,831)	(19,601,620)
Interest received	127,056	87,428
Net cash provided by/(used in) operating activities	14(b) <u>501,576</u>	<u>1,773,161</u>
<b><u>Cash flows from investing activities:</u></b>		
Payment for plant and equipment	(1,206,726)	(102,054)
Purchase of financial assets	-	(145,665)
Net cash used by investing activities	<u>(1,206,726)</u>	<u>(247,719)</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>(705,150)</b>	<b>1,525,442</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>9,257,904</b>	<b>7,732,462</b>
<b>Cash and cash equivalents at end of financial year</b>	14(a) <u><u>8,552,754</u></u>	<u><u>9,257,904</u></u>

The accompanying notes form part of these financial statements.

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

The financial statements are for Hunter Primary Care Limited (Company) as an individual entity, incorporated and domiciled in Australia. Hunter Primary Care Limited is a not-for-profit Company limited by guarantee.

The functional and presentation currency of Hunter Primary Care Limited is Australian dollars.

### 1 Summary of Significant Accounting Policies

#### (a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profits Commission (ACNC) Act 2012*.

Material accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### (b) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (c) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the Company to an employee superannuation fund and are charged as expense when incurred.

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies (Cont'd)

#### (d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

#### (f) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

#### (g) Going concern

Hunter Primary Care Limited is required to tender for a significant portion of its funding agreements through HNECC Limited (HNECC) which is a Primary Health Network (PHN), the Department of Health (DOH), as well as other funding bodies. As at the date of this report, a material portion of revenues is based on funding that expires on 30 June 2019 and it is unknown whether Hunter Primary Care will be successful in the tendering processes for future funding past 30 June 2019.

If the Company is broadly unsuccessful in this process and/or unable to obtain sufficient funding for its continuing obligations, the Company may not be able to continue as a going concern, and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

Notwithstanding this uncertainty, Hunter Primary Care Limited has considerable financial resources, a broad portfolio of services, a number of distinct customers, and several medium term contracts that extend beyond 30 June 2019. Hunter Primary Care has both a good reputation and a proven track record of successful tender applications. On this basis, the directors of Hunter Primary Care have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the Board has determined it appropriate that the financial report be prepared on a going concern basis, in the belief that the Company will realise its assets and settle its liabilities and commitments in the normal course of business for a period not less than one year from the date of signing the financial report.

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies (Cont'd)

#### (h) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

#### (i) Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services or unspent contract funding is required to be repaid to the funding provider.

#### (j) Property, plant and equipment

Classes of property, plant and equipment using the cost method.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

The depreciable amount of all property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Plant and Equipment	15% - 40%
Leasehold improvements	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

#### (k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefit required to settle a provision are expected to be recovered from a



# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies (Cont'd)

third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

#### (l) Revenue recognition

Non-reciprocal grant revenue is recognised in profit and loss when the entity obtains the control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Donations are recognised as revenue when received.

Revenue from the rendering of service is recognised upon the delivery of the service to the customer.

Interest is recognised using the effective interest method.

Revenue from the disposal of assets is recognised when the Company has passed control of the goods or other assets to the buyer.

All revenue is stated net of the amount of goods and services tax (GST).

#### (m) Receivables

Trade accounts receivable generally settled within 30 days are carried at amounts due. A provision is raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off in the period in which they are identified.

#### (n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company.

- AASB 9: Financial Instruments (December 2014) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).
- AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods beginning on or after 1 January 2019).
- AASB 16: Leases (applicable for annual reporting periods beginning on or after 1 January 2019).

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

### 2 Critical Accounting Estimates and Judgments

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

#### Long service leave provision

As discussed in Note 1(k), the liability for long service leave is recognised and measured at the present value of estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### 3 Revenue

	2018	2017
	\$	\$
<b>Operating activities</b>		
Service Revenue	5,321,857	4,737,925
Interest received	135,963	109,357
Government grants	17,976,493	15,950,774
Total operating revenue	<u>23,434,313</u>	<u>20,798,056</u>

#### (a) Other Income breakup

Other income	<u>135,783</u>	94,284
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### 4 Expenses

Rental expense on operating lease	962,278	703,853
Depreciation	180,109	159,939
Employee benefits expense	<u>15,486,960</u>	<u>13,874,360</u>

### 5 Remuneration of Auditors

Audit of the financial report	40,400	39,600
Other assurance services	7,500	7,500
	<u>47,900</u>	<u>47,100</u>

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

	2018 \$	2017 \$
<b>6 Current trade and other receivables</b>		
Trade receivables	269,291	90,357
Provision for impairment	(863)	(900)
GST receivable	13,897	289,314
Other receivables	1,103,962	929,300
	<u>1,386,287</u>	<u>1,308,071</u>

### Credit risk

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Company.

The following table details the Company's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Past due and impaired \$	<30 \$	31 - 60 \$	61 - 90 \$	> 90 \$
<b>2018</b>						
Trade and term receivables	269,291	863	52,427	196,384	14,867	4,750
<b>Total</b>	<u>269,291</u>	<u>863</u>	<u>52,427</u>	<u>196,384</u>	<u>14,867</u>	<u>4,750</u>
<b>2017</b>						
Trade and term receivables	90,357	900	68,107	9,688	3,747	7,915
<b>Total</b>	<u>90,357</u>	<u>900</u>	<u>68,107</u>	<u>9,688</u>	<u>3,747</u>	<u>7,915</u>

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

### 7 Property, plant and equipment

#### Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment \$	Leasehold Improvements \$	Total \$
<b>Year ended 30 June 2018</b>			
Balance at the beginning of year	148,802	34,194	182,996
Additions	45,001	1,161,725	1,206,726
Depreciation expense	(97,510)	(82,599)	(180,109)
<b>Balance at the end of the year</b>	<b>96,293</b>	<b>1,113,320</b>	<b>1,209,613</b>

	Plant and Equipment \$	Improvements \$	Total \$
<b>Year ended 30 June 2017</b>			
Balance at the beginning of year	240,881	-	240,881
Additions	44,496	57,558	102,054
Depreciation expense	(136,575)	(23,364)	(159,939)
<b>Balance at the end of the year</b>	<b>148,802</b>	<b>34,194</b>	<b>182,996</b>

	2018 \$	2017 \$
<b>8 Trade and other payables</b>		
Trade payables	156,259	3,476,745
Sundry payables and accrued expenses	1,275,747	645,539
	<b>1,432,006</b>	<b>4,122,284</b>

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

<b>9 Provisions</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Provision for employee benefits	1,587,868	1,437,456
Make good provision (123 King Street)	-	80,000
	<u>1,587,868</u>	<u>1,517,456</u>
<b>Non-Current</b>		
Provision for employee benefits	<u>301,731</u>	<u>259,363</u>
<b>10 Other Financial Liabilities</b>		
Deferred Income	<u>4,102,994</u>	<u>1,815,273</u>
	<u>4,102,994</u>	<u>1,815,273</u>
<b>11 Donations Reserve</b>		
Balance at the beginning of the financial year	29,491	-
Total transfer from accumulated surplus	<u>10,461</u>	<u>29,491</u>
	<u>39,952</u>	<u>29,491</u>
<b>12 Leases</b>		
<b>Operating Leases</b>		
<b>Non-cancellable operating lease payments</b>		
Not later than one year	668,000	611,004
Longer than 1 year and not longer than 5 years	1,718,647	2,182,357
Longer than five years	-	-
	<u>2,386,647</u>	<u>2,793,361</u>

The Company has two leases on Ricoh photocopiers.

### 13 Members' Guarantee

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 20 each towards meeting any outstandings and obligations of the Company. At 30 June 2018 the number of members was 1,254 (2017: 1,217).

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

### 14 Notes to the statement of cash flows

#### (a) Reconciliation of cash

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<b>8,552,754</b>	9,257,904
	<b>8,552,754</b>	9,257,904

#### (b) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2018	2017
	\$	\$
Profit for the year	<b>741,363</b>	464,378
Depreciation expense	<b>180,109</b>	159,939
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	<b>(78,216)</b>	(1,064,719)
- (increase)/decrease in other assets	<b>(27,216)</b>	19,421
- (increase)/decrease in inventories	<b>(24,687)</b>	(5,720)
- increase/(decrease) in trade and other payables	<b>(438,496)</b>	2,540,184
- increase/(decrease) in provisions	<b>112,780</b>	56,588
- increase/(decrease) in other current liabilities	<b>35,939</b>	(396,910)
Cashflows from operations	<b>501,576</b>	1,773,161

### 15 Financial Risk Management

The main risks Hunter Primary Care Limited is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk.

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and leases.

The reporting Company limited by guarantee does not have any derivative financial instruments at 30 June 2018.

#### Liquidity risk

The Company's liquidity risk arises from the risk that it will encounter difficulty in meeting its obligations associated with financial liabilities. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

The Company's liabilities have contractual maturities which are summarised below:

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

### 15 Financial Risk Management (Cont'd)

#### Liquidity risk (Cont'd)

	Less than 1 year		1 to 5 years		5+ years	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Trade and other payables	1,432,006	4,122,284	-	-	-	-

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available).

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises from the holding cash and cash equivalents. The Company actively monitors interest rates for cash at bank and on deposits to maximise interest income. The Company accepts the risk in relation to fixed interest securities as they are held to generate income on surplus funds.

As at the reporting date, the Company had the following variable rate cash exposure:

	2018	2017
	\$	\$
<b>Cash and cash equivalents</b>		
Cash at bank	8,698,419	9,403,569

The sensitivity analysis below has been determined based on the exposure to interest rates for both non-derivative instruments at reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 1% higher or lower and all other variables were held constant, the Company's net profit would increase or decrease by \$86,984 (2017: \$94,035). This is attributable to the Company's exposure to interest rates on its variable cash deposits.

The short-term bank deposits were subject to interest at the market variable rate being 1.4% (2017: 1.4%) as at 30 June 2018.

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

### 15 Financial Risk Management (Cont'd)

Financial assets are held as term deposits over a 9 - 12 month period at a fixed rate between 1.85% and 2.50% p.a. Financial liabilities are not subject to interest rate risk as they are non-interest bearing.

	2018	2017
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	8,552,754	9,257,904
Trade and other receivables	1,386,287	1,308,071
	<u>9,939,041</u>	<u>10,565,975</u>
<b>Financial Liabilities</b>		
Trade and other payables	1,432,006	4,122,284
	<u>1,432,006</u>	<u>4,122,284</u>

### 16 Key Management Personnel Compensation

The directors and other members of key management personnel of the Company during the year were:

Dr Peter Hopkins	Director
Mr Steven Adams	Director
Mr Richard Anicich, AM	Director
Dr Mark Foster	Director
Ms Jennifer Hayes	Director
Dr Milton Sales	Director
Mr Scott Puxty	Director
Mr Laurence (Benjamin) Wilkins	Director
Ms Brenda Ryan	CEO
Mr Phillip (Jack) Hanson	Company Secretary / Executive
Ms Katrina Delamothe	Executive
Mr Keith Drinkwater	Executive
Ms Melissa O'Brien	External - Clinical Governance Committee
Ms Kirsty Porteous	External - Finance Audit and Risk Management

The totals of remuneration paid to the key management personnel of Hunter Primary Care Limited during the year are as follows:

	2018	2017
	\$	\$
Short-term employee benefits	872,966	956,249
Post-employment benefits	71,942	63,721
	<u>944,908</u>	<u>1,019,970</u>



# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

### 17 Related Parties

The Company's main related parties are as follows:

#### (a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 16 Key Management Personnel (KMP) Compensation.

#### (b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Mr Richard Anicich, AM, is a consultant at Sparke Helmore. Sparke Helmore provided legal services to the Company throughout the financial year to the total of \$53,338 (2017: \$15,095).

Dr Mark Foster is a Director of Community Healthcare. IT services were provided to the organisation throughout the financial year to the total of \$13,500 (2017: \$28,635). The Company hired clinic rooms from Community Healthcare throughout the financial year to the total of \$10,780 (2017:\$9,460).

Mr Milton Sales is the Chairperson of The Hunter Postgraduate Medical Institute (HPMI). HPMI received \$17,642 for sponsorship and attendance at triage courses.

Mr Benjamin Wilkinson was an employee of Bagga's Pharmacy. Bagga's Pharmacy received \$480 from the company for providing medical packs to clients.

Mr Scott Puxty is a Public Officer of Barkuma Neighbourhood Centre. Barkuma Neighbourhood Centre received \$55 from the Company in supply of a NAIDOC stall fee.

### 18 Subsequent events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

### 19 Economic Dependency

During the year ended 30 June 2018, the Company received the majority of its funding from HNECC and accordingly is economically dependent on the continued financial and other support it receives from HNECC.

### 20 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2018 (30 June 2017:None).

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Financial Year Ended 30 June 2018

### 21 Company Details

The registered office of and principal place of business of the company is:

Hunter Primary Care Limited  
7 Warabrook Boulevard  
Warabrook NSW 2304