

# **Hunter Primary Care Limited**

## **Financial Statements**

**For the Financial Year Ended 30 June 2022**

# Hunter Primary Care Limited

## Financial Statements

For the Financial Year Ended 30 June 2022

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## Hunter Primary Care Limited

# Directors' Report

30 June 2022

The directors present their report on Hunter Primary Care Limited for the financial year ended 30 June 2022.

### 1. General information

#### Directors

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

<b>Names</b>	<b>Position</b>
Mr Steven Adams	Director
Mr Richard Anicich AM	Chair
Dr Sarah Bayley	Director
Ms Jennifer Hayes	Director
Dr Peter Hopkins	Director
Mr Scott Puxty	Director
Dr Milton Sales OAM	Deputy Chair
Mr Laurence (Benjamin) Wilkins	Director

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 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.
- 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 provides mental health care services and facilities for patients.
- IT Services provides systems and desktop support to general practice and other health providers.
- Disability Services provides care and support services to individuals with disabilities, working with the National Disability Insurance Agency (NDIA).

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

### 2. Operating results and review of operations for the year

#### Operating results

The loss of the Company after providing for income tax amounted to \$ (2,946,648) (2021: surplus of \$ 2,960,820).

## **Directors' Report**

**30 June 2022**

### **3. Other items**

#### **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	AdvDip Bus Man, FAICD
Role	Clinical Governance Committee
Mr Richard Anicich AM	Chair
Qualifications	BCom, LLB, FAICD
Role	Chair of Board; Chair of Nomination and Remuneration Committee
Dr Sarah Bayley	Director
Qualifications	BMed, FRACGP, BN, GAICD
Role	Nomination and Remuneration Committee
Ms Jennifer Hayes	Director
Qualifications	BBus, MBus, CPA, GAICD
Role	Chair of Finance, Audit and Risk Management Committee
Dr Peter Hopkins	Director
Qualifications	MBBS (Hons); M Med Sc (EPI); FRACGP
Role	Clinical Governance Committee
Mr Scott Puxty	Director
Qualifications	BCom, Dip Law, MBusAdmin, GAICD
Role	Nomination and Remuneration Committee
Dr Milton Sales OAM	Deputy Chair
Qualifications	MBBS; Dip RANZCOG; FRACGP
Role	Deputy Chair of Board; Chair of Clinical Governance Committee
Mr Laurence (Benjamin) Wilkins	Director
Qualifications	BPharm; AACPA; FAICD
Role	Finance, Audit and Risk Management Committee
Ms Kirsty Porteous	External member
Qualifications	BCom; CA; RCA
Role	Finance, Audit and Risk Management Committee

## Hunter Primary Care Limited

### Directors' Report

30 June 2022

#### Meetings of directors

During the financial year, 18 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	8	7	-	-	3	3	-	-
Mr Richard Anicich AM	8	8	-	-	-	-	3	3
Dr Sarah Bayley	8	7	-	-	1	1	2	2
Ms Jennifer Hayes	8	7	4	4	-	-	-	-
Dr Peter Hopkins	8	8	-	-	2	2	1	1
Mr Scott Puxty	8	8	-	-	-	-	3	3
Dr Milton Sales OAM	8	8	-	-	3	3	-	-
Mr Laurence (Benjamin) Wilkins	8	8	4	4	-	-	-	-
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 an auditor.

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

Director: 

Director: 

Dated this  day of  2022

## Hunter Primary Care Limited

### Auditor's Independence Declaration under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 6-40 of 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



MARTIN MATTHEWS  
PARTNER

21 SEPTEMBER 2022  
NEWCASTLE, NSW

PKF (NS) Audit & Assurance Limited Partnership  
ABN 91 850 861 839

Liability limited by a scheme approved  
under Professional Standards Legislation

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HUNTER PRIMARY CARE

### 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 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 the directors.

In our opinion the financial report of Hunter Primary Care, has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- b) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

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

#### Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and 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 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.

The Directors 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



PKF



MARTIN MATTHEWS  
PARTNER

21 SEPTEMBER 2022  
NEWCASTLE, NSW

# Hunter Primary Care Limited

## Directors' Declaration

The directors of the Company declare that :

- There are reasonable grounds to believe that the Company is able to pay all of its debts, as and when they become due and payable; and
- The financial statements and notes set out on pages 9 to 28, are in accordance with the requirements of 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 2022 and the performance of the year ended on that date of the Company.

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



Director



Director

Dated

21 September 2022

# Hunter Primary Care Limited

## Statement of Profit or Loss and Other Comprehensive Income For the Financial Year Ended 30 June 2022

		2022	2021
	Note	\$	\$
Revenue	4	23,516,751	26,737,696
Other revenue	4	184,708	4,023,810
Employee benefits expense		(20,494,270)	(21,984,112)
Depreciation and amortisation expense		(856,313)	(822,966)
Administration expense		(2,310,807)	(2,375,173)
Occupancy expense		(464,686)	(475,599)
Other operating expenses		(233,738)	(240,271)
Subcontractor expense		(1,936,831)	(1,550,201)
Finance costs		(351,462)	(352,364)
<b>(Deficit) / Surplus before income tax</b>		<b>(2,946,648)</b>	2,960,820
Income tax expense		-	-
<b>(Deficit) / Surplus for the year</b>		<b>(2,946,648)</b>	2,960,820
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>(2,946,648)</b>	2,960,820

The accompanying notes form part of these financial statements.

# Hunter Primary Care Limited

## Statement of Financial Position

As At 30 June 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	20(a)	6,142,310	10,756,650
Trade and other receivables	7	1,693,142	1,735,178
Inventories		746	4,912
Other financial assets	8	7,160,772	4,164,992
Other assets	10	245,032	305,538
TOTAL CURRENT ASSETS		15,242,002	16,967,270
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,160,939	1,395,784
Right-of-use assets	15	6,005,442	6,037,692
TOTAL NON-CURRENT ASSETS		7,166,381	7,433,476
TOTAL ASSETS		22,408,383	24,400,746
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	11	1,218,822	1,271,249
Lease liabilities	15	525,691	460,132
Short-term provisions	12	2,557,149	2,504,061
Other financial liabilities	13	3,607,375	2,835,873
TOTAL CURRENT LIABILITIES		7,909,037	7,071,315
NON-CURRENT LIABILITIES			
Lease liabilities	15	5,805,944	5,714,449
Long-term provisions	12	708,553	683,485
TOTAL NON-CURRENT LIABILITIES		6,514,497	6,397,934
TOTAL LIABILITIES		14,423,534	13,469,249
NET ASSETS		7,984,849	10,931,497
<b>EQUITY</b>			
Donation reserves	14	99,792	73,570
Retained earnings		7,885,057	10,857,927
TOTAL EQUITY		7,984,849	10,931,497

The accompanying notes form part of these financial statements.

# Hunter Primary Care Limited

## Statement of Changes in Equity

For the Year Ended 30 June 2022

2022

	Retained Earnings	Donations Reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2021</b>	<b>10,857,927</b>	<b>73,570</b>	<b>10,931,497</b>
Deficit for the year	(2,946,648)	-	(2,946,648)
Transfer from retained earnings to donation reserve	(26,222)	26,222	-
<b>Balance at 30 June 2022</b>	<b>7,885,057</b>	<b>99,792</b>	<b>7,984,849</b>

2021

	Retained Earnings	Donations Reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>7,901,649</b>	<b>69,028</b>	<b>7,970,677</b>
Surplus for the year	2,960,820	-	2,960,820
Transfer from retained earnings to donation reserve	(4,542)	4,542	-
<b>Balance at 30 June 2021</b>	<b>10,857,927</b>	<b>73,570</b>	<b>10,931,497</b>

The accompanying notes form part of these financial statements.

# Hunter Primary Care Limited

## Statement of Cash Flows For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from clients and funding bodies		25,931,729	34,852,245
Payments to suppliers and employees		(26,606,500)	(28,730,764)
Interest received		32,489	70,593
Finance cost		(351,462)	(352,364)
Net cash provided by/(used in) operating activities	20	(993,744)	5,839,710
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Payment for plant and equipment		(118,322)	(225,490)
Payment for financial assets		(2,995,780)	(4,009,973)
Net cash used in investing activities		(3,114,102)	(4,235,463)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Payment of lease liabilities		(506,494)	(478,302)
Net cash used in financing activities		(506,494)	(478,302)
Net increase/(decrease) in cash and cash equivalents held		(4,614,340)	1,125,945
Cash and cash equivalents at beginning of year		10,756,650	9,630,705
Cash and cash equivalents at end of financial year	20(a)	6,142,310	10,756,650

The accompanying notes form part of these financial statements.

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

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

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

Comparatives are consistent with prior years, unless otherwise stated.

### 1 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 Act 2012*.

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.

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

### 2 Summary of Significant Accounting Policies

#### (a) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

#### Amortised cost

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 2 Summary of Significant Accounting Policies

#### (a) Financial instruments

##### **Financial assets**

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### *Trade receivables*

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### **Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease 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) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.



# Hunter Primary Care Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 2 Summary of Significant Accounting Policies

#### (c) Leases

##### **Lessee accounting**

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

##### **Right-of-use asset**

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

##### **Lease liability**

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### *Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (d) Employee benefits

Provision is made for the Company's liability for employee benefits, those 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.

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 2 Summary of Significant Accounting Policies

#### (d) Employee benefits

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.

#### (e) 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.

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.

#### (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 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) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

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

*Classes of property, plant and equipment using the cost model*

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 acquired.

#### Depreciation

The depreciable amount of all property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 2 Summary of Significant Accounting Policies

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

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

Fixed asset class	Depreciation rate
Plant and Equipment	20% - 100%
Leasehold improvements	Life of lease
Right-of-use assets	Life of lease

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 the proceeds received with its carrying amount and is taken to profit or loss.

Right-of-use depreciation policy is in line with leasehold improvements.

#### (i) 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 future cash flows.

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

#### (j) Revenue and other income

##### Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

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

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 2 Summary of Significant Accounting Policies

#### (j) Revenue and other income

##### Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

### 3 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 amount of assets and liabilities within the next financial year are discussed below.

#### Leasehold improvements

As discussed in Note 2, depreciation for leasehold improvements is determined over the shorter of the term of the lease and the asset's useful life.

#### Long service leave provision

As discussed in Note 2, 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.

#### Right-of-use asset

Management determined the useful life of the right-of-use asset to be the term of the lease and is depreciated on a straight line basis and is assessed for impairment in accordance with the impairment of assets accounting policy.

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 4 Revenue and Other Income

#### Operating activities

	2022	2021
	\$	\$
Service revenue	7,138,553	7,668,135
Interest received	32,489	70,593
Government grants	16,345,709	18,998,968
<b>Total operating revenue</b>	<b>23,516,751</b>	<b>26,737,696</b>

#### Other revenue

Other income	100,567	115,565
Donations	84,141	129,995
Jobkeeper and other COVID-19 stimulus	-	3,778,250
<b>Total other revenue</b>	<b>184,708</b>	<b>4,023,810</b>

### 5 Expenses

Interest on obligations under finance leases	351,462	352,364
Depreciation	856,313	822,966
Employee benefits expense	20,494,270	21,984,112

### 6 Auditors' Remuneration

Audit of the financial report	44,000	41,900
Other assurance and other services	13,500	17,000
<b>Total</b>	<b>57,500</b>	<b>58,900</b>

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 7 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	467,039	450,450
Provision for impairment	(8,797)	(2,634)
Other receivables	1,234,900	1,287,362
	<b>1,693,142</b>	<b>1,735,178</b>

#### Reconciliation of changes in the provision for impairment of receivables is as follows:

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over 2 years past due, whichever occurs first.

#### Credit Risk

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>2022</b>						
Trade and term receivables	467,039	6,163	88,389	176,265	193,602	8,784
<b>Total</b>	<b>467,039</b>	<b>6,163</b>	<b>88,389</b>	<b>176,265</b>	<b>193,602</b>	<b>8,784</b>
<b>2021</b>						
Trade and term receivables	450,450	-	430,639	8,099	1,061	10,651
<b>Total</b>	<b>450,450</b>	<b>-</b>	<b>430,639</b>	<b>8,099</b>	<b>1,061</b>	<b>10,651</b>

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 8 Other Financial Assets

	2022	2021
	\$	\$
CURRENT		
Bank guarantee	155,019	155,019
Term deposits	7,005,753	4,009,973
	<b>7,160,772</b>	<b>4,164,992</b>

### 9 Property, plant and equipment

#### (a) 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:

	Capital Works in Progress \$	Plant and Equipment \$	Leasehold Improvement s \$	Total \$
<b>Year ended 30 June 2022</b>				
Balance at the beginning of year	215,152	31,968	1,148,664	1,395,784
Additions	-	24,000	94,322	118,322
Depreciation expense	-	(14,949)	(123,066)	(138,015)
Transfer to profit and loss	(215,152)	-	-	(215,152)
<b>Balance at the end of the year</b>	<b>-</b>	<b>41,019</b>	<b>1,119,920</b>	<b>1,160,939</b>

	Capital Works in Progress \$	Plant and Equipment \$	Leasehold Improvement s \$	Total \$
<b>Year ended 30 June 2021</b>				
Balance at the beginning of year	-	61,413	1,254,357	1,315,770
Additions	215,152	-	10,338	225,490
Depreciation expense	-	(29,445)	(116,031)	(145,476)
<b>Balance at the end of the year</b>	<b>215,152</b>	<b>31,968</b>	<b>1,148,664</b>	<b>1,395,784</b>

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 10 Other Assets

	2022	2021
	\$	\$
Prepayments	<u>245,032</u>	<u>305,538</u>

### 11 Trade and Other Payables

#### CURRENT

Trade payables	135,255	187,984
GST payable	99,648	137,373
Sundry payables and accrued expenses	<u>983,919</u>	<u>945,892</u>
	<u>1,218,822</u>	<u>1,271,249</u>

### 12 Provisions

#### CURRENT

Provision for employee benefits	<u>2,557,149</u>	<u>2,504,061</u>
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#### NON-CURRENT

Make good provision	392,305	369,805
Provision for employee benefits	<u>316,248</u>	<u>313,680</u>
	<u>708,553</u>	<u>683,485</u>

### 13 Other Financial Liabilities

#### CURRENT

Deferred income	<u>3,607,375</u>	<u>2,835,873</u>
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### 14 Donations Reserve

Balance at the beginning of the financial year	73,570	69,028
Total transfer from accumulated surplus	<u>26,222</u>	<u>4,542</u>
	<u>99,792</u>	<u>73,570</u>



# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 15 Leases

#### Right-of-use assets

#### Year ended 30 June 2022

Balance at the beginning of the year	Buildings \$	6,037,692
Additions to right-of-use assets		686,048
Depreciation charge		(718,298)
<b>Balance at end of year</b>		<b>6,005,442</b>

#### Year ended 30 June 2021

Balance at the beginning of the year	Buildings \$	6,715,352
Rate changes		(170)
Depreciation		(677,490)
<b>Balance at end of year</b>		<b>6,037,692</b>

#### Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement Of Financial Position \$
<b>2022</b>					
Lease liabilities	875,438	3,508,417	3,852,331	8,236,186	6,331,635
<b>2021</b>					
Lease liabilities	789,915	3,125,214	4,314,877	8,230,006	6,174,581

### 16 Members' Guarantee

The Company is registered with 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 outstanding obligations of the Company. At 30 June 2022 the number of members was 1,123 (2021: 1,148).

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 17 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 Company does not have any derivative financial instruments at 30 June 2022.

#### 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:

	Less than 1 year		1 to 5 years		5+ years		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	1,218,822	1,271,249	-	-	-	-	1,218,822	1,271,249

#### 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).

#### Interest rate risk

Interest rate risk is the risk that the fair value of 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.

# Hunter Primary Care Limited

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 17 Financial Risk Management

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

	2022	2021
	\$	\$
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	6,142,310	10,756,650
Other financial assets	7,160,772	4,164,992
	<b>13,303,082</b>	<b>14,921,642</b>

The sensitivity analysis 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 surplus (deficit) would increase or decrease by \$ 133,031 (2021: \$147,666). 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 as at 30 June 2022.

Financial assets are held as term deposits over a 3 - 12 month period at a fixed rate. Financial liabilities are not subject to interest rate risk as they are non-interest bearing.

#### Financial Assets

Cash and cash equivalents	6,142,310	10,756,650
Trade and other receivables	1,693,142	1,735,178
Other financial assets	7,160,772	4,164,992
	<b>14,996,224</b>	<b>16,656,820</b>

#### Financial Liabilities

Trade and other payables	1,218,822	1,271,249
	<b>1,218,822</b>	<b>1,271,249</b>

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 18 Key Management Personnel Remuneration

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

Mr Steven Adams	Director
Mr Richard Anicich AM	Chair
Ms Sarah Bayley	Director
Ms Jennifer Hayes	Director
Dr Peter Hopkins	Director
Mr Scott Puxty	Director
Dr Milton Sales OAM	Deputy Chair
Mr Benjamin Wilkins	Director
Ms Brenda Ryan	CEO
Mr Phillip (Jack) Hanson	Company Secretary / Executive
Ms Katrina Delamonthe	Executive
Mr Keith Drinkwater	Executive
Ms Kirsty Porteous	External member - Finance Audit and Risk Management Committee

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

	2022	2021
	\$	\$
Short-term employee benefits	978,187	1,032,065
Long-term benefits	84,845	82,887
	<u>1,063,032</u>	<u>1,114,952</u>

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 19 Related Parties

**(a) The Company's main related parties are as follows:**

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 18 Key Management Personnel (KMP) Remuneration.

**(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 Director and Chair of Rural and Remote Medical Services Ltd. IT services were provided to Rural and Remote Medical Services Ltd throughout the financial year to the total of \$8,520 (2021: \$8,520).

Mr Laurence (Benjamin) Wilkins is a Board Member of Hunter New England Local Health District (HNELHD). Health Support Services were provided to GP Access throughout the financial year to the total of \$45,565 in kind (2021: \$112,606). Health Support Services were paid to HNELHD throughout the financial year totaling \$29,587 (2021: none). Rent was paid to HNELHD for the Raymond Terrace Community Centre throughout the financial year to the total of \$11,609 (2021: \$3,326).

Dr Milton Sales OAM is a Board Member of The Hunter Postgraduate Medical Institute (HPMI). HPMI received \$17,000 (2021: \$17,000) for the 2022 HPMI Newcastle Weekend Conference Sponsorship.

In addition to Directorship on the Hunter Primary Care Board, Dr's Sarah Bayley, Peter Hopkins and Milton Sales OAM also worked as GP's in the GP Access service. They received \$3,484, \$8,439 and \$5,918 respectively in non-director remuneration.

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 20 Cash Flow Information

#### (a) Reconciliation of cash

	2022	2021
	\$	\$
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	<u>6,142,310</u>	<u>10,756,650</u>

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

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

(Deficit) / Surplus for the year	(2,946,648)	2,960,820
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in surplus/(deficit):		
- amortisation and depreciation	856,313	822,966
- transfer of capitalised expenditure to profit and loss	215,152	-
Changes in assets and liabilities:		
- decrease in trade and other receivables	42,036	1,929,776
- decrease/(increase) in other assets	60,506	(77,953)
- decrease in inventories	4,166	1,973
- increase in income in advance	771,502	136,581
- decrease in trade and other payables	(52,427)	(283,313)
- increase in provisions	55,656	348,860
Cashflows from operations	<u>(993,744)</u>	<u>5,839,710</u>

### 21 Events after the end of the Reporting Period

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.

### 22 Economic Dependency

During the year ended 30 June 2022, the Company received the majority of its funding from HNECC Limited and accordingly is economically dependent on the continued financial and other support it receives from HNECC Limited.

### 23 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2022 (30 June 2021:None).

# Hunter Primary Care Limited

## Notes to the Financial Statements

For the Year Ended 30 June 2022

### 24 Statutory Information

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

Hunter Primary Care Limited

7 Warabrook Boulevard

Warabrook NSW 2304