

Hunter Primary Care Limited

Financial Statements

For the Financial Year Ended 30 June 2021

Hunter Primary Care Limited

Financial Statements For the Financial Year Ended 30 June 2021

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Hunter Primary Care Limited

Directors' Report

30 June 2021

The directors present their report on Hunter Primary Care Limited for the financial year ended 30 June 2021.

1. General information

Directors

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

Names	Position	Appointed/Resigned
Mr Steven Adams	Director	
Mr Richard Anicich AM	Director	
Dr Sarah Bayley	Director	
Ms Jennifer Hayes	Director	
Dr Peter Hopkins	Director	
Mr Scott Puxty	Director	
Dr Milton Sales OAM	Director	
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 organization.
- 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 profit of the Company for the financial year amounted to \$2,960,820 (2020: profit of \$3,133,076).

Directors' Report

30 June 2021

3. Other items

Events after the reporting date

Subsequent to year end, the Company has complied with the COVID-19 Health Order applicable to the Newcastle and Hunter Valley region. The Health Order has impacted the Company's operations and it is not possible to reliably estimate how long the Health Order will be in place, however it is not expected to have a material financial effect on the Company.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could 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
Position	Clinical Governance Committee
Mr Richard Anicich AM	Director
Qualifications	BCom, LLB, FAICD
Position	Chair of Board; Chair of Nomination and Remuneration Committee
Dr Sarah Bayley	Director
Qualifications	BMed, FRACGP, BN, GAICD
Position	Clinical Governance Committee
Ms Jennifer Hayes	Director
Qualifications	BBus, MBus, CPA, GAICD
Position	Chair of Finance, Audit and Risk Management Committee
Dr Peter Hopkins	Director
Qualifications	MBBS (Hons); M Med Sc (EPI); FRACGP
Position	Nomination and Remuneration Committee; Information, Communication and Technology Governance Committee
Mr Scott Puxty	Director
Qualifications	BCom, Dip Law, MBusAdmin, GAICD
Position	Nomination and Remuneration Committee
Dr Milton Sales OAM	Director
Qualifications	MBBS; Dip RANZCOG; FRACGP
Position	Deputy Chair of Board; Chair of Clinical Governance Committee
Mr Laurence (Benjamin) Wilkins	Director
Qualifications	BPharm; AACPA; FAICD
Position	Chair of Information, Communication and Technology Governance Committee; Finance, Audit and Risk Management Committee

Hunter Primary Care Limited

Directors' Report 30 June 2021

Information on directors

Ms Kirsty Porteous

Qualifications

Position

External member

BCom; CA; RCA

Finance, Audit and Risk Management Committee

Mr Paul Goldsworthy

Qualifications

Position

External member

BEng; LLB; GradCertMgt

Information, Communication and Technology Governance Committee

Meetings of directors

During the financial year, 20 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		Information, Communication and Technology Governance Meetings	
	Number eligible to attend	Number attended	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	-	-	3	2	-	-	-	-
Mr Richard Anicich AM	6	6	-	-	-	-	3	3	-	-
Dr Sarah Bayley	6	6	-	-	3	3	-	-	-	-
Ms Jennifer Hayes	6	6	4	4	-	-	-	-	-	-
Dr Peter Hopkins	6	5	-	-	-	-	3	3	4	4
Mr Scott Puxty	6	5	-	-	-	-	3	3	-	-
Dr Milton Sales OAM	6	6	-	-	3	3	-	-	-	-
Mr Laurence (Benjamin) Wilkins	6	6	4	4	-	-	-	-	4	4
Ms Kirsty Porteous	-	-	4	4	-	-	-	-	-	-
Mr Paul Goldsworthy	-	-	-	-	-	-	-	-	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 a auditor.

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



Director: Richard Anicich AM



Director: Laurence (Benjamin) Wilkins

Dated this thirteenth day of September 2021

Hunter Primary Care Limited

Auditor's Independence Declaration under Section 60-40 of the 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 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission 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

13 SEPTEMBER 2021
NEWCASTLE, NSW

INDEPENDENT AUDITOR'S 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 2021, 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 directors' declaration.

In our opinion, the accompanying financial report of Hunter Primary Care Limited, is 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 2021, and of its financial performance for the year then ended; and
- (b) Complying with the 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 auditor independence requirements of the Corporations Act 2001 and 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.

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 2021 but does not include the financial report and our auditor's report thereon.

Other Information (cont'd)

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

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Act 2012*, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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.
- 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 directors.

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

- Conclude on the appropriateness of the directors' 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 directors 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.



MARTIN MATTHEWS
PARTNER

13 SEPTEMBER 2021
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 9 to 28, 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 2021 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, 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.

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



Director Richard Anicich AM



Director Laurence (Benjamin) Wilkins

Dated 13 September 2021

Hunter Primary Care Limited

Statement of Profit or Loss and Other Comprehensive Income For the Financial Year Ended 30 June 2021

		2021	2020
	Note	\$	\$
Revenue	4	26,737,696	27,327,638
Other revenue	4	4,023,810	1,596,807
Employee benefits expense	5	(21,984,112)	(19,633,815)
Depreciation and amortisation expense	5	(822,966)	(820,133)
Administration expense		(2,375,173)	(2,315,402)
Subcontractor expense		(1,550,201)	(1,876,554)
Occupancy expense		(475,599)	(412,442)
Other operating expenses		(240,271)	(364,402)
Finance costs	5	(352,364)	(368,621)
Surplus before income tax		2,960,820	3,133,076
Income tax expense	2(h)	-	-
Surplus for the year		2,960,820	3,133,076
Other comprehensive income		-	-
Total comprehensive income for the year		2,960,820	3,133,076

The accompanying notes form part of these financial statements.

Hunter Primary Care Limited

Statement of Financial Position As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	20(a)	10,756,650	9,630,705
Trade and other receivables	7	1,735,178	3,618,427
Other assets	10	305,538	227,585
Inventories		4,912	6,885
Other financial assets	8	4,164,992	155,019
TOTAL CURRENT ASSETS		16,967,270	13,638,621
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,395,784	1,315,770
Right-of-use assets	15	6,037,692	6,715,352
TOTAL NON-CURRENT ASSETS		7,433,476	8,031,122
TOTAL ASSETS		24,400,746	21,669,743
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	1,271,249	1,508,035
Short-term provisions	12	2,504,061	2,123,426
Other financial liabilities	13	2,835,873	2,699,292
Lease liabilities	15	460,132	430,383
TOTAL CURRENT LIABILITIES		7,071,315	6,761,136
NON-CURRENT LIABILITIES			
Lease liabilities	15	5,714,449	6,222,670
Long-term provisions	12	683,485	715,260
TOTAL NON-CURRENT LIABILITIES		6,397,934	6,937,930
TOTAL LIABILITIES		13,469,249	13,699,066
NET ASSETS		10,931,497	7,970,677
EQUITY			
Donation reserves		73,570	69,028
Retained earnings		10,857,927	7,901,649
TOTAL EQUITY		10,931,497	7,970,677

The accompanying notes form part of these financial statements.

Hunter Primary Care Limited

Statement of Changes in Equity For the Year Ended 30 June 2021

		Retained Earnings	Donations Reserve	Total
		\$	\$	\$
Balance at 1 July 2020		7,901,649	69,028	7,970,677
Surplus for the year		2,960,820	-	2,960,820
Transfers from retained earnings to donation reserve	14	(4,542)	4,542	-
Balance at 30 June 2021		10,857,927	73,570	10,931,497

		Retained Earnings	Donations Reserve	Total
		\$	\$	\$
Balance at 1 July 2019		4,792,535	45,066	4,837,601
Surplus for the year		3,133,076	-	3,133,076
Transfers from retained earnings to donations reserve	14	(23,962)	23,962	-
Balance at 30 June 2020		7,901,649	69,028	7,970,677

The accompanying notes form part of these financial statements.

Hunter Primary Care Limited

Statement of Cash Flows For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
Cash flows from operating activities		
Receipts from clients and funding bodies	34,852,245	25,675,101
Payments to suppliers and employees	(28,730,764)	(25,795,412)
Interest received	70,593	124,694
Finance cost	(352,364)	(368,621)
Net cash provided by/(used in) operating activities	20(b) 5,839,710	(364,238)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for plant and equipment	(225,490)	(339,375)
Payment for financial assets	(4,009,973)	-
Net cash provided by/(used in) investing activities	(4,235,463)	(339,375)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of lease liabilities	(478,302)	(379,863)
Net cash provided by/(used in) financing activities	(478,302)	(379,863)
Net increase/(decrease) in cash and cash equivalents held	1,125,945	(1,083,476)
Cash and cash equivalents at beginning of year	9,630,705	10,714,181
Cash and cash equivalents at end of financial year	20(a) 10,756,650	9,630,705

The accompanying notes form part of these financial statements.

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

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.

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*.

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.

2 Summary of Significant Accounting Policies

(a) Financial instruments

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's financial liabilities include trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

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
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(a) Financial instruments

Financial assets

- fair value through other comprehensive income - debt investments (FVOCI - debt)

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

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

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.

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.

(b) 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.

(c) 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.

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(d) 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.

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.

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(e) 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.

(f) 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.

(g) 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.

(h) Income Tax

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

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(i) 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.

Depreciation

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 asset's useful life.

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

Fixed asset class	Depreciation rate
Plant and Equipment	33% - 100%
Leasehold improvements	6.9% - 11.8%
Right-of-use assets	7.6% - 50%

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.

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

(j) 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 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.

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(k) Revenue recognition

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. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

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).

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 amounts 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. Management have estimated the life of the lease to be over 15 years as it is considered likely that the two 5 year options pertaining to the lease will be exercised.

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.

Hunter Primary Care Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Critical Accounting Estimates and Judgments

Right-of-use asset

Management determined the right-of-use asset using the criteria for leasehold improvements and estimates that the useful life of right-of-use assets to be 15 years as it is considered likely that the two 5 year options pertaining to the lease will be exercised.

4 Revenue and Other Income

Operating activities

	2021	2020
	\$	\$
Service revenue	7,668,135	7,241,617
Interest received	70,593	124,694
Government grants	18,998,968	19,961,327
Total operating revenue	26,737,696	27,327,638

Other revenue

Other Income	115,565	94,668
Donations	129,995	38,539
Jobkeeper and other COVID-19 stimulus	3,778,250	1,463,600
Total other revenue	4,023,810	1,596,807

5 Expenses

Interest on obligations under finance leases	352,364	368,621
Depreciation	822,966	820,133
Employee benefits expense	21,984,112	19,633,815

6 Remuneration of Auditors

Audit of the financial report	41,900	41,900
Other assurance and other services	17,000	6,550
Total	58,900	48,450

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

7 Trade and other receivables

	2021 \$	2020 \$
CURRENT		
Trade receivables	450,450	546,837
Provision for impairment	(2,634)	-
Other receivables	1,287,362	3,071,590
	<u>1,735,178</u>	<u>3,618,427</u>

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 \$
2021						
Trade and term receivables	450,450	-	430,639	8,099	1,061	10,651
Total	450,450	-	430,639	8,099	1,061	10,651
2020						
Trade and term receivables	546,837	-	523,655	10,000	(261)	13,442
Total	546,837	-	523,655	10,000	(261)	13,442

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

8 Other Financial Assets

	2021	2020
	\$	\$
CURRENT		
Bank guarantee	155,019	155,019
Term deposit	4,009,973	-
	<u>4,164,992</u>	<u>155,019</u>

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 Improvements	Total
	\$	\$	\$	\$
Year ended 30 June 2021				
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)
Balance at the end of the year	<u>215,152</u>	<u>31,968</u>	<u>1,148,664</u>	<u>1,395,784</u>
Year ended 30 June 2020				
Balance at the beginning of year	-	42,932	1,066,227	1,109,159
Additions	-	41,584	297,791	339,375
Depreciation expense	-	(23,103)	(109,661)	(132,764)
Balance at the end of the year	<u>-</u>	<u>61,413</u>	<u>1,254,357</u>	<u>1,315,770</u>

10 Other Assets

Prepayments	<u>305,538</u>	<u>227,585</u>
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11 Trade and Other Payables

CURRENT		
Trade payables	187,984	302,596
Sundry payables and accrued expenses	945,892	1,102,353
GST payable	137,373	103,086
	<u>1,271,249</u>	<u>1,508,035</u>

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

12 Provisions

	2021 \$	2020 \$
Current		
Provision for employee benefits	<u>2,504,061</u>	<u>2,123,426</u>
Non-current		
Make good provision	369,805	369,805
Provision for employee benefits	<u>313,680</u>	<u>345,455</u>
	<u>683,485</u>	<u>715,260</u>

13 Other Financial Liabilities

Deferred income	<u>2,835,873</u>	<u>2,699,292</u>
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14 Donations Reserves

Balance at the beginning of the financial year	69,028	45,066
Total transfer from accumulated surplus	<u>4,542</u>	<u>23,962</u>
	<u>73,570</u>	<u>69,028</u>

15 Leases

Right-of-use assets

	Buildings \$
Year ended 30 June 2021	
Balance at the beginning of the year	6,715,352
Rate changes	(170)
Depreciation	<u>(677,490)</u>
Balance at end of year	<u>6,037,692</u>

	Buildings \$
Year ended 30 June 2020	
Additions	7,402,721
Depreciation charge	<u>(687,369)</u>
Balance at end of year	<u>6,715,352</u>

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

15 Leases

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 \$
2021					
Lease liabilities	789,915	3,125,214	4,314,877	8,230,006	6,174,581
2020					
Lease liabilities	784,327	3,099,690	5,134,459	9,018,476	6,653,053

16 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 2021 the number of members was 1,148 (2020: 1,194).

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 2021.

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
	2021	2020	2021	2020	2021	2020	2021
	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	1,271,249	1,508,035	-	-	-	-	1,271,249

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

17 Financial Risk Management

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 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:

	2021 \$	2020 \$
Cash and cash equivalents		
Cash at bank	10,756,650	9,630,705
Other financial assets	4,009,973	-
	14,766,623	9,630,705

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 \$147,666 (2020: \$96,307). 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 2021.

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

17 Financial Risk Management

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.

	2021 \$	2020 \$
Financial Assets		
Cash and cash equivalents	10,756,650	9,630,705
Trade and other receivables	1,735,178	3,618,427
Other financial assets	4,009,973	-
	16,501,801	13,249,132
Financial Liabilities		
Trade and other payables	1,271,249	1,508,035
	1,271,249	1,508,035

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	Director
Ms Sarah Bayley	Director
Ms Jennifer Hayes	Director
Dr Peter Hopkins	Director
Mr Scott Puxty	Director
Dr Milton Sales OAM	Director
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
Mr Paul Goldsworthy	External member - Information, Communication and Technology Committee (Retired 30 June 2021)

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

18 Key Management Personnel Remuneration

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

	2021	2020
	\$	\$
Short-term employee benefits	1,032,065	973,155
Post-employment benefits	82,887	80,086
	<u>1,114,952</u>	<u>1,053,241</u>

19 Related Parties

The Company's main related parties are as follows:

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 18 Key Management Personnel (KMP) Compensation.

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 Non-executive Director and Chairperson 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 (2020: \$8,520).

Mr Laurence (Benjamin) Wilkins is a Board Member of Hunter New England Local Health District (HNELHD). GP Access services were provided for HNELHD throughout the financial year to the total of \$102,551 in kind with no cash payments received in the current year (2020: \$615,780). GP Access recharges were paid to HNELHD through the financial year totalling \$15,116 (2020: \$103,200).

Dr Milton Sales OAM is a Board Member of The Hunter Postgraduate Medical Institute (HPMI). HPMI received \$17,000 (2020: \$17,000) for the 2021 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 \$2,764.38, \$14,340.15 and \$11,383.08 respectively in non-director remuneration.

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

20 Cash Flow Information

(a) Reconciliation of cash

	2021	2020
	\$	\$
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>10,756,650</u>	<u>9,630,705</u>

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

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

Profit for the year	2,960,820	3,133,076
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	822,966	820,133
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	1,929,776	(2,389,922)
- decrease/(increase) in other assets	(77,953)	(24,817)
- (increase)/decrease in inventories	1,973	41,879
- increase/(decrease) in income in advance	136,581	(2,358,718)
- (decrease)/increase in trade and other payables	(283,313)	52,845
- (decrease)/increase in provisions	348,860	361,286
Cashflows from operations	<u>5,839,710</u>	<u>(364,238)</u>

21 Events after the end of the Reporting Period

Subsequent to year end, the Company has complied with the COVID-19 Health Order applicable to the Newcastle and Hunter Valley region. The Health Order has impacted the Company's operations and it is not possible to reliably estimate how long the Health Order will be in place, however it is not expected to have a material financial effect on the Company.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could 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 2021, 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 2021 (30 June 2020: None).

Hunter Primary Care Limited

Notes to the Financial Statements For the Year Ended 30 June 2021

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