GIPPSLAND HEALTH NETWORK LIMITED
(ACN 155 514 702)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

phn
GIPPSLAND

An Australian Government Initiative

TABLE OF CONTENTS

DIRECTORS' REPORT

Your Directors present their report on the company for the financial year ended 30 June 2019.

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

Elected Director	Current Term of office date	Previous Term of office	Director position
Sinead de Gooyer	15/11/2017	12/11/14 - 15/11/2017	A1
Julie Rogalsky	15/11/2017	12/11/14 - 15/11/2017	A2
Nola Maxfield	21/11/2018	25/10/2012 - 18/11/2015 18/11/2015 – 21/11/2018	B1
Mark Biggs	16/11/2016	24/10/2012 – 23/10/2013 23/10/13-16/11/2016	C1
Anne Peek	16/11/2016		C2
Appointed Director	**Current Term of office**	**Previous Term of office**	**Director position**
Therese Tierney	21/03/2018		A3
Kellie O'Callaghan	21/11/2018	25/10/2012 – 18/11/2015 18/11/2015 – 21/11/2018	B2
Murray Bruce	21/11/2018	18/11/2015 – 21/11/2018	B3
Duncan Malcolm	16/11/2016	25/10/2012 – 12/11/2014 12/11/2014 - 16/11/2016	C3

As per clause 10.4 of the Constitution, five Board members elected pursuant to clauses 10.14, and four Board members appointed pursuant to clause 10.16 or 10.17.

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

Principal Activity
Gippsland PHN is a not for profit charity that works at a regional and local level to achieve improved whole of system health care. We work with general practice, allied health, hospitals and other primary and community health providers; to drive, support and strengthen primary health in Gippsland to meet the needs of local communities.

We are consumer focused and established to reduce fragmentation of care by integrating and coordinating health services and supporting general practice. We leverage and administer health program funding from a variety of sources to commission flexible services to realise our vision of a measurably healthier Gippsland.

Objectives
The Company's objectives (as stated in the Gippsland Health Network Limited Constitution) are to:

- Promote the health of human beings through the prevention and control of diseases (including the Diseases) in human beings by improving Primary Health Care and ensuring that Primary Health Care services are better tailored to meet the needs of communities in the Region. It is proposed that this would be done by:
  - focusing on health promotion and disease prevention to achieve improved health outcomes across the Region;
  - improving integration and coordination of Primary Health Care in the Region;
  - improving access to appropriate primary care services in the Region;

  - addressing inequities and service gaps across the Region as they are currently known to exist and which are determined by future research to be undertaken by the Company; and
  - improving the training and skills of persons employed within the primary care area to meet more specifically the needs of the local communities in which the Company will operate.

- Enable the Company to have all the powers and functions necessary or desirable to the maximum extent permitted by law. Without limitation, the Company may seek to achieve its objectives by:
  - Raising money to further the objects of the Company and to secure sufficient funds for the pursuit of the objectives of the Company.
  - Receiving any funds and to distribute these funds in a manner that best achieves the objectives of the Company.
  - Doing all such things as are incidental, convenient or conducive to the attainment of all or any of the objectives of the Company.

Strategies
To achieve its stated objectives, the Company has adopted the following strategies:
- Improved health outcomes for people with chronic disease and those patients at risk of poor health outcomes.
- Improved coordination of care that ensures patients receive the right care in the right place at the right time.
- Lower prevalence of national and locally prioritised conditions.
- Increased efficiency and effectiveness of medical services and other primary health services.

Key Performance Measures
The Company measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks will be used by the Directors to assess the financial sustainability of the Company and whether the Company's short-term and long-term objectives are being achieved.

The Company has a range of measures required by its primary Funder, Commonwealth Department of Health. These measures apply to all programs and services funded by Department of Health.

Details of the directors

Directors name:	**Dr Sinead DE GOOYER**
Positions held:	Board Chair
Special responsibilities	Chair, CEO Performance and Remuneration Committee Member, Independent Director Selection and Remuneration Committee
Qualifications and Experience	MBBS, FRACGP, DRANZCOG, GAICD, AICD role of the Chair General Practice, Primary Health

Directors name:	**Mr Duncan MALCOLM, AM**
Positions held:	Director, Deputy Chair (ceased 19/12/18)
Special responsibilities	Chair, Audit, Risk and Finance Committee Member, Community Advisory Committee
Qualifications and Experience	Former JP, Business Management, Boards, Primary Industries

Directors name:	**Mr Mark BIGGS**
Positions held:	Director
Special responsibilities	Chair, Independent Director Selection and Remuneration Committee (ceased 19/12/18) Member, Audit, Risk and Finance Committee

DIRECTORS' REPORT (CONTINUED)

Qualifications and Experience	BA SocSc, GDipCP, Psychologist, Commonwealth Govt Executive Governance Program Business, Allied Health, Psychology, Governance
Directors name:	**Mr Murray BRUCE**
Positions held:	Director
Special responsibilities	Chair, Director Independent Selection and Remuneration Committee (commenced 19/12/18) Member, Clinical Governance and Performance Committee (ceased 19/12/18) Member, Clinical Advisory Council (ceased 19/12/18) Board sponsor, Latrobe/Baw Baw Clinical Council (ceased 19/12/18)
Qualifications and Experience	BA, LL.B, GAICD Lawyer Risk Management, Contract Management, Governance, Business
Directors name:	**Dr Nola MAXFIELD**
Positions held:	Director
Special responsibilities	Chair, Clinical Governance and Performance Committee Chair, Clinical Advisory Council Board sponsor, Bass Coast / South Gippsland Clinical Council
Qualifications and Experience	MBBS, Dip RACOG, FACRRM, GAICD General Practice, Primary Health
Directors name:	**Ms Anne PEEK**
Positions held:	Director
Special responsibilities	Member, CEO Performance and Remuneration Committee Chair, Community Advisory Committee
Qualifications and Experience	BAppScHlthInfoMgt GradCertQualAssurHealthCare AssocDipMgtMedRecAdmin Foundations of Directorship, GAICD.
Directors name:	**Ms Kellie O'CALLAGHAN**
Positions held:	Director
Special responsibilities	Member, Clinical Governance and Performance Committee (commenced 19/12/18) Member, Clinical Advisory Council (commenced 19/12/18) Board sponsor, Latrobe/Baw Baw Clinical Council (commenced 19/12/18) Member, CEO Performance and Remuneration Committee (ceased 19/12/18)
Qualifications and Experience	BA SocSc, GradDipMentalHthSc, GAICD Health and Community Services, Governance, Local Government consumer representation.
Directors name:	**Ms Julie ROGALSKY**
Positions held:	Deputy Chair (commenced 19/12/18)
Special responsibilities	Member, Audit, Risk and Finance Committee Chair, Clinical Governance Committee (ceased 19/12/18) Member, Clinical Advisory Council (ceased 19/12/18) Board sponsor, Wellington/East Gippsland Clinical Council (ceased 19/12/18)

	Member, CEO Performance and Remuneration Committee (commenced 19/12/18).
Qualifications and Experience	MHSM, BAppSc (Hth Prom), GAICD, GradDipRuralHealth Health planning, primary health, management.

DIRECTORS' REPORT (CONTINUED)

Directors name:	**Ms Therese TIERNEY**
Positions held:	Director
Special responsibilities	Member, Audit, Risk and Finance Committee (ceased 19/12/18) Member, Clinical Governance and Performance Committee (commenced 19/12/18) Member, Clinical Advisory Council (commenced 19/12/18) Board sponsor, Wellington/East Gippsland Clinical Council (commenced 19/12/18)
Qualifications and Experience	Masters Business – Organisational Change, GradDip Bus – Organisational Change/Behaviour CRRN USA 1990 (Buckland Foundation Fellowship) Division 1 Registered Nurse.

Meetings of the Directors

The table below provides details of the number of board and committee meetings of board directors held and the attendance by each of director for the year ended 30 June 2019:

Director	Board Meetings		Audit, Risk & Finance Committee		Clinical Governance Committee		Independent Director Selection and Remuneration Committee		CEO Performance and Remuneration Committee	
	Eligible to attend	Attend	Eligible to attend	Attend	Eligible to attend	Attend	Eligible to attend	Attend	Eligible to attend	Attend
Mr Mark BIGGS	12	12	6	6			4	4		
Mr Murray BRUCE	11	10			2	2	2	2		
Dr Sinead DE GOOYER	12	12					6	6	4	4
Mr Duncan MALCOLM	12	10	6	4						
Dr Nola MAXFIELD	12	11			4	3				
Ms Kellie O'CALLAGHAN	11	9			2	2			2	2
Ms Anne PEEK	12	12							4	4
Ms Julie ROGALSKY	12	11	2	2	2	2			2	2
Ms Therese TIERNEY	12	9	4	3	2	2			1	1

Director	Community Advisory Committee		Latrobe and Baw Baw Clinical Council		Wellington and East Gippsland Clinical Council		Bass Coast and South Gippsland Clinical Council		Clinical Advisory Council	
	Eligible to attend	Attend	Eligible to attend	Attend	Eligible to attend	Attend	Eligible to attend	Attend	Eligible to attend	Attend
Mr Mark BIGGS										
Mr Murray BRUCE			2	2					2	2
Dr Sinead DE GOOYER	0	1	0	1	0	1	0	3	0	3
Mr Duncan MALCOLM	4	4								
Dr Nola MAXFIELD							4	3	4	3
Ms Kellie O'CALLAGHAN			2	2					2	2
Ms Anne PEEK	4	3							2	1

Ms Julie ROGALSKY					2	2			2	2
Ms Therese Tierney					2	2			2	2

Note:

Dr Sinead De Gooyer, as PHN Chair, is invited to attend all sub-committee, advisory and clinical council meetings, but is not a member.

Mr Nathan Voll is an independent member of the Audit, Risk and Finance Committee but is not a Director.

Meetings of the Directors (Continued)

Indemnification of Officer or Auditor

The Company has paid an annual premium to insure the Directors' and Officers' against liabilities incurred in their respective capacities. Under the policy, details of the premium are confidential.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial period.

Contributions on winding up

The Company is incorporated under the *Corporations Act 2001* 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 $50 towards meeting any outstanding obligations of the Company. At 30 June 2019 the total amount that members of the company are liable to contribute if the Company is wound up is $3,450.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8 of this financial statement.

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

Dr Sinead de Gooyer
Chair

Ms Julie Rogalsky
Deputy Chair

Dated this 18th day of September 2019.

McLean Delmo Bentleys
THINKING AHEAD

McLean Delmo Bentleys
Audit Pty Ltd
Level 3, 302 Burwood Rd
Hawthorn Vic 3122
PO Box 582 Hawthorn Vic 3122
ABN 54 113 655 584
T +61 3 9018 4666
F +61 3 9018 4799
info@mcdb.com.au
mcleandelmobentleys.com.au

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE
AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE DIRECTORS OF GIPPSLAND HEALTH NETWORK LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

(i) no contraventions of the auditor independence requirements as set out in 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.

McLean Delmo Bentleys Audit Pty Ltd
McLean Delmo Bentleys Audit Pty Ltd

Martin Fensome
Partner

Hawthorn
18 September 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		$	$
Continuing operations			
Income	2	20,505,162	16,776,697
Other income	2	749,229	505,986
Total – Income		21,254,391	17,282,683
Administration expenses		(2,575,331)	(1,316,833)
Depreciation expense	3	(15,662)	(31,087)
Employee benefits expense		(4,363,730)	(4,154,304)
Occupancy expenses		(436,649)	(226,385)
Office expenses		(461,659)	(563,042)
Primary Health Network expenditure		-	(284,052)
Program delivery expenses		(12,706,887)	(10,095,429)
Travel expenses		(96,927)	(70,981)
Vehicle and equipment lease expenses		(169,906)	(143,594)
Total – Expenses		(20,826,751)	(16,885,707)
Surplus before tax expense		**427,640**	**396,976**
Income tax expense	1(b)	-	-
Surplus for the year		**427,640**	**396,976**
Other comprehensive income, net of income tax			
Other comprehensive income for the year, net of income tax		-	-
Total other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**427,640**	**396,976**
Surplus attributable to:			
Members of the Company		427,640	396,976
Surplus for the year		**427,640**	**396,976**
Total comprehensive income attributable to:			
Members of the Company		427,640	396,976
Total comprehensive income for the year		**427,640**	**396,976**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019	2018
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	14,057,383	12,821,436
Trade and other receivables	5	725,509	866,553
TOTAL CURRENT ASSETS		**14,782,892**	**13,687,989**
NON-CURRENT ASSETS			
Property, plant and equipment	6	489,209	353,950
TOTAL NON-CURRENT ASSETS		**489,209**	**353,950**
TOTAL ASSETS		**15,272,101**	**14,041,939**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	4,755,763	3,746,195
Other liabilities	8	8,422,007	8,701,210
Current provisions	9	178,730	144,145
TOTAL CURRENT LIABILITIES		**13,356,500**	**12,591,550**
NON-CURRENT LIABILITIES			
Non-current provisions	9	107,213	69,641
TOTAL NON-CURRENT LIABILITIES		**107,213**	**69,641**
TOTAL LIABILITIES		**13,463,713**	**12,661,191**
NET ASSETS		**1,808,388**	**1,380,748**
EQUITY			
Retained surplus		1,808,388	1,380,748
TOTAL EQUITY		**1,808,388**	**1,380,748**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2019

	Retained Surplus $	Total $
Balance at 1 July 2017	983,772	983,772
Surplus for the year		
Other comprehensive income for the year	396,976	396,976
Total comprehensive income for the year	-	-
	396,976	396,976
Balance at 30 June 2018		
`	1,380,748	1,380,748
Balance at 1 July 2018	1,380,748	1,380,748
Surplus for the year	427,640	427,640
Other comprehensive income for the year	-	-
Total comprehensive income for the year	427,640	427,640
Balance at 30 June 2019	1,808,388	1,808,388

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Grants received		20,529,401	19,732,571
Fees received		118,233	108,023
Receipts from other services provided		281,542	154,534
Payments to suppliers and employees		(19,891,762)	(16,296,735)
Interest received		349,454	243,429
Net cash provided by operating activities	13(b)	**1,386,868**	**3,955,845**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of plant and equipment		(150,921)	-
Proceeds from the disposal of plant and equipment		-	-
Net cash used in investing activities		**(150,921)**	**-**
Net increase in cash and cash equivalents		1,235,947	3,955,845
Cash and cash equivalents at beginning of year		12,821,436	8,865,591
Cash and cash equivalents at end of year	13(a)	**14,057,383**	**12,821,436**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Gippsland Health Network Limited as an individual entity, incorporated and domiciled in Australia. Gippsland Health Network Limited is a not-for-profit company limited by guarantee.

Statement of Compliance
The financial reports are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012.*

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial statements are presented below. They have been consistently applied unless otherwise stated.

Basis of Preparation
The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Accounting Policies
The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained under changes in accounting policies.

(a) Economic dependence
Gippsland Health Network Limited is dependent on the Department of Health (the "Department") for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe that the Department of Health will not continue to support Gippsland Health Network Limited.

(b) Income Tax
The Company is considered to be exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act 1997 as a charitable institution.

(c) Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Company and liabilities incurred by the Company to the former owners of the acquiree and the equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value with assets or liabilities related to employee benefit arrangements being recognised and measured in accordance with AASB 119 Employee Benefits.

Where the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or the bargain purchase gain. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combinations (continued)

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, or AASB 137 *Provisions, Contingent Liabilities and Contingent Assets,* as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) Property, plant and Equipment

Property, plant and equipment, are brought to account at cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the estimated replacement cost of the asset. The cost of plant and equipment constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Depreciation

The depreciable amount of all plant and equipment are depreciated over their useful lives to the Company commencing from the time the asset is held available for use.

The depreciation method and rates used for each class of depreciable asset are:

Class of Property, Plant and Equipment	Depreciation rates	Depreciation method
Buildings	3.5%	Straight line
Motor vehicles	22.5%	Straight line
Furniture and fittings	13%	Straight line
Computer equipment	40%	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial performance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit or loss.

(f) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and replacement cost, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed, unless the asset is carried at a revalued amount, the impairment loss is then treated as a revaluation decrease.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

(i) Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

(g) Financial Instruments(continued)

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.
If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

(ii) Financial assets

Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss

On the basis of the two primary criteria, being:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.
The entity initially designates financial instruments as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial liability that was part of an entity of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

(iii) Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity's accounting policy.

(g) Financial Instruments(continued)

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

(i) Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ii) Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.
All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment
The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

(g) Financial Instruments(continued)

The entity used the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

(i) General approach
Under the general approach, at each reporting period, the entity assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the entity measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the entity measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

(ii) Simplified approach
The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.
This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

(iii) Purchased or originated credit impaired approach
For a financial asset that is considered to be credit impaired (not on acquisition or originations), the entity measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment was recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- Where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

(iv) Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumed that the credit risk has not increased significantly since initial recognition and accordingly can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such determination that the financial asset has low credit risk, the entity applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.
A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(g) Financial Instruments(continued)

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.
The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. An amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance

(h) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. 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.

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

(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.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(j) Revenue

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

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

When grant revenue is received whereby the Company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Where the entity receives a non-reciprocal contribution of assets from the government and other parties for zero or a nominal value, these assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Revenue (continued)

A liability for unexpended grants is recognised where there is a condition in the funding terms that unspent grants will be required to be repaid and the organisation has not received formal notification that they are entitled to retain this funding at balance date; or where the grantor of the funding (being the other party to the contract) has created an expectation that unspent funds should be treated as a current liability.

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

Interest revenue is recognised using the effective interest rate method.

Donations and sponsorships are recognised as revenue when received.

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

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

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

(l) Leases

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

Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses on a straight line basis over the period of the lease.

(m) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:
(i) it is expected to be realised or intended to be sold or consumed in normal operating cycle; or
(ii) it is held primarily for the purpose of trading; or
(iii) it is expected to be realised within twelve months after the reporting period; or
(iv) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Current and non-current classification (continued)

A liability is current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or
(iii) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(n) Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1(h), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the 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.

(o) New and amended accounting policies adopted by the Company

Initial application of AASB9: Financial Instruments

The entity has adopted AASB 9: Financial Instruments with a date of initial application of 1 January 2018. As a result, the entity has changed its financial instruments accounting policies as detailed in the significant accounting policies note.
Considering the initial application of AASB 9 during the financial period, financial statement line items have been affected for the current and prior periods. Below in this note are the adjustments made to the affected financial statement line items.
AASB 9 requires retrospective application with some expectations (ie when hedge accounting in terms of the standard).

Disclosure: Initial application of AASB 9

There were no financial assets/liabilities which the entity had previously designated as fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the entity has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

(o) New and amended accounting policies adopted by the Company (continued)

The entity applied AASB 9 (as revised in July 2014) and the related consequential amendments to other AASBs. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting.

The date of initial application was 1 January 2018. The entity has applied AASB 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied AASB 9 to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 January 2018 have been restated where appropriate.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the entity's business model and the cash flow characteristics of the financial assets, as follows:

- debt investments that are held within a business model whose goal is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;

- debt investments that are held within a business model whose goal is both to collect contractual cash flows and to sell it, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income; and

- all other debt investments and equity investments are measured at fair value through profit or loss.

Despite the issues mentioned above, the entity may make irrevocable election at initial recognition of a financial asset as follows:

- the entity may choose to present subsequent changes in fair value of an equity investment that is not held for trading and not a contingent consideration in a business combination in other comprehensive income; and
- the entity may choose to present a debt investment that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if this choice significantly reduces an accounting mismatch.

When an equity investment at fair value through other comprehensive income has a gain or loss previously recognised in other comprehensive income, it is not reclassified to profit or loss. However, when a debt investment at fair value through other comprehensive income is derecognised, the gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment.

The directors of the entity determined the existing financial assets as at 1 January 2018 based on the facts and circumstances that were present and determined that the initial application of AASB 9 had the following effect:

- the entity's investments in equity instruments not held for trading that were previously classified as available-for-sale financial assets and were measured at fair value have been designated as at fair value through other comprehensive income. The movement in fair value on equity instruments is accumulated in the financial assets reserve;

- financial assets as held-to-maturity and loans and receivables that were measured at amortised cost continue to be measured at amortised cost under AASB 9 as they are held to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding; and

- financial assets measured at fair value through profit or loss (AASB 139) are still measured as such under AASB 9.

(o) New and amended accounting policies adopted by the Company (continued)

This note contains a table that shows the effect of classification of the financial assets upon initial application.

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous standard applicable (AASB 139). To reflect changes in credit risk, this expected credit loss model requires the entity to account for expected credit losses since initial recognition.

AASB 9 also determines that a loss allowance for expected credit loss be recognised on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets, loan commitments and financial guarantee contracts as the impairment provision would apply to them.

If the credit risk on a financial instrument did not show significant change since initial recognition, an expected credit loss amount equal to 12-month expected credit losses are used. However, a loss allowance is recognised at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition, or if the instrument is an acquired credit-impaired financial asset.
A simple approach is followed in relation to trade receivables as the loss allowance is measured at lifetime expected credit loss.
The entity reviewed and assessed the existing financial assets on 1 January 2018. The assessment was done to test the impairment of these financial assets using reasonable and supportable information that is available to determine the credit risk of the respective items at the date they were initially recognised. The assessment was compared to the credit risk as at 1 January 2017 and 1 January 2018. The assessment was done without undue cost or effort in accordance with AASB 9.

The entity uses the simplified approach and recognises lifetime expected credit loss. Additional credit loss allowances have not been recognised as at 1 January 2018 and as at 1 January as a result of application of the AASB 9.
The consequential amendments to AASB 7 have also resulted in more extensive disclosures about the entity's exposure to credit risk in the consolidated financial statements.

Classification and measurement of financial liabilities

AASB 9 determines that the measurement of financial liabilities and also the classification relates to changes in the fair value designated as FVTPL attributable to changes in the credit risk.

AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income. Unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained earnings when the financial liability is derecognised and not reclassified through profit or loss. AASB 139 requires the fair value amount of the change of the financial liability designated as at FVTPL to be presented in profit or loss.

Apart from the above, the application of AASB 9 has had no impact on the classification and measurement of the entity's financial liabilities.

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 January 2018

(o) New and amended accounting policies adopted by the Company (continued)

	Financial instruments category		Carrying amount		
	AASB 139 Original	**AASB 9 New**	**AASB 139 Original**	**AASB 9 Recognition of additional loss**	**AASB 9 New**
Financial assets Current and non-current					
Trade and other receivables	Loans and receivables (amortised cost)	Financial assets at amortised cost	866,553	-	866,553
Cash and Cash Equivalents	Loans and receivables (amortised cost)	Financial assets at amortised cost	12,821,436	-	12,821,436
Financial liabilities					
Current and non-current					
Trade and other payables	Amortised Costs	Financial liabilities at amortised costs	3,746,195	-	3,746,195
Other payables	Loans and receivables (amortised cost)	Financial liabilities at amortised cost	8,701,210	-	8,701,210

The application of these changes in accounting policies had no impact on the cash flows of the entity.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

	Note	2019	2018
		$	$
NOTE 2: REVENUE			
Revenue from government grants and other grants			
Core grant revenue – Primary Health Network		20,080,294	16,061,013
Grant revenue – Headspace		-	-
Other grant revenue		424,868	715,684
		20,505,162	16,776,697
Other operating revenue			
- Administration fees		118,233	108,023
Total operating revenue		20,623,395	16,884,720
Other income			
- Interest income		349,454	243,429
- Sundry income		281,542	154,534
Total other income		630,996	397,963
Total revenue and other revenue		21,254,391	17,282,683

NOTE 3: SURPLUS FOR THE YEAR

Surplus for the year, before income tax, is arrived at after taking into consideration the following expenses:

	Note	2019	2018
Depreciation expense:			
- Buildings		15,662	15,663
- Motor vehicles		-	744
- Computer equipment		-	14,680
		15,662	31,087
Operating lease expenses:			
- Office rental		225,934	124,101
- Equipment rental		17,820	16,132
- Vehicles		152,086	127,462
		395,840	267,695

NOTE 4: CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash at bank		14,043,292	12,810,490
Cash on hand		14,091	10,946
	13	14,057,383	12,821,436

	Note	2019	2018
		$	$
NOTE 5: TRADE AND OTHER RECEIVABLES			
Trade receivables		96,639	400,081
Less: Provision for impairment of receivables	(a)	-	-
		96,639	400,081
Other receivables		210,827	211,414
	14	307,466	611,495
Statutory assets:			
Net GST (payable) / receivable		418,043	255,058
		725,509	866,553

(a) The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward-looking information. There was no provision for impairment of receivables at balance date, nor were there any provision movements or amounts written off during the year.

	2019	2018
NOTE 6: PROPERTY, PLANT AND EQUIPMENT		
Land:		
At cost	166,000	166,000
Buildings:		
At cost	280,000	280,000
Accumulated depreciation	(107,712)	(92,050)
	172,288	187,950
Total land and buildings	338,288	353,950
Motor vehicles:		
At cost	-	-
Accumulated depreciation	-	-
	-	-
Computer equipment:		
At cost	325,748	325,748
Accumulated depreciation	(325,748)	(325,748)
	-	-
Works in progress:		
At cost	150,921	-
Total plant and equipment	150,921	-
Total property, plant and equipment	489,209	353,950

NOTE 6: PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land and buildings	Motor vehicles	Works in progress	Total
	$	$	$	$
Balance at 1 July 2018	353,950	-	-	353,950
Additions	-	-	150,921	150,921
Disposals	-	-	-	-
Depreciation	(15,662)	-	-	(15,662)
Balance at 30 June 2019	338,288	-	150,921	489,209

	Note	2019	2018
		$	$
NOTE 7: TRADE AND OTHER PAYABLES			
Current			
Trade payables		1,477,370	821,727
Accrued expenses and other payables		3,184,130	2,836,436
	14	4,661,500	3,658,163
Statutory liabilities:			
PAYG tax payable		94,263	88,032
		4,755,763	3,746,195
NOTE 8: OTHER LIABILITIES			
Current			
Unexpended grants liability – Primary Health Network		30,100	1,224,590
Grants in advance – Primary Health Network		8,391,907	7,476,620
		8,422,007	8,701,210
NOTE 9: PROVISIONS			
Current			
Annual leave		178,730	144,145
Non-current			
Long service leave		107,213	69,641
		285,943	213,786

NOTE 9: PROVISIONS (Continued)

(a) *Provision for Employee Entitlements*
A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1(h).

NOTE 10: MEMBERS' GUARANTEE

The Company is incorporated under the Corporations Act 2001 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 $50 towards meeting any outstanding obligations of the Company. At 30 June 2019 the total amount that members of the Company are liable to contribute if the Company is wound up is $2,700.

NOTE 11: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority or responsibility for planning and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel (KMP). The totals of remuneration paid to KMP of the Company during the financial year are as follows:

	Note	2019	2018
		$	$
KMP compensation		719,125	858,148

NOTE 12: RELATED PARTY TRANSACTIONS

Related parties include close family members of KMP and entities that are controlled or jointly controlled by those KMP, individually or collectively with their close family members.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated. Transactions with related parties are detailed below:

Director names	Nature of transactions		
Mark Biggs, Nathan Voll (independent member of the Audit, Risk, Finance Committee) and Murray Bruce	Latrobe Community Health Service is a contracted service provider for various programs. Mark Biggs is Board Chair of Latrobe Community Health Service. Murray Bruce and Nathan Voll are Board Directors of Latrobe Community Health Service.	1,585,281	1,174,406
Kellie O' Callaghan	GPHN hires venues from the Latrobe City Council. Kellie O'Callaghan is an elected councillor with the Latrobe City Council.	1,489	400

		Note	2019	2018
			$	$

NOTE 12: RELATED PARTY TRANSACTIONS (CONTINUED)

Therese Tierney	East Gippsland Water provide water to our Bairnsdale Units. Therese Tierney is an independent member of East Gippsland Water's Audit and Risk Committee.	1,747	-
Therese Tierney	Taclog is a contracted consultant for facilitating the Mallacoota Planning workshop. Therese Tierney is a director of Taclog.	1,760	-
Anne Peek	Monash University is a contracted research provider. Anne Peek in a co-investigator for Monash University.	25,080	-
Julie Rogalsky	Julie Rogalsky is a manager at Trafalgar Medical Centre who purchased some excess office furniture from GPHN.	100	-
Nola Maxfield	Wonthaggi Medical Group is a contracted service provider for various programs. Nola Maxfield is a partner at Wonthaggi Medical Group.	70,532	-
Sinead de Gooyer	Orygen is a contracted service provider for a youth mental health program. Sinead de Gooyer's brother is Director of Research at Orygen.	13,090	-

There were no other related party transactions during the year.

NOTE 13: NOTES TO THE STATEMENT OF CASH FLOWS

	Note	2019	2018
		$	$
(a) *Reconciliation of cash and cash equivalents*			
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 at bank		14,043,292	12,810,490
Cash on hand		14,091	10,946
Total cash and cash equivalents	4	14,057,383	12,821,436
(b) *Reconciliation of net cash provided by operating activities with surplus for the year*			
Surplus for the year		427,640	396,976
Non-cash flows included in the deficit for the year			
Depreciation		15,663	31,087
Loss on disposal of plant and equipment		-	14,023

	Note	2019	2018
		$	$

NOTE 13: NOTES TO THE STATEMENT OF CASH FLOWS

Changes in assets and liabilities:			
(Decrease) in trade and other receivables		303,442	(253,203)
Increase in trade and other payables		846,582	636,475
(Increase) / Decrease in other current assets		587	(80,370)
Increase / (Decrease) in grants in advance		(279,203)	3,209,077
Increase in provisions		72,157	1,780
		1,386,868	3,955,845

(c) *Non-cash transactions:*

There were no non-cash investing or financing activities.

NOTE 14: FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

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

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019	2018
		$	$
Financial Assets			
Cash and cash equivalents	4	14,057,383	12,821,436
Receivables (excluding statutory receivables)	5	307,466	611,495
Total Financial Assets		14,364,849	13,432,931
Financial Liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables (excluding statutory liabilities)	7	4,661,500	3,658,163
Total Financial Liabilities		4,661,500	3,658,163

	Note	2019	2018
		$	$
NOTE 15: LEASING COMMITMENTS			
Operating Lease Commitments			
Payable - minimum lease payments			
- not later than one year		317,919	296,874
- later than one year and not later than five years		339,237	462,047
Present value of minimum lease payments		657,156	758,921

Operating leases comprise:

a) Eleven motor vehicle lease commitments under a Toyota Fleet Management Lease Arrangement that are non- cancellable operating leases contracted for but not capitalised in the financial statements with remaining 29, 32 and 33 month terms expiring in November 2021, February 2022 and March 2022 respectively; and
b) Office leases for premises at Traralgon, Bairnsdale and Wonthaggi that are non-cancellable operating leases contracted for but not capitalised in the financial statements. Traralgon expires in May 2021. Bairnsdale and Wonthaggi expire June 2021; and
c) Equipment leases for photocopiers that are non-cancellable operating leases contracted for but not capitalised in the financial statements with a remaining 16 month term, expiring in October 2020.

NOTE 16: EVENTS AFTER 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.

NOTE 17: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2019.

NOTE 18: COMPANY DETAILS

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

Gippsland Health Network Limited
11 Seymour Street
TRARALGON VICTORIA 3844

DIRECTORS' DECLARATION

In accordance with a resolution by the directors of Gippsland Health Network Limited, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 31, are in accordance with the Corporations Act 2001 and:

    a. Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and

    b. Give a true and fair view of the financial position of the Company as at 30 June 2019 and of its performance for the financial year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dr Sinead de Gooyer
Chair

Ms Julie Rogalsky
Deputy Chair

Dated this day of September 2019.

McLean Delmo Bentleys
THINKING AHEAD

McLean Delmo Bentleys Audit Pty Ltd
Level 3, 302 Burwood Rd
Hawthorn Vic 3122
PO Box 582 Hawthorn Vic 3122
ABN 54 113 655 584
T +61 3 9018 4666
F +61 3 9018 4799
info@mcdb.com.au
mcleandelmobentleys.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GIPPSLAND HEALTH NETWORK LIMITED

Opinion
We have audited the financial report of Gippsland Health Network Limited, which comprises the statement of financial position as at 30 June 2019, 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 other explanatory information, and the directors' declaration.

In our opinion, the financial report of Gippsland Health Network 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 Entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 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 are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012, which has been given to the directors as at the time of this auditor's report.

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

Responsibilities of the Directors for the Financial Report
The Directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements 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 a 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

McLean Delmo
Bentleys
THINKING AHEAD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GIPPSLAND HEALTH NETWORK LIMITED (CONTINUED)

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 Australian Auditing Standards, we exercise professional judgment 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 Entity'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 Entity'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 Entity 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 those charged with governance 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.

McLean Delmo Bentleys Audit Pty Ltd

Martin Fensome
Partner

Hawthorn
18 September 2019