North Queensland Primary Healthcare Network Limited

ABN 35 605 757 640

Annual financial report
For the year ended 30 June 2019

Contents

Statement of comprehensive income

For the year ended 30 June 2019

	Note	2019 $	2018 $
Income			
Revenue	5	56,916,391	51,164,843
Members' application fee	4(a)	30,000	16,409
Other		83,738	125,281
		57,030,129	51,306,533
Expenses			
Board and governance		410,251	333,792
Commissioned contracts		47,654,394	39,768,920
Communications/IT		579,428	946,855
Community/Provider engagement and workforce development		250,741	275,723
Consultancy fees/Professional services	6	585,171	693,191
Depreciation and amortisation	9 & 10	234,844	310,740
Employee expenses	7	6,715,492	8,418,192
Low cost capital items		129,716	85,844
Motor vehicle costs		67,773	92,511
Occupancy costs		445,530	536,527
Travel and accommodation		288,942	656,678
Other expenses		281,853	160,017
		57,644,135	52,278,990
Results from operating activities		(614,006)	(972,457)
Finance income		1,037,057	795,128
Finance costs		-	-
Net finance income		1,037,057	795,128
Net surplus before tax		423,051	(177,329)
Income tax expense	4(d)	-	-
Net surplus		423,051	(177,329)
Other comprehensive income		-	-
Total comprehensive income		423,051	(177,329)

This statement should be read in conjunction with the notes to the financial statements.

Statement of financial position

As at 30 June 2019

	Note	2019 $	2018 $
Assets			
Cash and cash equivalents		40,901,774	38,533,557
Trade and other receivables	8	146,459	56,504
Other investments		21,027	8,250
Total current assets		41,069,260	38,598,311
Property, plant and equipment	9	266,474	346,641
Intangible assets	10	708,614	151,840
Total non-current assets		975,088	498,481
Total assets		42,044,348	39,096,792
Liabilities			
Trade and other payables	12	10,496,941	11,710,339
Unearned revenue	14	30,449,359	26,778,330
Total current liabilities		40,946,300	38,488,669
Provisions	13	66,874	-
Total non-current liabilities		66,874	-
Total liabilities		41,013,174	38,488,669
Net assets		1,031,174	608,123
Equity			
Retained surplus		1,031,174	608,123
Total equity		1,031,174	608,123

This statement should be read in conjunction with the notes to the financial statements.

Statement of changes in equity

For the year ended 30 June 2019

	Note	2019 $	2018 $
Retained surplus			
Balance at 1 July		608,123	785,452
Total comprehensive income			
Net surplus		423,051	(177,329)
Total other comprehensive income		-	-
Total comprehensive income		423,051	(177,329)
Balance at 30 June		1,031,174	608,123

This statement should be read in conjunction with the notes to the financial statements.

Statement of cash flows

For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Cash receipts from funding bodies		61,623,017	56,499,132
Other income		113,738	141,690
Payments to suppliers		(53,225,373)	(40,002,040)
Payments to employees		(6,455,994)	(8,437,102)
Cash generated from operating activities		2,055,388	8,201,680
Interest received		1,037,057	795,128
Net cash from operating activities	18	3,092,445	8,996,808
Cash flows from investing activities			
Net movement in term deposits		(12,777)	52,329
Acquisition of property, plant and equipment		(53,555)	-
Payment for intangible assets		(657,896)	(47,987)
Net cash from/(used in) investing activities		(724,228)	4,342
Net increase in cash and cash equivalents		2,368,217	9,001,150
Cash and cash equivalents at 1 July		38,533,557	29,532,407
Cash and cash equivalents at 30 June		40,901,774	38,533,557

This statement should be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1 Reporting entity

North Queensland Primary Healthcare Network Limited (the "Company") is domiciled in Australia. The Company's registered office is at 36 Shields Street Cairns. The Company is a not-for-profit entity and primarily is involved in working with community-based general practitioners, dentists, pharmacists, nurses and allied health practitioners in Northern Queensland to improve and coordinate Primary Health Care across the local health system for patients requiring care from multiple providers.

2 Basis of accounting

a Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Australian Charities and Not-for-profits Commission Act 2012*. The financial statements of the Company do not comply with International Financial Reporting Standards ("IFRSs") adopted by the International Accounting Standards Board. They were authorised for issue by the Board of Directors on the date shown on the directors' declaration.

b Basis of measurement

The financial statements have been prepared on the historical cost basis.

c Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

d Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

Property, plant and equipment – Note 4(e).

Assumptions and estimation uncertainties

Management is not aware of any assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

e Economic dependency and going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company is a not-for-profit entity and is reliant on government funding in order to continue its operations. Management has no reason to believe that the required funding will not be forthcoming for the foreseeable future. However, should future government funding be significantly reduced or curtailed, the Company would be unlikely to be able to continue its operations at current levels.

3 New and amended accounting standards

a New and amended standards adopted

The Company has adopted all the amendments to Australian Accounting Standards issued by the AASB which are relevant to, and effective for, the Company's financial statements for the annual period beginning 1 July 2018. None of the amendments have had a significant impact on the Company.

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

While this represents significant new guidance, the implementation of AASB 9 has not had a significant impact on the Company.

b Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2018, and have not been applied in preparing these financial statements. The following new standards may have an impact on the Company's financial statements, although any such impact has not yet been fully assessed:

- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-profit Entities* become mandatory for annual periods beginning on or after 1 January 2019. AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 sets out Australian requirements and provides guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together, they establish a comprehensive framework for determining whether, how much and when revenue is recognised.
- AASB 16 *Leases* becomes mandatory for annual periods beginning on or after 1 January 2019 (with early adoption permitted) and in essence requires a lessee to:
  - recognise all lease assets and liabilities (including those currently classed as operating leases) on the statement of financial position, initially measured at the present value of unavoidable lease payments;
  - recognise amortisation of lease assets and interest on lease liabilities as expenses over the lease term; and
  - separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (which entities can choose to present within operating or financing activities consistent with presentation of any other interest paid) in the statement of cash flows.

The Company does not plan to adopt these standards early.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

i Commonwealth funding

Funding is provided predominantly by the Commonwealth Department of Health for specific primary health services purchased by the Department in accordance with a standard funding agreement. Funding is based on an agreed range of activities per the standard funding agreement and a nation wide price by which relevant activities are funded. The standard funding agreement will be reviewed periodically and updated for changes in activities and prices of services delivered. At the end of the financial year, where the Company has received Commonwealth funding in advance of the of the services being performed, these funds are carried forward as unearned revenue.

ii Membership fee

In line with Clause 7.4(d) of the Constitution all Members pay a membership fee currently set at $3,000 per annum commencing 1 July 2018. Members previously paid an application fee set at $10,409 per member.

b Finance income and finance costs

Finance income includes interest income on funds invested. Interest income is recognised using the effective interest method.

c Employee benefits

i Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii Other long-term employee benefits

The Company’s net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in expenses in the period in which they arise.

d Income tax

The Company has been granted exemption from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

e Property, plant and equipment

i Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in income or expenses.

Items of property, plant and equipment with a cost or other value equal to or greater than $10,000 are recognised in the statement of financial position in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

ii Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives and is generally recognised in expenses. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment are as follows:

- Leasehold improvements 3 – 5 years
- Office equipment 3 – 5 years
- Computer hardware 3 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

f Intangible assets

Intangible assets with a cost or other value equal to or greater than $10,000 are recognised in the statement of financial position. Items with a lesser value are expensed in the year of acquisition. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the Company. The residual value is zero for all the Company's intangible assets.

The Company's intangible assets are recognised and carried at cost less any accumulated amortisation and accumulated impairment losses.

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the Company. The amortisation rates average 30%.

g Financial instruments

i Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

ii Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)

- equity instruments at fair value through other comprehensive income (FVOCI).

Classifications are determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

AASB 9's impairment requirements use forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Company assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

iii Classification and measurement of financial liabilities

The Company's financial liabilities were not impacted by the adoption of AASB 9. The accounting policy is disclosed below.

The Company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

h Impairment

At each reporting date the Company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that these assets have been impaired.

i Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

j Leases

i Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

ii Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

iii Lease payments

Payments made under operating leases are recognised in expenses on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

k Members' liability

The Company is a company limited by guarantee. Accordingly, each person who was a Member during the year ending on the day of the commencement of the winding up of the Company undertakes to contribute to the property of the Company for:

a payment of debts and liabilities of the Company;
b payment of the costs, charges and expenses of winding up; and
c any adjustment of the rights of the contributories among Members.

The amount of any such contribution is limited to $10.

	2019 $	2018 $

5 Revenue

Commonwealth funding		
Primary Health Networks – Operational & Flexible/Innovation	12,045,901	13,300,056
Primary Health Networks – After Hours Primary Health Care	4,688,022	5,520,496
Indigenous Australians' Health Programme	7,122,575	5,329,496
Mental Health and Suicide Prevention, and Drug & Alcohol activities	31,218,850	26,515,501
Psychosocial Support	1,540,637	-
My Health Record Expansion	203,347	269,380
Other funding	97,059	229,914
	56,916,391	51,164,843

6 Consultancy fees/professional services

Professional services – corporate	287,858	427,338
Professional services – commissioning and programs	297,313	265,853
	585,171	693,191

7 Employee expenses

Employee benefits		
Salaries and wages	5,202,056	6,927,927
Employer superannuation contributions	523,757	654,490
Annual leave expenses	494,954	432,241
Long service leave expenses	66,874	-
Other employee benefits	168,353	144,405
	6,455,994	8,159,063
Employee related expenses		
Workers' compensation premium	14,272	24,367
Other employee expenses	245,226	234,762
	6,715,492	8,418,192

8 Trade and other receivables

Current		
Prepayments	114,520	-
Other receivables	31,939	56,504
	146,459	56,504

9 Property, plant and equipment

Reconciliation of carrying amount

	Leasehold improvements $	Office equipment $	Computer hardware $	Capital WIP $	Total $
Cost					
Balance at 1 July 2017	433,207	46,731	260,797	-	740,735
Low cost asset expensed	-	-	(3,400)	-	(3,400)
Balance at 30 June 2018	433,207	46,731	257,397	-	737,335
Balance at 1 July 2018	433,207	46,731	257,397	-	737,335
Additions	-	-	-	53,555	53,555
Balance at 30 June 2019	433,207	46,731	257,397	53,555	790,890
Depreciation and impairment					
Balance at 1 July 2017	150,984	21,711	63,673	-	236,368
Depreciation for the year	68,906	13,154	72,266	-	154,326
Balance at 30 June 2018	219,890	34,865	135,939	-	390,694
Balance at 1 July 2018	219,890	34,865	135,939	-	390,694
Depreciation for the year	65,658	5,447	62,617	-	133,722
Balance at 30 June 2019	285,548	40,312	198,556		524,416
Carrying amounts					
At 1 July 2017	282,223	25,020	197,124	-	504,367
At 30 June 2018	213,317	11,866	121,458	-	346,641
At 30 June 2019	147,659	6,419	58,841	53,555	266,474

10 Intangible assets

Computer software

	2019 $	2018 $
Cost		
Balance at 1 July	473,914	425,927
Additions	-	47,987
Balance at 30 June	473,914	473,914
Amortisation		
Balance at 1 July	322,074	165,660
Amortisation for period	101,122	156,414
Balance at 30 June	423,196	322,074
Carrying amount at 30 June	50,718	151,840

Computer software – work in progress

	2019 $	2018 $
Cost		
Balance at 1 July	-	-
Additions	657,896	-
Balance at 30 June	657,896	-
Carrying amount at 30 June	657,896	-
	708,614	151,840

	2019 $	2018 $

11 Financial instruments – fair values

The Company's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable and payable. The fair values of financial assets and financial liabilities approximate the carrying amounts shown in the statement of financial position.

	2019 $	2018 $
Financial assets		
Cash and cash equivalents	40,901,773	38,533,557
Investments	21,027	8,250
Receivables	31,939	56,504
	40,954,739	38,598,311
Financial liabilities		
Trade and other payables	10,496,941	11,710,339
	10,496,941	11,710,339

12 Trade and other payables

	2019 $	2018 $
Trade payables	1,372,883	1,587,617
Other payables and accruals	8,588,808	9,043,286
Commonwealth funding repayable	-	482,543
GST payable	171,922	266,372
Liability for annual leave	363,328	330,521
	10,496,941	11,710,339

13 Provisions

	2019 $	2018 $
Current		
Long service leave	-	-
Non-current		
Long service leave	66,874	-
Balance at 1 July	-	-
Provisions made during the year	66,874	-
Provisions used during the year	-	-
Unwinding of discounts	-	-
Balance at 30 June	66,874	-

Long service leave

The provision for long service leave represents the Company’s best estimate of the future benefit that employees have earned. The amount and timing of the associated outflows is uncertain and dependent on employees attaining the required years of services. Where the Company no longer has the ability to defer settlement of the obligation beyond 12 months from the reporting date, liabilities are presented as current. This would usually occur when employees are expected to reach the required years of service in the 12 months from reporting date. The discount rate used to determine the present value of future benefits at 30 June 2019 was 0.73%.

14 Unearned revenue

Unearned revenue represents future funding received in advance, current year funding held to meet future activity commitments, current year funding to be acquitted in the future and uncommitted funding approved for carryover by the funder.

	2019 $	2018 $
Core Operational and Flexible, Establishment and Transition and Innovation	12,339,954	10,490,987
Core After Hours Primary Health Care	4,390,995	3,266,059
Indigenous Australians' Health Programme	119,245	300,969
Primary Mental Health	8,755,668	9,387,948
Drugs and Alcohol Treatment Services	1,952,335	2,456,729
Other programs	2,891,162	875,638
	30,449,359	26,778,330
Made up of:		
Future funding received in advance	2,286,781	3,068,101
Current year funding held to meet future activity commitments	15,747,877	11,188,077
	18,034,658	14,256,178
Unexpended and uncommitted funds:		
Core Operational and Flexible, Establishment and Transition and Innovation	4,418,317	5,955,168
Core After Hours Primary Health Care	2,897,292	525,273
Indigenous Australians' Health Programme	119,245	107,245
Primary Mental Health	3,140,343	5,269,713
Drugs and Alcohol Treatment Services	371,817	355,779
Other programs	1,467,687	308,974
	12,414,701	12,522,152
	30,449,359	26,778,330

15 Operating leases

Leases as lessee

The Company leases a number of buildings and motor vehicles under operating leases. The leases typically run for a period of one to five years, with an option to renew the lease after that date. At reporting date, the future minimum lease payments under non-cancellable leases were payable as follows:

	2019 $	2018 $
Less than one year	490,693	457,714
Between one and five years	398,878	792,699
More than five years	-	-
	889,571	1,250,413

During the year ended 30 June 2019, $454,305 was recognised as an expense in respect of operating leases (2018: $436,053).

16 Capital management

The Company's policy is to maintain a strong capital base so as to maintain Member, creditor and funding body confidence and to sustain future development of the business. Capital consists of retained surpluses. Management monitors the Company's operating surplus.

The Company's net debt to equity ratio at the reporting date was as follows:

	2019 $	2018 $
Total liabilities	41,013,174	38,488,669
Less: Cash and cash equivalents	40,901,774	38,533,557
Net debt	111,400	(44,888)
Total equity	1,031,174	608,123
Net debt to equity ratio at 30 June	11%	(7%)

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

17 Commitments

The Company commits commissioned contracts against future funding. As at 30 June 2019, the Company committed $31,557,748 (2018: $24,777,750) in commissioned contracts against the 2019/20 grant funds. The 2019/20 funds had not been received at 30 June 2019 and accordingly are not reflected in the Company's 2018-19 financial statements. The 2019/20 committed contracts are expected to be settled within 12 months.

18 Reconciliation of cash flows from operating activities

Net surplus/(deficit)	423,051	(177,329)
Adjustments for:		
Depreciation and amortisation	234,844	310,740
	657,895	133,411
Changes in:		
Trade and other receivables	(89,955)	1,378,189
Trade and other payables	(1,213,398)	(124,719)
Provisions and employee benefits	66,874	-
Unearned revenue	3,671,029	7,609,927
Net cash from operating activities	3,092,445	8,996,808

19 Related parties

Transactions with key management personnel

i Remuneration of Board of Directors

Remuneration expense for Board of Directors comprises base remuneration, committee chair sitting fees, committee member sitting fees, and superannuation. The amounts disclosed below represent expenses recognised in the statement of comprehensive income.

Details of the nature and amount of each element of the remuneration of each Board Member of the Company are shown in the table below:

	Remuneration	Superannuation	Allowances	Total
	$	$	$	$
2019				
Dr Vladislav Matic (Chairperson)	68,088	6,468	10,541	85,097
Mr Luckbir Singh	34,493	3,277	-	37,770
Mr John Nugent	35,605	3,382	131	39,118
Dr Richard Malone	36,109	3,430	1,200	40,739
Dr Rodney Catton	34,089	3,238	39	37,366
Mr Anthony Mooney, AM	33,833	3,214	-	37,047
Ms Cate Whalan	33,679	3,199	-	36,878
Ms Suzanne Andrews	33,594	3,191	-	36,785
Ms Ruth Faulkner (term ended 21 May 2019)	31,604	3,002	873	35,479
	341,094	32,401	12,784	386,279
2018				
Dr Vladislav Matic (Chairperson)	40,034	4,001	2,319	46,354
Mr Luckbir Singh	21,635	2,055	-	23,690
Mr John Nugent	20,534	1,958	70	22,562
Dr Richard Malone	23,120	2,196	-	25,316
Dr Rodney Catton	23,120	2,196	-	25,316
Mr Anthony Mooney, AM	20,716	1,968	-	22,684
Ms Cate Whalan	9,090	864	-	9,954
Ms Suzanne Andrews	13,268	1,260	2,400	16,928
Ms Ruth Faulkner	25,012	2,525	1,564	29,101
Mr Trent Twomey (ceased 1 January 2018)	20,133	1,871	-	22,004
	216,662	20,894	6,353	243,909

ii Remuneration of other key management personnel

Remuneration and other terms of employment for the Company's other key management personnel are specified in employment contracts. The amounts disclosed below represent expenses recognised in the statement of comprehensive income. The following persons were members of the Executive Team during the financial year ended 30 June 2019:

Mr John Gregg	Chief Executive Officer
Ms Megan Barrett	Executive Director, Shared Services
Ms Gillian Yearsley	Executive Director, Clinical Governance & Performance
Ms Frances Clive	Executive Director, Cairns Cape & Torres
Ms Therese Cotter	Executive Director, Townsville
Ms Karin Barron	Executive Director, Mackay

	2019 $	2018 $
During the year the following remuneration was paid to members of the Executive Team:		
Short-term employee benefits	1,067,761	734,635
Post-employment benefits (superannuation)	100,550	77,384
Termination benefits	-	175,404
Other long term benefits	-	-
	1,168,311	987,423

iii Transactions with Members

A number of Members transacted with the Company during the year. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances were as follows:

		Expenditure for the year ended 30 June		Balance payable as at 30 June	
		2019 $	2018 $	2019 $	2018 $
Cairns and Hinterland Hospital and Health Services	Health Services	823,793	873,516	-	-
Townsville Hospital and Health Services	Health Services	336,027	287,005	-	-
Torres and Cape Hospital and Health Services	Health Services	1,131,759	739,103	-	9,000
Mackay Hospital and Health Services	Health Services	496,136	303,494	-	45,000
Pharmacy Guild of Australia	Health Services	17,215	68,859	-	-
Australian College of Remote and Rural Medicine	Workforce Development	-	-	-	-
Northern Aboriginal and Torres Strait Islander Health Alliance	Health Services	3,613,988	2,014,479	-	-
Australian Primary Health Care Nurses Association	Health Services	75,101	60,651	-	-
Council on the Ageing	Resources	610	4,816	610	-
Queensland Alliance for Mental Health	Consulting Services	-	10,100	-	-
CheckUP	Health Services	713,002	-	-	-

The Company used the services of Members in relation to health services, workforce development, resourcing and consulting services. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

iv Membership contribution and interest in Tropical Australian Academic Health Centre Limited

Tropical Australian Academic Health Centre Limited ("TAAHCL") registered as a public company limited by guarantee on 3 June 2019. North Queensland Primary Healthcare Network Limited is one of seven founding members along with Cairns and Hinterland Hospital and Health Service, Mackay Hospital and Health Service, North West Hospital and Health Service, Townsville Hospital and Health Service, Torres and Cape Hospital and Health Service and James Cook University. Each founding member holds two voting rights in the company and is entitled to appoint two directors.

The members have incorporated the company and established a governance structure to enhance health and health services research in the region, leveraging economies of scale and the proven opportunities of the Academic Health Centre concept for northern Queensland. North Queensland Primary Healthcare Network Limited has paid its 2018-19 TAAHCL membership contribution of $75,000 in June 2019 which will be held in trust by James Cook University on behalf of TAAHCL as the TAAHCL accounts have not been established yet.

As each member has the same voting entitlement (14.3%), it is considered that none of the individual members has power or significant influence over TAAHCL (as defined by AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*). Each member's liability to TAAHCL is limited to $10. TAAHCL's constitution prevents any income or property of the company being transferred directly or indirectly to or amongst the members. Each member must pay annual membership fees as determined by the board of TAAHCL.

As TAAHCL is not controlled by North Queensland Primary Healthcare Network Limited and is not considered a joint operation or an associate of North Queensland Primary Healthcare Network Limited, financial results of TAAHCL are not required to be disclosed in these statements.

20 Subsequent events

The Board is not aware of any events which have occurred subsequent to balance date which would materially affect the financial statements at 30 June 2019, or the Company's state of affairs in future financial years.

Directors' declaration

The directors of North Queensland Primary Healthcare Network Limited (the "Company") declare that in their opinion:

a the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

  i giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

  ii complying with Australian Accounting Standards – Reduced Disclosure Requirements; and

b there are reasonable grounds to believe that the Company is able to pay all of its debts as and when they become due and payable; and

c Commonwealth government monies expended by the Company during the financial year have been applied for the purposes specified in the relevant Letter of Offer and the Company has complied with the terms and conditions relating to Commonwealth government funding received.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*:

Dr Vladislav Matic
Chairperson

27 September 2019

Date

John Nugent
Director

27 September 2019

Date

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Independent auditors report

Independent auditor's report
to the members of North Queensland Primary Healthcare Network Limited

Opinion

We have audited the financial report of North Queensland Primary Healthcare Network Limited (the "Company"), which comprises the statement of financial position as at 30 June 2019, the statement of 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 North Queensland Primary Healthcare Network Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

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 2019, but does not include the financial report and our auditor's report thereon.

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

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

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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 – Reduced Disclosure Requirements 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 have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

G J Coonan
Partner – Audit & Assurance

Cairns, 27 September 2019