

CAPITAL HEALTH NETWORK LIMITED
ABN 82 098 499 471

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

CAPITAL HEALTH NETWORK LIMITED
ABN 82 098 499 471

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CAPITAL HEALTH NETWORK LIMITED
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DIRECTORS' REPORT

The directors present their report on Capital Health Network Limited, referred to as 'the Company' and 'CHN' for the financial year ended 30 June 2018.

Directors

The names of the directors in office at any time during or since the end of the financial year are (in alphabetical order):

Professor Gabrielle Cooper
Ms Darlene Cox (appointed 22 August 2017)
Dr Mel Deery (elected 13 December 2017)
Dr Jeffrey Harmer
Mr Matt Hughes (appointed 8 May 2018)
Ms Roslyn Jackson
Mr Glenn Keys (term ended 13 December 2017)
Dr Martin Liedvogel
Dr John Norgrove (term ended 13 December 2017)

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

Operating Results

The result from ordinary activities amounted to a net deficit of \$3,127 (2017: restated surplus \$99,496).

Membership in the Company

The Entity is a Company limited by guarantee. If the Entity was wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Company. At 30 June 2018 the number of members was 1,208 (2017: 1,200).

Significant Changes in State of Affairs

No significant changes in the state of affairs of the company occurred during the financial year.

Principal Activity

The principal activities of the Company involved the administration of government and non-government funded programs during the financial year. These involved:

- Population health and service planning for the ACT region;
- Development of commissioning systems and capacity;
- The provision of training and other support services to general practitioners and primary health care clinicians in the ACT
- Supporting better coordination of primary health care services across the ACT; and
- The provision of primary health care services to the ACT community.

The Company's activities during the year resulted in the implementation of national and regionally based programs and initiatives that focused on delivering relevant primary health care solutions to meet community needs. These have included improved access to services for disadvantaged communities and those with poor access to primary health care, support to general and allied health practices, and improved integration between general practice, primary health care, hospital, social and aged care systems. The Company continually embraced a culture of quality improvement, engagement and good governance practices in the ACT and surrounding region.

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DIRECTORS' REPORT (CONTINUED)

After Balance Date Events

The company signed an operating lease contract in August 2018 for its office premises at 1 Geils Court, Deakin ACT. The operating lease contract commences 1 August 2018 and ends on 31 July 2024. The lease contains a clause providing for the surrender of the lease at 31 July 2021 should funding from the Commonwealth Department of Health not be extended beyond 30 June 2021. The rental payments for the lease are \$296,100 per annum and incur an annual indexation increase of 3%. No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Objectives and Strategies

Goals and Objectives	Long Term or Short Term Objective	Strategies to meet objectives
Whole person, one system healthcare	Short and long term	<ul style="list-style-type: none">• Understand the needs of our communities• Commission for outcomes• Collaborate for aligned, collective results• Channel and leverage resources for maximum benefit• Champion clinical and consumer leadership to inform models of care and services
High performing primary and community care	Short and long term	<ul style="list-style-type: none">• Develop the capability of the workforce• Measurably improve consumer experiences• Use information to support evidence based care• Improve service efficiencies and support business practices that yield the most cost effective care• Champion issues leadership, innovations and research

Measurement of Performance

The Company's performance is continually measured by the following means:

- Financial budgets for the Company and the underlying programs are compiled by the Chief Operating Officer, informed by the Executive team and reviewed by the Chief Executive Officer. The Company's Audit and Risk Committee recommend the budget to the Board of Directors who then approve the Budget. Actual results on a monthly basis are measured against the budget on a Company and program level to ensure performance is in line with milestone deliverables, objectives and stakeholder expectations;
- Program and organisational operational and financial performance and reported to funders every six months after approval by the board;
- Staff performance reviews are conducted during the year to measure the staff's actual performance against program deliverables and Company objectives and expectations, identify potential areas of improvement and monitor staff morale and capabilities;
- On an ongoing basis the Audit and Risk Committee, with the approval of the Board, assess, develop, implement, monitor and update the Company's risk management framework to ensure any existing identified and prospective risks are managed, mitigated or prevented to ensure the Company operates in line with performance expectations; and
- On a continual basis the Audit and Risk Committee and Governance Committee, with the approval of the Board, assess the effectiveness of the corporate governance framework and strive to implement and maintain good corporate governance practices in order to maintain and strengthen stakeholder relationships and to ensure that the processes, policies and procedures are adequate in the achievement of the Company's objectives.

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DIRECTORS' REPORT (CONTINUED)

Information on Board Members

Professor Gabrielle Cooper OAM

Qualifications

B Pharm, DHP, PhD, MAICD, MPSA, MSHPA

Relevant Experience

Until June 30 2018, Gabrielle was the Professor of Pharmacy in the Faculty of Health at the University of Canberra having established the Discipline of Pharmacy in 2004. Gabrielle has extensive national and international experience in hospital pharmacy and her research interests include clinical toxicology, pharmacist and technician education, dementia care and communication between health care settings and providers. In 2017 she was awarded the Medal of the Order of Australia (OAM) in the Australia Day Honours List for service to the pharmacy sector, and to tertiary education.

Gabrielle is a member of the ACT Branch Committee of the Pharmaceutical Society of Australia and a range of other professional committees with a focus on optimal medication management and improved communication between consumers and care providers.

Special Responsibilities

Chair of the Board

Member Governance Committee

Ms Darlene Cox

Relevant Experience

Darlene has been involved in the consumer movement since the late 1990s. She is an eminent advocate for health consumers with an excellent knowledge of the health system, both locally and nationally. She has been the Executive Director of Health Care Consumers' Association Incorporated since 2008. She is a board member of the Australia Council of Social Services. She is also a member of the Australian Health Practitioner Regulation Agency (AHPRA) Community Reference Group and the Choosing Wisely Advisory Group.

Special Responsibilities

Member Community Advisory Council

Dr Mel Deery

Qualifications

MBBS (UNSW)

Relevant Experience

Along with her husband John, Mel is a GP and practice owner at YourGP. She is passionate about developing YourGP to better fulfil the vision of 'genuine care, clinical excellence'. She enjoys all areas of general practice with special interests in paediatrics, women's health, pregnancy care and mental health.

Special Responsibilities

Member General Practice Advisory Committee

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DIRECTORS' REPORT (CONTINUED)

Information on Board Members (continued)

Dr Jeffrey Harmer AO

Qualifications

BA (Hons) (UNSW), Dip Ed (UNSW), PhD (UNSW), HonD (University of Canberra), FAIM, FIPPA, FANZSOG

Relevant Experience

With a career in the public system spanning 33 years, Jeff has occupied a range of executive positions including Manager Director of the Health Insurance Commission, Secretary of the Department of Education, Science and Training, and Secretary of the Department of Families, Housing, Community Services and Indigenous Affairs. In 2009, Jeff was voted the inaugural Australian Government Leader of the Year, and in 2010 he was appointed as an Officer of the Order of Australia (AO) in the Australia Day Honours List for significant achievements in his public service career.

Jeff holds a range of Board appointments with a number of not-for-profit organisations and is also Chair of the Private Health Ministerial Advisory Committee and was the Chair of the Advisory Group for the Australian National Disability Insurance Scheme in the lead up to its introduction in July 2013.

Special Responsibilities

Deputy Chair of the Board
Chair Governance Committee

Mr Matt Hughes

Relevant Experience

In addition to his experience as a Registered Nurse, Matt has many years of commercial and operational expertise across multiple regions and sectors. Matt is the Executive General Manager Operations – Australia, Asia and Pacific for Aspen Medical Canberra where he is responsible for the Group's operations and subsidiary companies within this region. He is also an experienced Director who currently has three Board appointments with companies that deliver a Commonwealth-funded program supporting health delivery across rural and remote Australia; manufacture deployable and modular health facilities; and provide comprehensive health care services across Papua New Guinea.

Special Responsibilities

Member Audit and Risk Committee

Ms Roslyn Jackson

Qualifications

FCA, GAICD

Relevant Experience

Roslyn is a Chartered Accountant with over 30 years' experience working in public practice providing taxation advice, as a corporate accountant in the Australian Government, CFO for a large NFP and COO for an Australian Government Company. She has also owned and operated a training and consulting company, based in Canberra, for over 20 years. Roslyn is currently an independent audit committee member for the Australian Pharmacy Council Ltd and the National Blood Authority Australia.

Special Responsibilities

Member Audit and Risk Committee

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DIRECTORS' REPORT (CONTINUED)

Information on Board Members (continued)

Mr Glenn Keys

Qualifications

Relevant Experience

MAICD, FIEAust

Glenn is a graduate of the University of New South Wales and the International Test Pilots School. He is a member of the Australian Institute of Project Management, the Australian Institute of Company Directors and a Fellow of Engineers Australia. In 2003 Glenn co-founded Aspen and is Co-Executive Chairman of Canberra-based Aspen Medical Pty Ltd. Glenn also sits on a number of other Boards in the health care sector, disability sector and social businesses. In 2013 Glenn was appointed to the Board of the National Disability Insurance Agency (NDIA). Glenn was inducted into the EY Entrepreneur Global Hall of Fame in 2014. In November 2014, Glenn was awarded the 2016 ACT Australian of the Year and represented the ACT at the National Australia Day Awards in January 2016. He is an active Board Member of the National Capital Authority and was appointed Chair of the Canberra Business Chamber in February 2016. Glenn is the founder and Chair of Project Independence, a housing initiative for people with intellectual disabilities, which was officially launched in Canberra in February 2016.

Dr Martin Liedvogel

Qualifications

Relevant Experience

B Med, FRACGP

Martin has been the Practice Principal of Fisher Family Practice since 2006. Fisher Family Practice is a teaching practice for both registrars and medical students. Martin is a GP supervisor and medical educator with Coast City Country GP Training, with an interest in practice ownership/leadership. He is also a FRACGP examiner.

Martin's past experience includes Directorship of the General Practice Registrars Association and membership of the Royal Australian College of GP's Standing Committee – GP Advocacy and Support.

Special Responsibilities

Member Governance Committee

Chair General Practice Advisory Committee

Dr John Norgrove

Qualifications

Relevant Experience

BSc, MBBS (Hons), FRACGP

A full-time GP current practising at the Annie Lim Family Practice in Deakin and at Duntroon Health Centre. John has previously worked as a medical officer in the Royal Australian Air Force (RAAF) and remains a Special Reservist. John has held the position of senior medical officer in several locations during his service with the RAAF, and serves as the chairman of the Board for his son's school.

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DIRECTORS' REPORT (CONTINUED)

Meetings of Directors

During the financial year 8 meetings were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Professor Gabrielle Cooper	8	8
Ms Darlene Cox	7	5
Ms Me Deery	3	3
Dr Jeffrey Harmer	8	6
Mr Matt Hughes	1	1
Ms Roslyn Jackson	8	7
Mr Glenn Keys	5	3
Dr Martin Liedvogel	8	8
Dr John Norgrove	5	4

Dividends Paid or Recommended

The company is a company limited by guarantee and is prohibited by its objects from distributing to its members.

Indemnification of Officer or Auditor

During or since the end of the financial year, the Company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director, other than conduct involving a wilful breach of duty in relation to the Company.

Proceeds 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 year.


Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and is included immediately following the Directors' Report.

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

Dated this 27th day of September 2018


JEFF HARMER
Deputy Chair


ROSLYN JACKSON
Director



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Capital Health Network Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) 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) any applicable code of professional conduct in relation to the audit.

RSM Australia Partners

GED STENHOUSE
Partner

Canberra, Australian Capital Territory
Dated: 27 September 2018

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Pty Ltd ABN 65 319 382 479

Liability limited by a scheme approved under Professional Standards Legislation

CAPITAL HEALTH NETWORK LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
	Note	\$	Restated \$
Revenue	3	15,978,153	9,839,563
Other Income	3	522,463	485,641
Audit fees		(30,322)	(27,400)
Communications		(142,354)	(206,898)
Consultants and contractors		(174,606)	(469,054)
Depreciation	4	(40,585)	(23,548)
Employee costs		(4,161,284)	(3,707,086)
Event coordination		(165,684)	(154,766)
Financial expenses		(123,531)	(26,633)
Occupancy		(376,800)	(338,307)
Professional development		(320,449)	(162,748)
Service provision		(10,298,343)	(4,673,472)
Travel and accommodation		(113,251)	(92,068)
Other expenses		(556,534)	(343,728)
(Deficit)/surplus for the year		(3,127)	99,496
Other comprehensive loss		-	-
Total comprehensive (loss)/income		<u>(3,127)</u>	<u>99,496</u>

The accompany notes form part of these financial statements.

CAPITAL HEALTH NETWORK LIMITED
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BALANCE SHEET
AS AT 30 JUNE 2018

		2018	2017
	Note	\$	Restated \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	11,024,422	10,221,638
Trade and other receivables	6	832,041	198,865
Other assets	7	786,517	472,520
Total current assets		<u>12,642,980</u>	<u>10,893,023</u>
Non-current assets			
Property, plant and equipment	8	260,647	135,340
Total non-current assets		<u>260,647</u>	<u>135,340</u>
TOTAL ASSETS		<u><u>12,903,627</u></u>	<u><u>11,028,363</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	2,711,796	1,898,861
Unearned revenue	10	8,898,249	7,876,237
Provisions	11	215,927	191,943
Total current liabilities		<u>11,825,972</u>	<u>9,967,041</u>
Non-current liabilities			
Provisions	11	149,485	130,025
Total non-current liabilities		<u>149,485</u>	<u>130,025</u>
TOTAL LIABILITIES		<u><u>11,975,457</u></u>	<u><u>10,097,066</u></u>
NET ASSETS		<u><u>928,170</u></u>	<u><u>931,297</u></u>
EQUITY			
Retained earnings		754,710	448,411
Reserves		173,460	482,886
TOTAL EQUITY		<u><u>928,170</u></u>	<u><u>931,297</u></u>

The accompany notes form part of these financial statements.

CAPITAL HEALTH NETWORK LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Retained earnings	Reserves	Total
	\$	\$	\$
Balance at 1 July 2016	581,424	466,637	1,048,061
Adjustment to opening balance	(216,260)	-	(216,260)
Restated surplus after correction of revenue recognised	99,496	-	99,496
Transfers (from)/to reserves	(16,249)	16,249	-
Balance at 30 June 2017	448,411	482,886	931,297
Deficit for the year	(3,127)	-	(3,127)
Transfers (from)/to reserves	309,426	(309,426)	-
Balance at 30 June 2018	754,710	173,460	928,170

The accompany notes form part of these financial statements.

CAPITAL HEALTH NETWORK LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers, government and others		18,231,839	15,783,479
Payments to suppliers and employees		(17,542,867)	(10,863,009)
Interest received		<u>279,703</u>	<u>199,746</u>
Net cash generated from operating activities		<u>968,675</u>	<u>5,120,216</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for plant and equipment		<u>(165,892)</u>	<u>(117,413)</u>
Net cash used in investing activities		<u>(165,892)</u>	<u>(117,413)</u>
Net increase in cash held		802,783	5,002,803
Cash and cash equivalents at the beginning of the year		<u>10,221,638</u>	<u>5,218,835</u>
Cash and cash equivalents at end of the financial year	5	<u>11,024,421</u>	<u>10,221,638</u>

The accompany notes form part of these financial statements.

CAPITAL HEALTH NETWORK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial report of the Company was authorised for issue on the date of signing of the attached Directors' Declaration by the directors.

Accounting policies

(a) Income tax

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

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment write-offs. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the remaining service potential of these assets. All classes of property, plant and equipment are depreciated using the straight line basis over the shorter of their useful lives and the Company's legal life commencing from the time the asset is held ready for use.

The depreciation rates for each category of property, plant and equipment are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	10 – 25%
Leased Motor Vehicles	25%
Leasehold Improvements	16.7%

(c) Leased assets

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

(d) Employee benefits short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages and salaries, employees' vested long service leave, time off in lieu and annual leave entitlements are recognised as a part of current trade and other payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Employee benefits short-term employee benefits (Continued)

Other long-term employee benefits

The Company classifies employees' unvested long service leave as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligations is recognised in profit or loss classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Company receive defined contribution superannuation entitlements, for which the Company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employee's defined contributions entitlements are recognised as an expense when they become payable. The Company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Company's statement of financial position.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks or financial institutions.

(f) Revenue

Goods and services

Revenue from the sale of goods or the rendering of a service is recognised upon the delivery of the goods or service to the customer. Revenues recognized in respect of the outsourcing of medical practice operations exclude amounts collected but attributable to general practitioners under the respective service agreements.

Grants

Grants are recognised as revenue to the extent that the monies have been applied in accordance with the conditions of the grant. Grant funds received prior to yearend but unexpended as at that date are recognised as unexpended grants (liabilities, unearned revenue).

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST.

CAPITAL HEALTH NETWORK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment

At each reporting date, the Company reviews the carrying values of its tangible and intangible 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 value in use, is compared to the asset's carrying value. As a not-for-profit entity, value in use for the Company, according to *AASB 136 Impairment of Assets*, is depreciated replacement cost. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(i) Comparative information

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the financial statements.

In the June 2018 financial year Capital Health Network identified an amount of revenue that had been incorrectly recognised. This revenue should have been reflected in the unearned revenue balance for the June 2016 and June 2017 years, but was incorrectly recognised in the statement of comprehensive income.

The total amount that was restated was \$216,260 in the June 2016 year and \$630,540 in the June 2017 year.

The comparatives presented in these financial statements have been restated to reflect the effect of these adjustments.

The table below shows the affected line items of the financial statements:

	Previously reported in 2017 \$	Correction of revenue recognised \$	Restated actual 2017 \$
Statement of Comprehensive Income			
Revenue	10,470,103	(630,540)	9,839,563
Total comprehensive loss/(income)	730,036	(630,540)	99,496
Statement of Financial position			
LIABILITIES			
Unearned revenue	7,029,437	846,800	7,876,237
EQUITY			
Retained earnings	1,295,211	(846,800)	448,411
Statement of changes in equity			
Adjustment to opening balance (as at 1 July 2016)	-	(216,260)	(216,260)
Restated surplus after correction of revenue recognised	730,036	(630,540)	99,496

(j) New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

CAPITAL HEALTH NETWORK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates - Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Should an impairment indicator exist, the determination of the recoverable amount of the asset may require incorporation of a number of key estimates. As at 30 June 2018, there were no indicators of impairment.

Employee benefits provision

As discussed above 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.

NOTE 3. REVENUE AND OTHER INCOME

Revenue:

Grants received

2018

\$

2017

\$

15,978,153

9,839,563

15,978,153

9,839,563

Other revenue:

Interest

279,703

199,746

Sponsorships and event registration

59,756

52,217

Other

183,004

233,678

522,463

485,641

16,500,616

10,325,204

NOTE 4. NET (DEFICIT) / SURPLUS FROM ORDINARY ACTIVITIES

Depreciation and amortisation of non-current assets:

Plant and equipment

24,719

15,384

Leasehold improvements

15,866

8,164

Total depreciation and amortisation

40,585

23,548

Rental expense on operating leases:

Premises

Other parties

316,037

285,877

Employee benefits expense:

Defined contributions superannuation plans

366,919

308,236

Disposal of non-current assets:

Loss on disposal of assets

-

12,841

CAPITAL HEALTH NETWORK LIMITED
ABN 82 098 499 471

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 5. CASH AND CASH EQUIVALENTS		
Cash on hand and at bank	10,335,992	9,564,561
Term deposits	688,430	657,077
	<u>11,024,422</u>	<u>10,221,638</u>
NOTE 6. TRADE AND OTHER RECEIVABLES		
Trade debtors	552,675	23,265
Other receivables	19,230	9,993
Net GST receivables	260,136	165,607
	<u>832,041</u>	<u>198,865</u>
NOTE 7. OTHER CURRENT ASSETS		
Prepayments	786,517	472,520
	<u>786,517</u>	<u>472,520</u>
NOTE 8. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment - at cost	542,102	384,059
Accumulated depreciation	(281,455)	(256,736)
	<u>260,647</u>	<u>127,323</u>
Motor vehicles - at cost	92,210	92,210
Accumulated depreciation	(92,210)	(92,210)
	<u>-</u>	<u>-</u>
Leasehold improvements - at cost	206,179	198,331
Accumulated depreciation	(206,179)	(190,314)
	<u>-</u>	<u>8,017</u>
Total property, plant and equipment	<u>260,647</u>	<u>135,340</u>

Movements in carrying amounts

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

	Plant and equipment	Motor vehicles	Leasehold improvements	Total
	\$	\$	\$	\$
Balance at 1 July 2016	38,135	-	16,181	54,316
Additions	117,413	-	-	117,413
Disposals	(12,841)	-	-	(12,841)
Depreciation	(15,384)	-	(8,164)	(23,548)
Balance at 30 June 2017	<u>127,323</u>	<u>-</u>	<u>8,017</u>	<u>135,340</u>
Additions	158,043	-	7,849	165,892
Depreciation	(24,719)	-	(15,866)	(40,585)
Balance at 30 June 2018	<u>260,647</u>	<u>-</u>	<u>-</u>	<u>260,647</u>

CAPITAL HEALTH NETWORK LIMITED
ABN 82 098 499 471

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
NOTE 9. TRADE AND OTHER PAYABLES		
Creditors and accrued expenses	2,477,926	1,709,009
Employee benefits	233,870	189,852
	<u>2,711,796</u>	<u>1,898,861</u>
 NOTE 10. UNEARNED REVENUE		
Unexpended grants	8,898,249	7,876,237
	<u>8,898,249</u>	<u>7,876,237</u>
 NOTE 11. PROVISIONS		
CURRENT		
Provision for annual leave	189,462	179,350
Provision for long service leave	26,465	12,593
	<u>215,927</u>	<u>191,943</u>
 NON CURRENT		
Provision for long service leave	133,476	114,016
Provision for restoration obligations	16,009	16,009
	<u>149,485</u>	<u>130,025</u>

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave, time off in lieu and long service leave.

The current portion for this provision includes the total amount accrued for annual leave and time off in lieu entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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 discussed in Note 1d.

NOTE 12. LEASING COMMITMENTS

Operating lease commitments payable

Operating leases relate to office premises at 1 Geils Court, Deakin ACT and for office equipment. The office premises lease for 1 Geils Court expires in June 2018 and with an option to renew for a further 3 years. Rental payments for the 1 Geils Court lease increase by 4% per annum, applied in April each year. These rental increases are included in the figures disclosed below. Office equipment leases are for two photocopiers expiring October 2017 and April 2018.

CAPITAL HEALTH NETWORK LIMITED
ABN 82 098 499 471

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 12. LEASING COMMITMENTS (CONTINUED)		
Operating lease commitments payable:		
- not later than 1 year	136,349	313,196
- later than 1 year but not later than 5 years	272,698	-
Minimum lease payments	<u>409,047</u>	<u>313,196</u>
 NOTE 13. KEY MANAGEMENT PERSONNEL		
Key management personnel compensation	<u>844,804</u>	<u>989,625</u>
	<u>844,804</u>	<u>989,625</u>
 NOTE 14. REMUNERATION OF AUDITOR		
Audit services and financial statements	17,000	17,000
Program financial acquittals	5,600	4,800
	<u>22,600</u>	<u>21,800</u>

NOTE 15. OTHER RELATED PARTY TRANSACTIONS

The following transactions were conducted on normal terms and conditions no different to those applying to the general public.

Capital Health Network Limited established a pilot program, the Pharmacist in General Practice Program. The Deery Medical Trust, trading as YourGP@Crace, was engaged to provide services under this pilot program. Dr Mel Deery is the Practice Principal for the Deery Medical Trust. In 2017-18, YourGP@Crace was paid \$40,294 for these services.

Capital Health Network Limited has engaged the University of Canberra to undertake an evaluation of the Pharmacists in General Practice program. Professor Gabrielle Cooper is the Lead Evaluator in this engagement. In 2017-18, The University of Canberra was paid \$55,000 to provide these services.

Ms Darlene Cox is the Executive Director of Health Care Consumers Association (HCCA). Capital Health Network Limited paid HCCA \$20,000 in 2017-18 to provide consumer representation on CHN committees, support and advice on consumer matters.

Mr Glenn Keys is a Director of Aspen Medical and Mr Matt Hughes is a senior executive with the same company. Aspen Corporate Health provided flu vaccinations to Capital Health Network Limited staff at the cost of \$1,172 in 2017-18.

There were no other related party transactions during the year.

NOTE 16. COMPANY DETAILS

The registered office and principal place of business of the Company is:
Capital Health Network Limited
Unit 2, 1 Geils Court
Deakin ACT 2600

CAPITAL HEALTH NETWORK LIMITED
ABN 82 098 499 471

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 17. ECONOMIC DEPENDENCY

The Company receives significant financial support from the Commonwealth Department of Health in the form of grant funding. The major funding contract with the Department of Health for the year ending 30 June 2018 commenced on the 1st of June 2015 and expired on the 30th June 2018. A Deed of Variation was executed on 13 June 2018 for the funding agreement with the Commonwealth Department of Health to be extended for operations through to 30 June 2021.

NOTE 18. CONTINGENT LIABILITY

The Company has provided bank guarantees of \$74,877 (2017: \$74,877) to the National Australia Bank for its obligations under its office lease.

NOTE 19. EVENTS AFTER THE REPORTING PERIOD

The company signed an operating lease contract in August 2018 for its office premises at 1 Geils Court, Deakin ACT. The operating lease contract commences 1 August 2018 and ends on 31 July 2024. The lease contains a clause providing for the surrender of the lease at 31 July 2021 should funding from the Commonwealth Department of Health not be extended beyond 30 June 2021. The rental payments for the lease are \$296,100 per annum and incur an annual indexation increase of 3%. No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

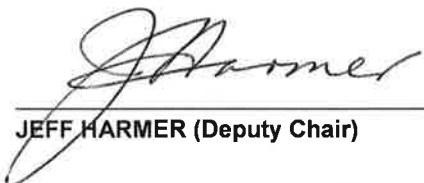
CAPITAL HEALTH NETWORK LIMITED
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DIRECTOR'S DECLARATION

The directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012*:
 - (a) Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - (b) Give a true and fair view of the financial position as at 30 June 2018 and of the performance for the financial year ended on that date of the Company.
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.

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



JEFF HARMER (Deputy Chair)

Dated this 27th day of September 2018



ROSLYN JACKSON (Director)

Dated this 27th day of September 2018

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT To the Members of Capital Health Network Limited

Opinion

We have audited the financial report of Capital Health Network Limited ("the entity"), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the financial report of Capital Health 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 registered entity's financial position as at 30 June 2018 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Regime 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 Capital Health Network Limited 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.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in Capital Health Network Limited's annual report for the year ended 30 June 2018, but does not include the financial report and the 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 are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profit Commission Act 2012*, and for such internal control as they 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 ability of the Company 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.

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.

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'GED Stenhouse'.

GED STENHOUSE
Partner

Canberra, Australian Capital Territory
Dated: 27 September 2018