

CAPITAL HEALTH NETWORK LIMITED

ABN 82 098 499 471

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

CAPITAL HEALTH NETWORK LIMITED
ABN 82 098 499 471

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General information

The financial statements cover Capital Health Network Limited (CHN) as an individual entity. The financial statements are presented in Australian dollars, which is Capital Health Network Limited's functional and presentation currency.

Capital Health Network Limited is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 4 October 2019. The directors have the power to amend and reissue the financial statements.

CAPITAL HEALTH NETWORK LIMITED
ABN 82 098 499 471

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 2019.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Professor Gabrielle Cooper
Ms Darlene Cox
Dr Mel Deery
Dr Jeffrey Harmer
Mr Matt Hughes
Ms Roslyn Jackson
Dr Martin Liedvogel
Dr Lyndal Thorburn (appointed November 2018)

Operating Results

The result from ordinary activities amounted to a surplus of \$771,462 (2018: deficit of \$3,127).

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 2019 the number of members was 572, (2018: 1,208). Membership is cyclical, requiring renewals every three years.

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)

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 are reported to funders every six months. 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 appropriate in the achievement of the Company's objectives.

DIRECTORS' REPORT (CONTINUED)

INFORMATION ON BOARD MEMBERS

Professor Gabrielle Cooper OAM

Appointment to office	Re-elected for a 3 rd term at the AGM 2016.
Qualifications & Relevant Experience	<p>B Pharm, DHP, PhD, MAICD, MPSA, MSHPA.</p> <p>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.</p> <p>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.</p>
Special Responsibilities	<p>Chair of the Board</p> <p>Member Governance Committee</p>

Ms Darlene Cox

Appointment to office	Elected for a 2 nd term at the 2017 AGM.
Qualifications & Relevant Experience	<p>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.</p>
Special Responsibilities	Member Community Advisory Council

Dr Mel Deery

Appointment to office	Elected for a 1 st term at the 2017 AGM.
Qualifications & Relevant Experience	<p>MBBS (UNSW).</p> <p>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.</p>
Special Responsibilities	Chair General Practice Advisory Committee

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DIRECTORS' REPORT (CONTINUED)

INFORMATION ON BOARD MEMBERS (CONTINUED)

Dr Jeffrey Harmer AO

Appointment to office	Re-appointed for a 3 rd term in November 2018.
Qualifications & Relevant Experience	<p>BA (Hons) (UNSW), Dip Ed (UNSW), PhD (UNSW), HonD (University of Canberra), FAIM, FIPPA, FANZSOG.</p> <p>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.</p>
Special Responsibilities	Deputy Chair of the Board Chair Governance Committee

Mr Matt Hughes

Appointment to office	Appointed for a 1st term in May 2018.
Qualifications & Relevant Experience	<p>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.</p>
Special Responsibilities	Member Audit and Risk Committee

Ms Roslyn Jackson

Appointment to office	Re-appointed for a 2nd term in November 2018.
Qualifications & Relevant Experience	<p>FCA, GAICD.</p> <p>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.</p>
Special Responsibilities	Member Audit and Risk Committee

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DIRECTORS' REPORT (CONTINUED)

INFORMATION ON BOARD MEMBERS (CONTINUED)

Dr Martin Liedvogel

Appointment to office Re-elected for a 3rd term at the 2016 AGM.

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.

Special Responsibilities 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.
 Chair Nominations Committee
 Member Governance Committee

Dr Lyndal Thorburn

Appointment to office Elected for a 1st term at the 2018 AGM.

Qualifications & Relevant Experience BSc (Hons), Grad Dip Legal Studies, Grad Dip Ed, Dip Accounting, PhD, FAICD.

Lyndal is an experienced company director and business founder. Her consulting career supported development of many new health care products and services, and she has advised government on structural healthcare issues including Australia's clinical trials capacity and the role of pharmacy in primary care.

Lyndal has been awarded ACT Telstra Businesswoman of the Year (Business Owner) and has been a national finalist.

Special Responsibilities Member Audit and Risk Committee
 Member Governance Committee

Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

Director	HELD	ELIGIBLE TO ATTEND	ATTENDED
Professor Gabrielle Cooper	9	9	8
Ms Darlene Cox	9	9	8
Ms Mel Deery	9	9	9
Dr Jeffrey Harmer	9	9	6
Mr Matt Hughes	9	9	8
Ms Roslyn Jackson	9	9	9
Dr Martin Liedvogel	9	9	8
Dr. Lyndal Thorburn	9	6	6

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DIRECTORS' REPORT (CONTINUED)

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

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

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

Dated this 4 day of OCTOBER 2019



Signature



Signature

JEFFREY HARMER

Print name

ROSLYN JACKSON

Print name

DIRECTOR

Position

DIRECTOR

Position

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 2019, 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: 4 October 2019

CAPITAL HEALTH NETWORK LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue	3	<u>16,666,968</u>	<u>16,500,616</u>
Expenses			
Audit fees		(60,139)	(30,322)
Communications		(168,445)	(142,354)
Consultants and contractors		(134,900)	(174,606)
Depreciation		(109,601)	(40,585)
Employee costs		(4,975,463)	(4,161,284)
Event coordination		(139,552)	(165,684)
Financial expenses		(35,988)	(123,531)
Occupancy		(337,493)	(376,800)
Professional development		(184,720)	(320,449)
Service provision		(9,430,849)	(10,298,343)
Travel and accommodation		(139,426)	(113,251)
Other expenses		(178,930)	(556,534)
Total expenses		<u>(15,895,506)</u>	<u>(16,503,743)</u>
Surplus/(Deficit) before income tax expense		<u>771,462</u>	<u>(3,127)</u>
Income tax expense		-	-
Surplus/(Deficit) after income tax expense for the year		<u>771,462</u>	<u>(3,127)</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u><u>771,462</u></u>	<u><u>(3,127)</u></u>

The accompany notes form part of these financial statements.

CAPITAL HEALTH NETWORK LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	10,840,237	11,024,422
Trade and other receivables	5	280,031	832,041
Other assets	6	64,397	786,517
Total current assets		11,184,665	12,642,980
Non-current assets			
Property, plant and equipment	7	928,893	260,647
Total non-current assets		928,893	260,647
TOTAL ASSETS		12,113,558	12,903,627
LIABILITIES			
Current liabilities			
Trade and other payables	8	1,703,608	2,711,796
Unearned revenue	9	8,330,377	8,898,249
Provisions	10	248,335	215,927
Total current liabilities		10,282,320	11,825,972
Non-current liabilities			
Provisions	10	131,606	149,485
Total non-current liabilities		131,606	149,485
TOTAL LIABILITIES		10,413,926	11,975,457
NET ASSETS		1,699,632	928,170
EQUITY			
Retained earnings		1,642,927	754,710
Reserves		56,705	173,460
TOTAL EQUITY		1,699,632	928,170

The accompany notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Retained earnings	Reserves	Total Equity
	\$	\$	\$
Balance at 1 July 2017	448,411	482,886	931,297
Deficit for the year	(3,127)	-	(3,127)
Transfers to/(from) reserves	309,426	(309,426)	-
Balance at 30 June 2018	754,710	173,460	928,170
Surplus for the year	771,462	-	771,462
Transfers to/(from) reserves	116,755	(116,755)	-
Balance at 30 June 2019	1,642,927	56,705	1,699,632

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 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers, government and others		17,960,000	18,231,839
Payments to suppliers and employees		(17,621,083)	(17,542,866)
Interest received		254,745	279,703
Net cash from operating activities		<u>593,662</u>	<u>968,676</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment	7	<u>(777,847)</u>	<u>(165,892)</u>
Net cash (used in) investing activities		<u>(777,847)</u>	<u>(165,892)</u>
Net (decrease)/increase in cash held		(184,185)	802,784
Cash at the beginning of the financial year	4	<u>11,024,422</u>	<u>10,221,638</u>
Cash at the end of the financial year	4	<u>10,840,237</u>	<u>11,024,422</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 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Impact of adoption

AASB 9 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2018.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the *Australian Charities and Not-for-profits Commission Act 2012* and associated regulations, as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(a) Revenue recognition

The company recognises revenue as follows:

Government 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 year-end but unexpended as at that date are recognised as unexpended grants (liabilities, unearned revenue).

Sponsorship & event registration

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer. Revenues recognized in respect to registration are utilized to offset the associated expense incurred with the administration of registration.

Non-government funding sources

Funds received from non-government funding sources are recognised as revenue to the extent that the monies have been applied in accordance with the conditions of the terms of agreement between the non-government funding entity and CHN. Any non-government funds received prior to year-end but unexpended as at that date are recognised as unexpended funds (liabilities, unearned revenue).

Interest Income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

CAPITAL HEALTH NETWORK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

(c) 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 classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(f) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-10 years
Motor vehicles	4 years
Leasehold improvements	6 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

CAPITAL HEALTH NETWORK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(i) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Tax Office (ATO). In this case it is recognised as part of the cost of the 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 ATO is included in other receivables or other 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 ATO, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. 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 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, 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.

CAPITAL HEALTH NETWORK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 3. REVENUE		
Grants received	16,077,199	15,978,153
Sponsorship and event registration	21,436	59,756
Non-Government funding sources	313,588	183,004
Interest income	254,745	279,703
	<u>16,666,968</u>	<u>16,500,616</u>
 NOTE 4. CASH AND CASH EQUIVALENTS		
Cash on hand	201	278
Cash at bank	10,139,911	10,335,714
Term deposits - 3 months or less	102,465	100,468
Term deposits - more than 3 months	597,660	587,962
	<u>10,840,237</u>	<u>11,024,422</u>
 NOTE 5. TRADE AND OTHER RECEIVABLES		
Trade debtors	92,774	552,675
Other receivables	62,997	19,230
Net GST receivables	124,260	260,136
	<u>280,031</u>	<u>832,041</u>
 NOTE 6. OTHER ASSETS		
Deposits received	1,441	-
Prepayments	62,956	786,517
	<u>64,397</u>	<u>786,517</u>
 NOTE 7. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment - at cost	802,709	542,102
Less: Accumulated depreciation	<u>(323,394)</u>	<u>(281,455)</u>
	<u>479,315</u>	<u>260,647</u>
Motor vehicles - at cost	92,210	92,210
Less: Accumulated depreciation	<u>(92,210)</u>	<u>(92,210)</u>
	-	-
Leasehold improvements - at cost	497,421	206,179
Less: Accumulated depreciation	<u>(47,843)</u>	<u>(206,179)</u>
	<u>449,578</u>	-
Total property, plant and equipment	<u>928,893</u>	<u>260,647</u>

CAPITAL HEALTH NETWORK LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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	Leasehold improvements	Total
	\$	\$	\$
Balance at 1 July 2017	127,323	8,017	135,340
Additions	158,043	7,849	165,892
Depreciation expense	(24,719)	(15,866)	(40,585)
Balance at 30 June 2018	<u>260,647</u>	<u>-</u>	<u>260,647</u>
Additions	306,805	471,042	777,847
Depreciation expense	(88,137)	(21,464)	(109,601)
Balance at 30 June 2019	<u>479,315</u>	<u>449,578</u>	<u>928,893</u>

NOTE 8. TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Creditors and accrued expenses	1,477,501	2,477,926
Employee benefits	226,107	233,870
	<u>1,703,608</u>	<u>2,711,796</u>

NOTE 9. UNEARNED INCOME

Unexpended grants	<u>8,330,377</u>	<u>8,898,249</u>
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NOTE 10. PROVISIONS

CURRENT

Provision for annual leave	183,685	189,462
Provision for long service leave	64,650	26,465
	<u>248,335</u>	<u>215,927</u>

NON CURRENT

Provision for long service leave	97,335	133,476
Provision for restoration obligations	-	16,009
Provision for lease incentive	34,271	-
	<u>131,606</u>	<u>149,485</u>

CAPITAL HEALTH NETWORK LIMITED
ABN 82 098 499 471

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

NOTE 11. LEASING COMMITMENTS

Operating lease commitments payable

Operating lease relates to the office premises at 1 Geils Court, Deakin ACT. A new operating lease contract was signed by the company in August 2018. The operating lease contract commenced on 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%.

	2019	2018
	\$	\$
Operating lease commitments payable:		
- not later than 1 year	304,243	136,349
- later than 1 year but not later than 5 years	1,311,023	272,698
- later than 5 years	28,605	-
Minimum lease payments	<u>1,643,871</u>	<u>409,047</u>

NOTE 12. KEY MANAGEMENT PERSONNEL

Aggregate compensation	<u>1,216,964</u>	<u>927,598</u>
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NOTE 13. CONTINGENT LIABILITIES

The Company has provided bank guarantees of \$74,877 (2018: \$74,877) to the National Australia Bank for its obligations under its office lease.

NOTE 14. RELATED PARTY TRANSACTIONS

Key management personnel

Disclosures relating to key management personnel are set out in note 12.

Transactions with related parties

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 2018-19, YourGP@Crace was paid \$214.50 (gross, inclusive of GST) for these services.

Ms Darlene Cox is the Executive Director of Health Care Consumers Association (HCCA). Capital Health Network Limited paid HCCA \$11,000 (gross, inclusive of GST) 2018-19 to provide consumer representation on CHN committees, support and advice on consumer matters.

Mr Matt Hughes is a senior executive of Aspen Medical. Aspen Corporate Health provided CPR training to Capital Health Network Limited staff at the cost of \$2,805 (gross, inclusive of GST) in 2018/2019. Aspen Corporate provided flu vaccinations for CHN Staff at a cost of \$983.00(gross, inclusive of GST).

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

NOTE 15. ECONOMIC DEPENDENCY

The Company receives significant financial support from the Commonwealth Department of Health in the form of grant funding. 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.

CAPITAL HEALTH NETWORK LIMITED
ABN 82 098 499 471

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

NOTE 16. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2019 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.

NOTE 17. 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

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 2019 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.

Dated this 4 day of OCTOBER 2019



Signature



Signature

JEFFREY HARMER

Print name

ROSLYN JACKSON

Print name

DIRECTOR

Position

DIRECTOR

Position

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 2019, 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 2019 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 2019, 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.

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: 4 October 2019