

**CAPITAL HEALTH NETWORK LIMITED**

**ABN 82 098 499 471**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2021**

# CAPITAL HEALTH NETWORK LIMITED

ABN 82 098 499 471

## TABLE OF CONTENTS

Directors' Report	2
Auditor's Independence Declaration	3
Financial Report	
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	22
Auditor's Report	23

### **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 21<sup>st</sup> September 2021. 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 2021.

#### 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:

Ms. Darlene Cox  
Dr. Mel Deery  
Ms. Roslyn Jackson  
Dr. Lyndal Thorburn  
Dr. Niral Shah  
Professor Peter Radoll  
Ms. Julie Blackburn  
Mr. Steven Baker  
Professor Mark Cormack

#### Operating Results

The result from ordinary activities amounted to a profit of \$9,137 (2020: deficit of \$5,952).

#### 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 2021 the number of members was 549, (2020: 573). 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.

## CAPITAL HEALTH NETWORK LIMITED

ABN 82 098 499 471

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

#### 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.

## CAPITAL HEALTH NETWORK LIMITED

ABN 82 098 499 471

### DIRECTORS' REPORT (Continued)

#### Information on Board Members

##### Ms. Darlene Cox

Appointment to office	Elected for a 3 <sup>rd</sup> term at the 2020 AGM.
Qualifications	BADipEd GradDipAppEc BEd
Experience	Darlene has been involved in the consumer movement since the late 1990s. She is an experienced health advocate with an excellent knowledge of the health system. She has been the Executive Director of Health Care Consumers' Association since 2008. She is active on a range of local and national committees including the Australian Commission on Safety and Quality in Healthcare and NPS Medicine Wise. Darlene is also a Director of ACT Council of Social Service and a Director of Meridian Inc.
Special Responsibilities	Chair Audit and Risk Committee 2021 Member Audit and Risk Committee 2020

##### Dr. Mel Deery

Appointment to office	Elected for a 2 <sup>nd</sup> term at the 2020 AGM.
Qualifications	MBBS (UNSW).
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	Chair Nominations Committee 2021 Member of the Governance committee 2020-2021

##### Ms. Roslyn Jackson

Appointment to office	Re-appointed for a 2 <sup>nd</sup> term in November 2018, resigned November 2020
Qualifications	FCA, FGIA, GAICD.
Experience	Roslyn is a Fellow 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 also Managing Director of a training and consulting company based in Canberra, specialising in government accounting and financial legislation. Roslyn is an experienced Non-Executive Director holding positions predominantly in the Health not for profit sector

## CAPITAL HEALTH NETWORK LIMITED

ABN 82 098 499 471

### DIRECTORS' REPORT (Continued)

Special Responsibilities Member Audit and Risk Committee (Jul – Nov 2019)  
Deputy Chair Capital Health Network Board (Nov 2019 – Jun 2020)  
Chair Audit and Risk Committee (Nov 2019 – Nov 2020)

#### Dr. Lyndal Thorburn

Appointment to office Elected for a 1<sup>st</sup> term at the 2018 AGM, resigned November 2020

Qualifications BSc (Hons), Grad Dip Legal Studies, Grad Dip Ed, Dip Accounting, PhD, FAICD, MIPA.

Experience 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 (Jul - Nov 2019)  
Member Governance Committee (Jul - Nov 2019)  
Chair, Governance Committee (Nov 2019 – Jun 2020)  
Chair, Board of Directors (Nov 2019 – Nov 2020)

#### Professor Peter Radoll

Appointment to office Appointed for a 1<sup>st</sup> Term in November 2019

Qualifications BInfoTech, MInfoTech, PhD InfoSys (ANU), FRSN, MAICD

Experience Professor Peter Radoll, Pro Vice-Chancellor Indigenous at the University of Canberra, is descended from the Anaiwan people of northern New South Wales, Australia. Professor Radoll is recognised as a national and international authority in the area of Science, Technology, Engineering and Mathematics, Indigenous research and Digital Inclusion. He is a member of the Advisory Group for the CSIRO Indigenous Girls' STEM Academy. Peter is an experienced Non-Executive Director holding positions in Education, Charity and not-for-profit sectors.

Special Responsibilities Deputy Chair of the Board (appointed October 2020)  
Member Audit and Risk Committee 2020-2021

#### Dr. Niral Shah

Appointment to office Elected for a 1<sup>st</sup> term at the 2019 AGM.

Qualifications MBBS, MS (Orthopaedics), MHSM, DCH, FRACGP

Experience Niral is a GP medical educator. He graduated in medicine from India and relocated to his new home Canberra in 2008. He is passionate about improving access to affordable quality health care for everyone especially disadvantaged and under privileged part of the community. He enjoys all areas of

## CAPITAL HEALTH NETWORK LIMITED

ABN 82 098 499 471

### DIRECTORS' REPORT (Continued)

general practice with a specific interest in musculoskeletal health, sports injury and mental health. He is actively involved in GP training as a GP supervisor and medical educator. Niral has also been involved in broader advocacy role as a RACGP faculty board member for the ACT. He has previous governance experience as a medical administrator and board member on Coast City country GP training board.

Special Responsibilities Chair General Practice Advisory Committee

#### **Ms. Julie Blackburn**

Appointment to office Elected for a 1<sup>st</sup> term at the 2019 AGM.

Qualifications DipApSciNurs, BNurs, GradDip Mid, MMid, GAICD

Experience Julie has a variety of experiences as a registered nurse, midwife, and company Director. Julie currently works as a Clinical Liaison Nurse at the University of Canberra, and supporting parent education, maternity care and women's health via the casual relief pool at Calvary Public Hospital. She has also been contributing to the work of Karralika Programmes, including for past 7 years as Company Director/Deputy Chair. Julie has previous board experience in Private Health Insurance. Over the past decade, she has worked with government through a variety of ministerial appointments, providing advice and advocacy on matters relating to military families, women and family health, primary health care, and drug and alcohol policy.

Special Responsibilities Chair of the Board of Directors, appointed October 2020 AGM  
Chair Nominations Committee 2020  
Member Governance committee 2020/2021

#### **Mr. Steven Baker**

Appointment to office Appointed for a 1<sup>st</sup> term in March 2021

Qualifications BComm (Acctg), ICAA, MIIA, GAICD

Experience Steve has served on numerous Boards, Committees, Audit and Finance Committees as a member and/or Chairperson, in addition to participating in many as an observer as either the internal or external audit provider. Steve has over 25 years in professional services delivery in Australia and has worked for Ernst & Young, WalterTurnbull Pty Ltd, PricewaterhouseCoopers and currently for global consulting business Protiviti Pty Ltd. Steve has many years' experience providing professional consulting services, as well as board and committee experience within the health and education sectors.

Special Responsibilities Member Audit & Risk Committee

**CAPITAL HEALTH NETWORK LIMITED**

**ABN 82 098 499 471**

**DIRECTORS' REPORT (Continued)**

**Professor Mark Cormack**

Appointment to office                      Appointed for a 1<sup>st</sup> term in January 2021

Qualifications                                MHM, BAppSc, GAICD

Experience                                    Professor Mark Cormack was appointed Honorary Professor at the ANU College of Health and Medicine in 2020, following a long career in the Commonwealth, ACT and NSW Government services. His professional background covers early work as an allied health professional and health services manager. Mark has served as a Chief Executive (ACT Health and Health Workforce Australia) and Deputy Secretary (Commonwealth Departments of Health, Veterans' Affairs and Home Affairs) and has had portfolio responsibilities covering a wide spectrum of public policy. These included national health policy on mental health, health financing, primary health care, public hospitals, health technology assessment, health and medical research, health provider compliance, health analytics and digital health.

Special Responsibilities                      Chair Governance Committee

**CAPITAL HEALTH NETWORK LIMITED**

ABN 82 098 499 471

**DIRECTORS' REPORT (Continued)****Meetings of Directors**

The number of meetings of the company's Board of Directors (the board) held during the year ending 30 June 2021, and the number of meetings attended by each Director were:

REGISTER OF DIRECTORS' ATTENDANCE FINANCIAL YEAR 2020 – 2021									
DIRECTOR	30/07/20	29/10/20	12/11/20	23/11/20	26/11/21	18/02/21	22/04/21	17/06/21	TOTAL
Lyndal Thorburn	✓	✓	Apology	Apology					2/4
Julie Blackburn	✓	✓	✓	✓	✓	✓	✓	✓	8/8
Peter Radoll	✓	✓	✓	✓	Apology	✓	✓	✓	7/8
Darlene Cox	✓	✓	✓	✓	✓	Apology	✓	✓	7/8
Mel Deery	✓	✓	✓	✓	✓	✓	✓	Apology	7/8
Niral Shah	✓	✓	Apology	✓	✓	✓	✓	Apology	6/8
Roslyn Jackson	✓	✓	Apology						2/3
Mark Cormack						✓	✓	✓	3/3
Steven Baker							✓	✓	2/2

**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 pay 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 as director. Other than conduct involving willful breach of duty in relation to the company.

**Proceeds of 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 these proceedings.

The company was not a party to any such proceedings during the year.

**Auditors Independence Declaration**

A copy of the auditor's independence declaration is set out immediately after this Directors report.

**CAPITAL HEALTH NETWORK LIMITED**

**ABN 82 098 499 471**

**DIRECTORS' REPORT (Continued)**

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

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Julie Blackburn  
CHAIR OF THE BOARD

\_\_\_\_\_  
Peter Radoll  
DEPUTY CHAIR OF THE BOARD

Dated 21<sup>st</sup> September 2021

## AUDITOR'S INDEPENDENCE DECLARATION UNDER S60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF CAPITAL HEALTH NETWORK LIMITED

As lead auditor of Capital Health Network Limited, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 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.



Shane Bellchambers, FCA  
Registered Company Auditor  
BellchambersBarrett

Canberra, ACT  
Dated this 21<sup>st</sup> day of September 2021

**CAPITAL HEALTH NETWORK LIMITED**  
**ABN 82 098 499 471**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
Revenue	2	22,692,447	18,633,967
Audit, legal and consultancy expense		(65,300)	(26,184)
Communications		(193,662)	(147,898)
Consultants and contractors		(326,719)	(89,915)
Depreciation and amortisation expense		(253,961)	(114,762)
Right-of-use asset depreciation		(319,842)	(291,165)
Employee benefits expense		(5,565,375)	(4,901,150)
Financial expenses		(145,362)	(165,759)
Occupancy		(56,549)	(56,547)
Professional development		(116,587)	(35,783)
Service provision		(15,007,832)	(12,252,638)
Travel and accommodation		-	(62,753)
Other expenses		(632,121)	(495,365)
<b>Total expenses</b>		<u>(22,683,310)</u>	<u>(18,639,919)</u>
<b>Current year surplus / (deficit) before income tax</b>		<u>9,137</u>	<u>(5,952)</u>
Income tax expense		-	-
<b>Net current year surplus</b>		<u>9,137</u>	<u>(5,952)</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u><u>9,137</u></u>	<u><u>(5,952)</u></u>

The accompanying notes form part of these financial statements.

**CAPITAL HEALTH NETWORK LIMITED**  
**ABN 82 098 499 471**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	2021	2020
		\$	\$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	3	9,363,867	9,160,171
Trade and other receivables	4	326,328	447,596
Other assets	5	1,386,988	99,462
TOTAL CURRENT ASSETS		11,077,183	9,707,229
NON-CURRENT ASSETS			
Plant and equipment	6	652,358	813,323
Right of use assets	7	865,493	1,185,335
TOTAL NON-CURRENT ASSETS		1,517,851	1,998,658
TOTAL ASSETS		12,595,034	11,705,887
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Lease liabilities	8	274,697	289,955
Trade and other payables	9	569,525	496,730
Contract Liabilities	10	8,920,531	7,863,435
Provisions	11	331,703	312,595
TOTAL CURRENT LIABILITIES		10,096,456	8,962,715
NON-CURRENT LIABILITIES			
Lease liabilities	8	697,952	972,648
Provisions	11	97,809	76,844
TOTAL NON-CURRENT LIABILITIES		795,761	1,049,492
TOTAL LIABILITIES		10,892,217	10,012,207
NET ASSETS		1,702,817	1,693,680
<b>EQUITY</b>			
Retained earnings		1,702,817	1,693,680
TOTAL EQUITY		1,702,817	1,693,680

The accompanying notes form part of these financial statements.

**CAPITAL HEALTH NETWORK LIMITED**  
**ABN 82 098 499 471**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Retained Surplus</b>	<b>Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2019</b>	1,642,927	56,705	1,699,632
<b>Comprehensive income</b>			
(Deficit) for the year	(5,952)	-	(5,952)
Transfer to / (from) reserve	56,705	(56,705)	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2020</b>	1,693,680	-	1,693,680
<b>Comprehensive income</b>			
Surplus for the year	9,137	-	9,137
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2021</b>	<u>1,702,817</u>	<u>-</u>	<u>1,702,817</u>

The accompanying notes form part of these financial statements.

**CAPITAL HEALTH NETWORK LIMITED**  
**ABN 82 098 499 471**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt from customers, government and others		26,139,004	19,666,466
Payments to suppliers and employees		(25,552,464)	(21,037,685)
Interest received		79,328	152,339
Interest paid on lease		(79,222)	(94,991)
		586,646	(1,313,871)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		(92,996)	(118,777)
		(92,996)	(118,777)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(289,954)	(247,418)
		(289,954)	(247,418)
Net increase in cash held		203,696	(1,680,066)
Cash and cash equivalents at beginning of financial year		9,160,171	10,840,237
		9,363,867	9,160,171
Cash and cash equivalents at end of financial year	3	9,363,867	9,160,171

The accompanying notes form part of these financial statements.

**CAPITAL HEALTH NETWORK LIMITED**  
**ABN 82 098 499 471**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

The financial statements cover Capital Health Network Limited as an individual entity, incorporated and domiciled in Australia. Capital Health Network Limited is a company limited by guarantee.

The financial statements were authorised for issue on 21<sup>st</sup> September 2021 by the directors of CHN.

**Note 1: Summary of Significant Accounting Policies**

**Basis of Preparation**

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. 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.

**Accounting Policies**

**a. Revenue**

**Revenue recognition**

*Operating Grants*

When the company receives operating grant revenue it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15. When both these conditions are satisfied, the company:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the company:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the company recognises income in profit or loss when or as it satisfies its obligations under the contract.

*Sponsorship & event registration*

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer. Revenues recognised in respect to registration are utilised 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 a contract liability.

*Interest Income*

Interest income is recognised using the effective interest method.

**CAPITAL HEALTH NETWORK LIMITED**  
**ABN 82 098 499 471**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**Note 1: Summary of Significant Accounting Policies (continued)**

**b. Cash and Cash Equivalents**

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

**c. Trade and Other Debtors**

Trade and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

**d. Plant and Equipment**

Each class of plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and any impairment losses.

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

**Depreciation**

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	3-10 years
Motor vehicles	4 years
Office equipment	6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. Gains are not classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**Note 1: Statement of Significant Accounting Policies**

**e. Leases**

*The company as a lessee*

At inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the company where the company is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

The lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives
- variable lease payments rate, initially measured using the index or rate at the commencement date
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if lessee is reasonably certain to exercise the options
- lease payments under extension options if lessee is reasonably certain to exercise the options
- payments for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**f. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

**g. Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**Note 1: Statement of Significant Accounting Policies**

**h. Financial Instruments**

*Initial recognition and measurement*

Financial instruments are initially measured at fair value, when contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Fair value represents the price that would be received to sell an asset in an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Classification and subsequent measurement*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Association's business model for managing them. All of the Association's other financial instruments are classified and subsequently measured at amortised cost. The Association applies a simplified approach to calculating expected credit losses (ECL's) for financial assets held at amortised cost by recognising a loss allowance based on lifetime ECL's at each reporting date.

Amortised cost is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition
- (ii) less principal repayments
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method
- (iv) less any reduction for impairment.

*Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Association no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

**i. Impairment of Assets**

At the end of each reporting period, the company reviews the carrying amounts 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 of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

**Note 1: Statement of Significant Accounting Policies**

**j. 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 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. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The company does not have an unconditional right to defer settlement of annual leave obligations and are presented as current liabilities.

The company's obligations for short-term employee benefits such as wage and salaries are recognised as part of current trade and other payables in the statement of financial position.

*Other long-term employee benefits*

The company classifies employees' long service leave entitlements 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 high quality corporate 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 obligation 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.

**k. Income Tax**

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

**l. Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**m. Comparative Figures**

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

**n. Economic Dependence**

Capital Health Network Limited is dependent on the Department of Health for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors have no reason to believe the Department will not continue to support Capital Health Network Limited. .

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**Note 1: Statement of Significant Accounting Policies**

**o. Critical Accounting Estimates and Judgements**

The Directors evaluate estimates and judgements incorporated into the financial statements 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**

(i) *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.

(ii) *Employee benefits provision*

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.

**Key judgements**

(i) *Performance obligations under AASB 15*

To identify a performance obligation under AASB 15, the agreement must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the agreement is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services agreed.

(ii) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows, the Directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

(iii) *Going Concern*

The COVID-19 outbreak has impacted the way of life in Australia. These impacts have resulted in a reduction in travel and has impacted the fair value of investments. In accordance with national guidelines, the company has implemented remote working arrangements in response to government requirements and to ensure the wellbeing and safety of all employees and visitors. The company has determined that there are no going concern risks arising from the impact of the COVID-19 outbreak. The Directors have determined that the company remains in a healthy financial position.

It is not possible to reliably estimate the duration and severity of the impact of COVID-19, as well as the impact on the financial position and results of the company or future periods. However, based on analysis of the financial performance and position the financial statements have been prepared on a going concern basis. The company believes at this point in time that there is no significant doubt about Capital Health Networks ability to continue as a going concern.

**CAPITAL HEALTH NETWORK LIMITED**  
**ABN 82 098 499 471**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>Note 2. Revenue</b>			
Grants received		21,877,991	18,126,617
Sponsorship and event registration		318	26,804
Non-Government funding sources		1,360	38,007
Interest income		79,328	152,339
Government subsidies		733,450	290,200
		22,692,447	18,633,967
 <b>Note 3. Cash and Cash Equivalents</b>			
<b>CURRENT</b>			
Cash on hand		610	327
Cash at bank		2,765,810	3,237,979
Term deposits		6,597,447	5,921,865
		9,363,867	9,160,171
 <b>Note 4. Trade and Other Receivables</b>			
<b>CURRENT</b>			
Trade debtors		13,622	83,488
Other receivables		11,348	187,700
Net GST receivables		301,358	176,408
		326,328	447,596
 <b>a. Financial assets at amortised cost classified as trade and other receivables</b>			
Total trade and other receivables		326,328	447,596
Less net GST receivables		(301,358)	(176,408)
Financial assets as trade and other receivables	12	24,970	271,188
 <b>Note 5. Other Assets</b>			
<b>CURRENT</b>			
Deposits received		11,601	13,538
Prepayments		202,910	85,924
Prepaid service delivery		1,172,477	-
		1,386,988	99,462

**CAPITAL HEALTH NETWORK LIMITED**  
**ABN 82 098 499 471**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Note 6. Plant and Equipment</b>		
Plant and equipment - at cost	916,467	822,455
Less: Accumulated depreciation	<u>(536,903)</u>	<u>(370,268)</u>
	<u>379,564</u>	<u>452,187</u>
		476,867
Leasehold improvements - at cost	476,867	
Less: Accumulated depreciation	<u>(204,073)</u>	<u>(115,731)</u>
	<u>272,794</u>	<u>361,136</u>
Total plant and equipment	<u><u>652,358</u></u>	<u><u>813,323</u></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:

	<b>Plant and equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2019	479,315	449,578	928,893
Additions	118,777	-	118,777
Disposals	(99,031)	(20,554)	(119,585)
Depreciation expense	<u>(46,874)</u>	<u>(67,888)</u>	<u>(114,762)</u>
Balance at 30 June 2020	<u>452,187</u>	<u>361,136</u>	<u>813,323</u>
Additions	92,996	-	92,996
Depreciation expense	<u>(165,619)</u>	<u>(88,342)</u>	<u>(253,961)</u>
Balance at 30 June 2021	<u><u>379,564</u></u>	<u><u>272,794</u></u>	<u><u>652,358</u></u>

**Note 7. Right of Use Assets**

CHN's lease portfolio includes leased motor vehicle and a leasehold building.

**i. AASB 16 related amounts recognised in the balance sheet**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Right of use assets</b>		
Leased premises	1,476,500	1,476,500
Less accumulated amortisation	<u>(611,006)</u>	<u>(291,165)</u>
Total right of use asset	<u><u>865,493</u></u>	<u><u>1,185,335</u></u>

**ii. AASB 16 related amounts recognised in the statement of profit or loss**

Amortisation expense	(319,842)	(291,155)
Finance costs	<u>(79,222)</u>	<u>(94,991)</u>
	<u><u>(399,064)</u></u>	<u><u>(386,146)</u></u>

**CAPITAL HEALTH NETWORK LIMITED**  
**ABN 82 098 499 471**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Note</b>	<b>2021</b> <b>\$</b>	<b>2020</b> <b>\$</b>
<b>Note 8. Lease Liabilities</b>			
Current		274,697	289,955
Non-current		<u>697,952</u>	<u>972,648</u>
	12	<u>972,649</u>	<u>1,262,603</u>
<b>Note 9. Trade and other payables</b>			
CURRENT			
Creditors and accrued expenses		<u>569,525</u>	<u>496,730</u>
Financial liabilities as trade and other payables	12	<u>569,525</u>	<u>496,730</u>
<b>Note 10. Contract Liabilities</b>			
CURRENT			
Unearned Government Grant income		<u>8,920,531</u>	<u>7,863,435</u>
		<u>8,920,531</u>	<u>7,863,435</u>
<b>Note 11. Provisions</b>			
CURRENT			
Provision for annual leave entitlements		252,625	236,082
Provision for long service leave		<u>79,078</u>	<u>76,513</u>
		<u>331,703</u>	<u>312,595</u>
NON-CURRENT			
Provision for long service leave		<u>97,809</u>	<u>76,844</u>
Total employee provisions		<u>429,512</u>	<u>389,439</u>

**Note 12: Financial Risk Management**

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

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	<b>Note</b>	<b>2021</b> <b>\$</b>	<b>2020</b> <b>\$</b>
<b>Financial assets</b>			
Held at amortised cost			
Cash and cash equivalents	3	9,363,867	9,160,171
Trade receivables	4a	<u>24,970</u>	<u>271,188</u>
<b>Total financial assets</b>		<u>9,388,837</u>	<u>9,431,359</u>
<b>Financial liabilities</b>			
Lease liabilities	8	972,649	1,262,603
Trade payables	9	<u>569,525</u>	<u>496,730</u>
<b>Total financial liabilities</b>		<u>1,542,174</u>	<u>1,759,333</u>

**CAPITAL HEALTH NETWORK LIMITED**  
**ABN 82 098 499 471**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
<b>Note 13. Related Party Transactions</b>		
a. Key management personnel compensation	<u>974,229</u>	<u>1,235,529</u>
b. Other related parties		

Ms Darlene Cox is the Executive Director of Health Care Consumers Association (HCCA). Capital Health Network Limited paid HCCA \$5,500 (gross, inclusive of GST) 2020-21 to provide consumer representation on CHN committees, support and advice on consumer matters & advice in relation to the Health Pathways Program. Ms Cox is a member of the Board of Directors at CHN.

Gloria Claessen is the owner of a training organisation RICO. After a full Request For Proposal process RICO were commissioned to carry out Mental Health First Aid Training to all staff at CHN, for which RICO received \$11,000 (gross, inclusive of GST) 2020-21. Ms. Claessen is the wife of the Senior Manager of Corporate Operations.

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

**Note 14. Contingent Liabilities**

The Company has provided bank guarantees of \$74,877 (2020: \$74,877) to the National Australia Bank for its obligations under its office lease.

**Note 15. Events After the Reporting Period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided

No other matter or circumstance has arisen since 30 June 2021 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 16: Members' Guarantee**

CHN is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the Company. At 30 June 2021, the number of members was 549 (2020: 573). Membership is cyclical, requiring renewals every three years.

**Note 17. Company Details**

The register office and principal place of business of the Company is

Capital Health Network Limited  
Unit 2, Geils Court,  
Deakin ACT 2600

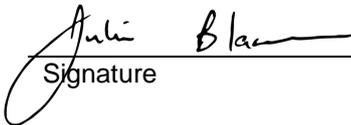
**CAPITAL HEALTH NETWORK LIMITED**  
**ABN 82 098 499 471**

**DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of Capital Health Network Limited, the Directors of the Registered Entity declare that, in the Directors' opinion:

1. The financial statements and notes, as set out on pages 4 to 17, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - a. comply with Australian Accounting Standards applicable to the Registered Entity; and
  - b. give a true and fair view of the financial position of the registered entity as at 30 June 2021 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the Registered Entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

  
Signature

  
Signature

---

Julie Blackburn  
CHAIR OF THE BOARD

---

Peter Radoll  
DEPUTY CHAIR OF THE BOARD

Dated this 21<sup>st</sup> September 2021

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

## Report on the Audit of the Financial Report

### Opinion

We have audited the accompanying financial report of Capital Health Network Limited (the registered entity), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying 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* (the ACNC Act), including:

- (i) giving a true and fair view of the registered entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) 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 registered entity in accordance with the ACNC Act and 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.

### Emphasis of matter

We draw attention to Note 1(o)(iii) of the financial report which notes the outbreak of COVID-19 as a global pandemic and how this has been considered by the Directors in the preparation of the financial report. The impact of COVID-19 is an unprecedented event, which continues to cause a high level of uncertainty and volatility. As set out in the financial statements, no adjustments have been made to financial statements as at 30 June 2021 for the impacts of COVID-19. Our opinion is not modified in respect of this matter.

### 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 annual report for the year ended 30 June 2021 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. 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 registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### **Responsibilities of the Directors for the Financial Report (continued)**

In preparing the financial report, the directors are responsible for assessing the ability of the registered entity 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 registered entity or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibility 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Shane Bellchambers, FCA  
Registered Company Auditor  
BellchambersBarrett

Canberra, ACT  
Dated this 21<sup>st</sup> day of September 2021