



# Financial Statements

2018–19

firsthealth limited  
ABN 15 111 520 168

Financial report for the  
year ended 30 June 2019

# **FIRSTHEALTH LIMITED**

**ABN: 15 111 520 168**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2019**

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

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FOR THE YEAR ENDED 30 JUNE 2019

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**FIRSTHEALTH LIMITED**  
**ABN: 15 111 520 168**

**AUDITOR'S INDEPENDENCE DECLARATION**

**FOR THE YEAR ENDED 30 JUNE 2019**

We declare that, to the best of our knowledge and belief, during the *year* ended , there have been:

- (i) no contraventions of the auditor independence requirements as set out in Section 60-40 of the *Australian Charities and Not-For-Profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**National Audits Group Pty Ltd**  
**Authorised Audit Company**



**Steven J Watson**  
**Managing Director**

**Dated 24 September 2019**

**Wagga Wagga**

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Note	\$	\$
Revenue	5	21,490,790	19,488,385
Advertising expenses		(315,522)	(216,368)
Contractors		(12,767,523)	(12,221,433)
Depreciation expenses		(17,088)	(16,419)
Directors' fees and committee expenses		(193,176)	(202,863)
Employee benefits expenses		(4,997,605)	(4,757,770)
GP payments		(326,308)	(345,197)
Insurance		(139,687)	(132,670)
Motor vehicle expenses		(86,703)	(75,592)
Other expenses		(1,823,659)	(1,271,360)
Rental outgoings		(257,952)	(245,913)
Service fees		(466,485)	-
Travel and accommodation expenses		(60,322)	(55,605)
<b>Profit/(loss) before income tax</b>		38,760	(52,805)
Income tax expense	3(a)	-	-
<b>Profit/(loss) for the year</b>		38,760	(52,805)
Other comprehensive income		-	-
<b>Total comprehensive income/(expense) for the year</b>		38,760	(52,805)

The accompanying notes form part of these financial statements.

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	9,826,072	9,627,244
Trade and other receivables	7	544,797	481,827
Other assets	8	35,411	43,213
<b>TOTAL CURRENT ASSETS</b>		<u>10,406,280</u>	<u>10,152,284</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	182,350	122,228
<b>TOTAL NON-CURRENT ASSETS</b>		<u>182,350</u>	<u>122,228</u>
<b>TOTAL ASSETS</b>		<u>10,588,630</u>	<u>10,274,512</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	3,331,323	2,007,389
Other liabilities	11	5,784,563	6,908,272
Employee benefits	12	496,668	442,522
<b>TOTAL CURRENT LIABILITIES</b>		<u>9,612,554</u>	<u>9,358,183</u>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	12	128,113	107,126
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>128,113</u>	<u>107,126</u>
<b>TOTAL LIABILITIES</b>		<u>9,740,667</u>	<u>9,465,309</u>
<b>NET ASSETS</b>		<u>847,963</u>	<u>809,203</u>
<b>EQUITY</b>			
Retained earnings		847,963	809,203
<b>TOTAL EQUITY</b>		<u>847,963</u>	<u>809,203</u>

The accompanying notes form part of these financial statements.

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
<b>RETAINED EARNINGS</b>		
Retained earnings at the beginning of the year	809,203	862,008
Profit/(loss) for the year	38,760	(52,805)
Retained earnings at the end of the year	<u>847,963</u>	<u>809,203</u>
<b>RESERVES</b>		
Asset revaluation reserve at the beginning of the year	-	13,249
Transfers during the year	-	(13,249)
<b>TOTAL EQUITY</b>	<u><u>847,963</u></u>	<u><u>809,203</u></u>

The accompanying notes form part of these financial statements.

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	3,089,202	360,525
Receipts from government funding	17,978,215	19,054,594
Payments to suppliers and employees	(21,152,259)	(19,172,851)
Interest received	360,881	320,991
<b>Net cash provided by operating activities</b>	<u>276,039</u>	<u>563,259</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from the sale of assets	98,010	390,000
Purchase of property, plant and equipment	(175,221)	(12,000)
<b>Net cash provided by/(used in) investing activities</b>	<u>(77,211)</u>	<u>378,000</u>
<b>Net increase in cash and cash equivalents held</b>	198,828	941,259
Cash and cash equivalents at beginning of year	<u>9,627,244</u>	<u>8,685,985</u>
<b>Cash and cash equivalents at end of financial year</b>	<u>6</u> <u>9,826,072</u>	<u>9,627,244</u>

The accompanying notes form part of these financial statements.



# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

The financial statements cover Firsthealth Limited as an individual entity. Firsthealth Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The principal activities of the Company for the year ended 30 June 2019 were:

- Commissioning of primary health services to meet population health needs;
- Operation of Murrumbidgee Primary Health Network under contract with the Australian Government Department of Health;
- Provision of Partners in Recovery Program;
- Workforce education;
- Workforce recruitment & retention;
- Promotion of immunisation;
- Provide support and development; and
- Provision of After Hours Medical Services.

These activities supported all of the Company's strategies and objectives.

Further to the above, to do all such acts as are incidental and conducive to the furtherance of the above objectives.

No significant change in the nature of these activities occurred during the year.

The functional and presentation currency of Firsthealth Limited is Australian dollars (\$AUD) and all amounts have been rounded to the nearest dollar.

The financial report was authorised for issue by the Directors on 24 September 2019.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

### 2 CHANGE IN ACCOUNTING POLICY

#### FINANCIAL INSTRUMENTS - ADOPTION OF AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.

# FIRSTHEALTH LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

### 2 CHANGE IN ACCOUNTING POLICY

#### FINANCIAL INSTRUMENTS - ADOPTION OF AASB 9

- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

#### **Classification of financial assets**

The financial assets of the Company have been reclassified as measured at amortised cost on adoption of AASB 9 based on primarily the business model in which the financial asset is managed and its contractual cash flow characteristics.

#### **Impairment of financial assets**

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **(a) Income Tax**

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

#### **(b) Leases**

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

#### **(c) Revenue and other income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

#### **Grant revenue**

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

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

# FIRSTHEALTH LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (c) Revenue and other income

##### Interest revenue

Interest is recognised using the effective interest method.

##### Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

##### Rental income

Rental property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return.

##### Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

##### Gain on disposal of non-current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

##### Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

#### (d) Goods and services tax (GST)

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

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on an inclusive basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

# FIRSTHEALTH LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

#### Depreciation

The Company's property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	20% - 100%
Motor Vehicles	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (f) Financial instruments

*For comparative year*

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables; and
- available-for-sale financial assets.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

# FIRSTHEALTH LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (f) Financial instruments

##### Financial assets

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

##### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

##### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities including trade and other payables (including funding received in advance, trade creditors and accrued expenses), which are measured at amortised cost using the effective interest rate method.

##### Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### **Financial assets at amortised cost**

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

##### **Available-for-sale financial assets**

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

*For current year*

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (f) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### **Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### **Classification**

On initial recognition, the Company classifies its financial assets into those measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

#### **Amortised cost**

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

#### **Impairment of financial assets**

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the assets financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

# FIRSTHEALTH LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (f) Financial instruments

##### Financial assets

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables.

#### (g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is any evidence of an impairment indicator for non-financial assets. Where this indicator exists, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

# FIRSTHEALTH LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, cash at bank and short-term investments which are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

#### (i) Employee benefits

A liability is made for the Company's employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss.

#### (j) 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 are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

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

#### (k) Reserves

The revaluation reserve comprises gains, losses and transfers from the revaluation of assets held for sale.

#### (l) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 1 July 2018. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company. Refer to Note 2 for details of the changes due to standards adopted.



# FIRSTHEALTH LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (m) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

<b>Standard Name</b>	<b>Effective date</b>	<b>Requirements</b>	<b>Impact</b>
AASB 15 – Revenue from Contracts with Customers	1 July 2019	Identify the contract(s) with the customer, identify the separate performance obligations, determine the transaction price, allocate the transaction price and recognise revenue when a performance obligation is satisfied.	Minimal impact as the Company's current revenue policy is to recognise revenue from funding post the completion of the service deliverables, project or program requirements in accordance with the funding agreement made with the Department of Health.
AASB 16 – Leases	1 July 2019	The lessee must recognise a 'right-of-use' asset representing an Entity's right to use the underlying leased asset and a 'lease liability' representing an Entity's obligation to make lease payments.	Impact of AASB 16 is estimated to be a 'right-of-use asset' and 'lease liability' of the same value as disclosed under the leasing commitments note.
AASB 1058 – Income of Not-for-profit Entities	1 July 2019	An entity must recognise transactions where consideration to acquire an asset is significantly less than fair value in accordance with AASB 116. In addition, an entity may elect to apply an accounting policy requiring the recognition of volunteer services as revenue and its expenditure through profit and loss.	Minimal impact as the consideration to acquire an asset has historically been applied under the requirements prescribed under AASB 116 and the Directors have determined not to elect an accounting policy to recognise the monetary impact of volunteer services.

# FIRSTHEALTH LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information becomes known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### ***Key estimates - impairment of property, plant and equipment***

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

#### ***Key estimates - fair value of assets held for sale***

The Company's assets held for sale are measured at fair value. Where fair value has not been able to be determined based on a quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

#### ***Key estimates - revenue recognition - long term funding contracts***

The Company undertakes long term funding contracts which span a number of reporting periods. Recognition of revenue in relation to these contracts involves estimation of future costs of completing the contract and the expected outcome of the contract. The assumptions are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

#### ***Key estimates - provisions***

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

#### ***Key estimates - receivables***

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

# FIRSTHEALTH LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
<b>5 REVENUE AND OTHER INCOME</b>		
Client services	425,470	409,465
Donations and sponsorships	82	4,069
Grant funding - Department of Health	19,673,371	17,508,407
Interest income	360,881	320,991
Membership fees	16,150	37,745
Other grant funding	1,004,844	1,181,624
Profit on sale of assets	5,582	19,283
Rental income	4,410	6,801
	<u>21,490,790</u>	<u>19,488,385</u>
<b>6 CASH AND CASH EQUIVALENTS</b>		
CURRENT		
Cash on hand	1,950	1,650
Cash at bank	4,173,513	4,007,365
Short-term deposits	5,650,609	5,618,229
	<u>9,826,072</u>	<u>9,627,244</u>
<b>7 TRADE AND OTHER RECEIVABLES</b>		
CURRENT		
Trade receivables	96,324	71,096
Other receivables	448,473	410,731
	<u>544,797</u>	<u>481,827</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

### **Impairment of receivables**

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2019 is determined as follows, the expected credit losses incorporate forward looking information.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
<b>8 OTHER ASSETS</b>		
CURRENT		
Prepayments	8,132	15,456
Accrued interest	26,564	27,042
Rental bonds	715	715
	<u>35,411</u>	<u>43,213</u>
<b>9 PROPERTY, PLANT AND EQUIPMENT</b>		
NON-CURRENT		
Plant and equipment		
At cost	19,867	246,548
Accumulated depreciation	(12,599)	(235,437)
	<u>7,268</u>	<u>11,111</u>
Motor vehicles		
At cost	213,935	204,722
Accumulated depreciation	(38,853)	(93,605)
	<u>175,082</u>	<u>111,117</u>
Total property, plant and equipment	<u>182,350</u>	<u>122,228</u>

### Movements in Carrying Amounts

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

	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$
<b>Year ended 30 June 2019</b>			
Opening balance	11,111	111,117	122,228
Additions	-	175,221	175,221
Disposals	-	(98,010)	(98,010)
Depreciation expense	(3,842)	(13,246)	(17,088)
Balance at the end of the year	<u>7,269</u>	<u>175,082</u>	<u>182,350</u>

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
<b>10 TRADE AND OTHER PAYABLES</b>		
CURRENT		
Trade payables	2,530,414	1,668,482
Accrued expenses	800,909	338,907
	<u>3,331,323</u>	<u>2,007,389</u>
<p>Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.</p>		
<b>11 OTHER LIABILITIES</b>		
CURRENT		
Unspent grant funding	5,140,298	5,520,870
Grant funding received in advance	644,265	1,387,402
	<u>5,784,563</u>	<u>6,908,272</u>
<b>12 EMPLOYEE BENEFITS</b>		
CURRENT		
Annual leave	344,402	308,186
Long service leave	152,266	134,336
	<u>496,668</u>	<u>442,522</u>
NON-CURRENT		
Long service leave	<u>128,113</u>	<u>107,126</u>

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
<b>13 LEASING COMMITMENTS</b>		
<b><i>Operating leases</i></b>		
Minimum lease payments:		
- not later than one year	223,283	235,283
- between one year and five years	204,676	455,968
	<u>427,959</u>	<u>691,251</u>

The Company has the following non-cancellable operating lease commitments at year end:

- Suite 1-4, 1/185 Morgan Street, Wagga Wagga NSW 2650; and
- Level 1, St Vincents Private Community Hospital, 41-45 Animoo Avenue, Griffith NSW 2680.

Lease payments are increased on an annual basis to reflect market rentals.

### 14 CAPITAL COMMITMENTS

In the opinion of the Directors, the Company did not have any capital commitments at 30 June 2019 (30 June 2018: None).

### 15 KEY MANAGEMENT REMUNERATION

The Directors review the remuneration packages of all key management personnel on an annual basis.

The Directors also assess the appropriateness of the nature and amount of emolument of such officers on a periodical basis by reference to current market rates. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payment will be optimal for the recipient without creating undue cost for the Company.

The total remuneration paid to key management personnel of the Company during the year was \$ 367,590 (2018: \$ 461,186). Total remuneration includes wages and salaries paid to key management and fees paid to the Directors of the Company during the year.

For details of other transactions with key management personnel, refer to Note 16: Related Parties.

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

### 16 RELATED PARTIES

#### **(a) Entities exercising control over the Company**

Firsthealth Limited is dependent on the Department of Health for the majority of its revenue used to operate the business. Due to the Company's economic dependence on the Department of Health, the Directors have determined that the Department of Health has control over the Company and its operations.

At the date the financials were authorised for issue, the Directors have no reason to believe the Department of Health will not continue to support Firsthealth Limited.

#### **(b) Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity are considered key management personnel.

Key management personnel of the Company during the year were as follows:

- Dr S McAlpin (Chairperson, resigned 27 February 2019)
- Mr D Friedlieb (Treasurer)
- Dr K Mackey (Director, retired 17 October 2018)
- Dr J Culbert (Director)
- Ms D McLean (Director)
- Ms F McMillan (Director)
- Dr J Scholtz (Director)
- Mr M Rowan (Director, elected 17 October 2018)
- Ms Peta Larsen (Director, elected 17 October 2018)
- Dr Alam Yoosuff (Director, elected 17 October 2018)
- Ms M Neal (Chief Executive Officer)

For details of remuneration disclosures relating to key management personnel, refer to Note 15: Key Management Personnel Remuneration.

Other transactions with KMP and their related entities are shown below.

#### **(c) Other related parties**

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

### 16 RELATED PARTIES

#### (d) Transactions with related parties

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

The following transactions with related parties occurred during the year:

	Purchases	Sales	Wages	Owed to the Company	Owed by the Company
	\$	\$	\$	\$	\$
Key management personnel	31,748	-	367,590	-	-
Other related parties	-	-	-	-	-
	<u>31,748</u>	<u>-</u>	<u>367,590</u>	<u>-</u>	<u>-</u>

### 17 CONTINGENCIES

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2019 (30 June 2018:None).

### 18 EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### 19 COMPANY DETAILS

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

Firsthealth Limited  
1/185 Morgan Steet  
Wagga Wagga  
New South Wales, 2650



**FIRSTHEALTH LIMITED**

**ABN: 15 111 520 168**

**RESPONSIBLE PERSONS' DECLARATION**

**FOR THE YEAR ENDED 30 JUNE 2019**

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements and satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

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



Director .....

Director



Director .....

Director

Dated 24 September 2019

## **FIRSTHEALTH LIMITED**

**ABN: 15 111 520 168**

### **INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED 30 JUNE 2019**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of Firsthealth Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other 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 responsible persons' declaration.

In our opinion, the accompanying financial statements present fairly, in all material respects, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with the 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 Statements* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (the Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Act, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

##### **Other Information**

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Annual Report, (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements 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 statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

## **FIRSTHEALTH LIMITED**

### **INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2019**

#### **Responsibilities of Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 the 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 statements, 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 Company'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 Company'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 statements 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 Company to cease to continue as a going concern.

**FIRSTHEALTH LIMITED**

**ABN: 15 111 520 168**

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED 30 JUNE 2019**

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent 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.

**National Audits Group Pty Ltd**  
**Authorised Audit Company**



**Steven J Watson**  
**Managing Director**

**Dated 24 September 2019**

**Wagga Wagga**



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