

An Australian Government Initiative

## **Annual Financial Report**

for the year ended 30 June 2024











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## Statement of Comprehensive Income

#### for the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue	Note	Φ	Ψ
Revenue	6	94,818,624	75,833,896
Other income	_	63,812	124,805
	_	94,882,436	75,958,701
Expenses			
Board and governance		421,688	436,312
Commissioned contracts		80,165,981	63,753,644
Communications and IT		1,601,794	1,353,050
Consultancy fees and professional services	7	1,055,935	476,001
Depreciation	12	625,323	566,948
Employee expenses	8	10,798,333	8,680,267
Engagement and memberships		970,569	381,101
Low cost capital items		65,162	11,353
Motor vehicle costs		8,276	4,284
Occupancy costs		267,370	116,322
Other expenses		186,038	304,383
Travel and accommodation		572,788	490,095
		96,739,257	76,573,760
Results from operating activities	_	(1,856,821)	(615,059)
Finance income		1,940,897	895,370
Finance costs		(134,919)	(54,769)
Net finance income		1,805,978	840,601
Net (deficit) / surplus before tax		(50,843)	225,542
Income tax expense	5 (c)	-	-
Net (deficit) / surplus	_	(50,843)	225,542
Other comprehensive income		-	-
Total comprehensive income	_	(50,843)	225,542

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

#### Statement of Financial Position

#### as at 30 June 2024

	Note	2024 \$	2023 \$
Assets		•	•
Cash and cash equivalents	9	38,685,161	38,934,431
Trade and other receivables	10	2,761,220	402,078
Contract assets	11	63,500	-
Total current assets	_	41,509,881	39,336,509
Property, plant and equipment	12 _	2,968,778	1,145,280
Total non-current assets	_	2,968,778	1,145,280
Total assets		44,478,659	40,481,789
Liabilities			
Trade and other payables	14	15,454,372	5,554,517
Contract liabilities	17	25,258,211	32,905,214
Lease liabilities	18	520,594	398,034
Total current liabilities	_	41,233,177	38,857,765
Lease liabilities	18	2,251,097	762,108
Provision for long service leave	15	263,131	168,495
Provision for restoration	16	5,197	36,521
Contract liabilities	17	120,000	
Total non-current liabilities	_	2,639,425	967,124
Total liabilities	_	43,872,602	39,824,889
Net assets	_	606,057	656,900
Equity			
Retained surplus	_	606,057	656,900
Total equity	_	606,057	656,900

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

#### for the year ended 30 June 2024

	Note	2024 \$	2023 \$
Retained surplus			
Balance at 1 July		656,900	431,358
Total comprehensive income			
Net (deficit) / surplus		(50,843)	225,542
Total other comprehensive income			
Total comprehensive income		(50,843)	225,542
Balance at 30 June		606,057	656,900

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

#### Statement of Cash Flows

#### for the year ended 30 June 2024

		2024	2023
	Note	\$	\$
Cash flows from operating activities			
Cash receipts from funding bodies		95,392,859	95,831,604
Other income		81,688	76,940
Payments to suppliers		(87,843,993)	(79,838,140)
Payments to employees	_	(8,817,545)	(7,941,297)
Cash generated (used in) / from operating activities		(1,186,991)	8,129,107
Interest received		1,940,897	895,370
Interest paid		(129,723)	(48,781)
Net cash from operating activities	22	624,183	8,975,696
Cash flows from investing activities			
Acquisition of property, plant and equipment		(315,284)	-
Net cash used in investing activities	_	(315,284)	-
Cash flows from financing activities			
Payment of lease liabilities		(558,169)	(446,513)
Net cash used in financing activities	_	(558,169)	(446,513)
Net increase in cash and cash equivalents		(249,270)	8,529,183
Cash and cash equivalents at 1 July		38,934,431	30,405,248
Cash and cash equivalents at 30 June	_	38,685,161	38,934,431

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

#### Notes to Financial Statements

#### 1 Reporting Entity

North Queensland Primary Healthcare Network Limited (the "Company") is domiciled in Australia. The Company's registered office is at Level 5, 111 Grafton Street Cairns. The Company is a not-for-profit entity and primarily is involved in working with community-based general practitioners, dentists, pharmacists, nurses and allied health practitioners in Northern Queensland to improve and coordinate Primary Health Care across the local health system for patients requiring care from multiple providers.

#### 2 Basis of Preparation

#### (a) Statement of compliance

The financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Australian Charities and Not-for-profits Commission Act 2012. They have been prepared in accordance with Australian Standards - Simplified Disclosures adopted by the Australian Accounting Standard Board ("AASB") and the Australian Charities and Not-for-profits Commission Act 2012.

These financial statements were authorised for use by the Board of Directors on the date shown on the directors' declaration.

#### (b) Basis of measurement

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

#### (c) Functional and presentation currency

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

#### (d) Use of judgements and estimates

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

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

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

- Revenue recognition Note 5(a)
- Property, plant and equipment Note 5(d)
- Leases Note 5 (h)

#### Assumptions and estimation uncertainties

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

#### (e) Economic dependency and going concern

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

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

#### 3 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2023 and have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early.

#### 4 New and amended standards adopted

The Company adopted AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosures of Accounting Policies: Tier 2 and Other Australian Accounting Standards from 1 July* 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 5 in certain instances.

#### 5 Material Accounting policies

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

#### (a) Revenue

#### Commonwealth funding

Funding is provided predominantly by the Commonwealth Department of Health for specific primary health services purchased by the Department in accordance with a standard funding agreement. Funding is based on an agreed range of activities per the standard funding agreement and a nation-wide price by which relevant activities are funded. The standard funding agreement will be reviewed periodically and updated for changes in activities and prices of services delivered.

To determine whether to recognise revenue, the Company follows a 5-step process:

- 1. Identifying the contract with a customer
- 2. Identifying the performance obligations
- 3. Determining the transaction price
- 4. Allocating the transaction price to the performance obligation
- 5. Recognising revenue when/as performance obligations are satisfied.

Revenue is recognised either at a point in time or over time when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. The performance obligations are varied based on the requirements under the relevant funding agreements and include commissioning of primary health activities in accordance with the Company's Activity Work Plans.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

#### Other funding

Other funding comprises sundry grant funding. Grants (other than certain capital grants) are accounted for under AASB 15 *Revenue from Contracts with Customers* where the grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations. As such, the revenue is recognised when each performance obligation is satisfied. The performance obligations are varied based on the requirements under the relevant funding agreements and include performing services and commissioning of primary health activities in accordance with the Project Plans. Payment terms also vary depending on the terms of the grant. Cash is received up front for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the recognition of revenue reflects the transfer of control. Within funding agreements, there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods, being either costs or time incurred, are the most appropriate methods to reflect the transfer of benefits.

For transfers of financial assets (usually cash and/or a receivable) to the Company which enable it to acquire or construct a recognisable non-financial asset, a liability is recognised for the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16 *Leases*, financial instruments in accordance with AASB 9 *Financial Instruments*, or provisions in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The liability is brought to account as income over the period in which the Company satisfies its performance obligation.

#### (b) Employee benefits

#### (i) Short-term benefits

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

#### (ii) Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

#### (iii) Long-term benefits

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

#### (c) Income tax

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

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

#### (i) Recognition and measurement

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

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

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

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

#### (ii) Subsequent expenditure

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

#### (iv) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives.

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

Leasehold improvements 3 – 5 years

Office equipment 3 – 7 years

Computer hardware 3 years

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

#### (e) Financial instruments

#### (i) Recognition, initial measurement and derecognition

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset, unless it is a trade receivable without a significant financing component, or a financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards of ownership are transferred.

A financial liability is derecognised when its contractual obligations are discharged, cancelled or expire.

#### (ii) Classification and subsequent measurement

#### Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- · fair value through profit or loss
- · equity instruments at fair value through other comprehensive income
- · debt instruments at fair value through other comprehensive income

Classifications are determined by both:

- the Company's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

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

#### Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company has determined that all its financial assets fall within the amortised cost category.

#### Financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as fair value through profit or loss if it is held-for-trading. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Company has only financial liabilities classified as measured at amortised cost.

#### (f) Impairment

#### Non-derivative financial assets

#### Financial assets and contract assets

The Company uses forward looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of these requirements include loans and trade receivables.

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

In applying this forward-looking approach, a distinction is made between:

- financial assets that have not deteriorated significantly in credit quality since initial recognition
  or that have low credit risk ('Stage 1') and
- financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial asset.

#### Trade and other receivables

Receivables are amounts owed to the Company at year end. The are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price or contract price. Settlement of these amounts is required 30 days from invoice date.

Debts are regularly assessed for collectability and allowance is made where appropriate for impairment. All known bad debts are written off as the Company becomes aware of the inability to recover. If an amount is recovered in a subsequent period it is recognised as revenue. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate

Receivables are measured at amortised cost which appropriate fair value at reporting date. When the Company has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance.

Grants payable by State and Commonwealth government and their agencies: A credit enhancement exists as these payments are effectively Government guaranteed and both the State and Commonwealth Governments have high credit ratings. Accordingly, the Company considers the level of credit risk exposure to be immaterial. The Company does not calculate ECL for grants.

#### **Non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. As the Company is a not-for-profit entity, value in use is the written down current replacement cost of an asset as the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and as the entity would, if deprived of the asset, replace its remaining future economic benefits.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in expenses.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (g) Provisions

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

#### (h) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

#### Measurement and recognition of leases as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone price. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following where applicable:

- · fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to
  exercise, lease payments in an optional renewal period if the Company is reasonably certain
  to exercise an extension option, and penalties for early termination of a lease unless the
  Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been presented as a separate line item.

The company has elected not to apply the recognition exemption for low value assets and short-term leases.

#### (i) Members' liability

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

- · payment of debts and liabilities of the Company;
- payment of the costs, charges and expenses of winding up; and
- any adjustment of the rights of the contributories among members.

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

6 Revenue	2024	2023
	\$	\$
Commonwealth funding (under AASB 15)		
Primary Health Networks - Core Funding	19,180,159	17,084,678
Primary Health Networks - After Hours Primary Health Care	3,483,353	5,421,835
Indigenous Australians' Health Programme	7,703,901	7,293,061
Mental Health and Suicide Prevention	36,883,423	29,147,595
Bilateral PHN Programs	1,974,840	-
Drug and Alcohol Treatment Activities	5,687,838	6,164,205
Psychosocial Support	5,405,872	4,284,157
Pilots and Targeted Programs	3,168,288	2,867,463
Aged Care Funding	5,137,478	2,198,507
Urgent Care Clinic	2,594,975	625
Other funding grants (under AASB 15)		
Queensland Health - Cancer Screening Quality Improvement	=	29,743
My Health Record Expansion	73,500	74,000
Queensland Health - The Way Back Support Service	<del>-</del>	344,764
Beyond Blue - The Way Back Support	<del>-</del>	259,865
Brisbane North PHN - Workforce Prioritisation and Planning	345,089	95,398
Additional Service Delivery Funding for Drug and Alcohol	245,854	240,000
Western Queensland PHN - Resilient Kids	156,487	278,000
Diabetes Queensland - My Health for Life	50,000	50,000
JCU NARDHC Grant	50,000	-
Queensland Health - Universal After Care	290,991	-
Queensland Health - Urgent Care Clinic	2,386,576	-
	94,818,624	75,833,896
7 Consultancy and professional services		
Corporate services	358,580	182,489
Commissioning and programs	289,876	84,012
Information and communication technology services	98,300	1,920
Legal services	117,994	63,837
Internal, external and ISO audit services	129,757	81,900
Insurance	61,428	61,828
Other		15
	1,055,935	476,001
8 Employee expenses		
Employee benefits		
Salaries and wages	9,094,944	6,987,447
Employer superannuation contributions	994,794	766,740
Annual leave expenses	·	·
Long service leave expenses	95,672 94,636	417,307
Other employee benefits	·	45,298
Other employee benefits	29,873	7,972
Employee related expenses	10,309,919	8,224,764
Workers 'compensation premium	26,819	23,918
Other employee expenses	461,595	431,585
Carlos employee expended	10,798,333	8,680,267
		0,000,207

#### 9 Cash and cash equivalents

Cash and cash equivalents include cash on hand, all cash and cheques receipted by not banked at the year end, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

	2024	2023
	\$	\$
Cash at bank and on hand	38,564,088	38,901,910
Term deposit	121,073	32,521
	38,685,161	38,934,431
The Company's cash and cash equivalents are subject to restrictions that <b>li</b> future use. These include:	mit amounts available for d	iscretionary or
Unspent Commonwealth, State, and other grants (contract liabilities)	25,378,211	32,905,214
10 Trade and other receivables		
Accounts receivable	2,283,556	81,401
Bonds	=	4,765
Prepayments	477,664	125,248
GST receivable	<u> </u>	190,664
	2,761,220	402,078
11 Contract assets		
JCU - NARDHC Grant	10,000	-
ADHA - MHR expansion program	3,500	=
Diabetes Queensland - My Health for Life	50,000	
	63,500	-

#### 12 Property, plant and equipment

#### Reconciliation of carrying amount

	Right-of-use buildings	Right-of-use vehicles	Right-of-use equipment	Leasehold improvements	Office equipment	Computer hardware	Total
	\$	\$	\$	\$	\$	\$	\$
Cost Balance at 1 July 2022 Remeasurement Additions Disposals	2,561,764 (1,230,599) 648,426 (423,368)	100,631 (63,856) - -	48,731 - - -	401,731 - - -	46,731 - - -	287,660 - - -	3,447,248 (1,294,455) 648,426 (423,368)
Balance at 30 June 2023	1,556,223	36,775	48,731	401,731	46,731	287,660	2,377,851
Balance at 1 July 2023 Remeasurement Additions Disposals	1,556,223 4,440 2,004,235 (413,994)	36,775 - 126,170 (36,775)	48,731 - 49,393 (48,731)	401,731 - 60,503 (271,684)	46,731 - - -	287,660 - 254,781 -	2,377,851 4,440 2,495,082 (771,184)
Balance at 30 June 2024	3,150,904	126,170	49,393	190,550	46,731	542,441	4,106,189
Depreciation and impairment Balance at 1 July 2022 Depreciation for the year Remeasurement Disposals	1,019,155 467,162 (764,192) (224,347)	91,220 27,628 (100,632)	31,134 17,597 - -	278,894 54,561 - -	46,731 - - -	287,660 - - -	1,754,794 566,948 (864,824) (224,347)
Balance at 30 June 2023	497,778	18,216	48,731	333,455	46,731	287,660	1,232,571
Depreciation and impairment Balance at 1 July 2023 Depreciation for the year Disposals	497,778 554,571 (410,974)	18,216 25,569 (36,775)	48,731 13,720 (48,731)	333,455 27,217 (224,003)	46,731 - -	287,660 4,246 -	1,232,571 625,323 (720,483)
Balance at 30 June 2024	641,375	7,010	13,720	136,669	46,731	291,906	1,137,411
Carrying amounts As at 30 June 2023	1,058,445	18,559	_	68,276		_	1,145,280
As at 30 June 2024	2,509,529	119,160	35,673	53,881	-	250,535	2,968,778

#### Leases

#### Buildings

During the year the Company decided it would not be exercising the option to extend the lease for the office in Caims which expired November 2023. The Company changed premises in Caims and commenced a new lease in November 2023. The lease has a term of six years and eight months, 1st November 2023 to 30th June 2030, with an option for an additional three years. The lease is subject to annual CPI increases.

The Company also leases buildings in Townsville and Mackay which are used for offices, the leases are between one and three years and contain options which are reasonably certain to be exercised at the Company's discretion. The leases are subject to annual CPI increases.

#### Vehicles

During the year the Company replaced four vehicles with four new leased vehicles. Thes leases have a term of three years, April 2024 to March 2027. The lease payments are fixed for the term of the lease.

#### Equipment

The Company leases a photocopier. The lease term is 3 years, 30th September 2023 to 30th September 2026. Payments are fixed for the term of the lease.

#### 13 Financial instruments - fair values

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

	2024 \$	2023 \$
Financial assets		
Cash and cash equivalents	38,685,161	38,934,431
Receivables	2,761,220	276,830
	41,446,381	39,211,261
Financial liabilities		
Trade and other payables	14,941,393	5,137,210
Lease liabilities - current	520,594	398,034
Lease liabilities - non-current	2,251,097	762,108
	17,713,084	6,297,352
14 Trade and other payables		
Trade payables	2,365,042	325,821
Contract accruals	10,526,081	4,402,203
Other payables and accruals	893,886	394,186
Commonwealth funding repayable	1,156,384	15,000
Liability for annual leave	512,979	417,307
	15,454,372	5,554,517
15 Provision for long service leave		
Non-current Non-current		
Long service leave	263,131	168,495
Balance at 1 July	168,495	123,197
Provisions made during the year	94,636	45,298
Balance at 30 June	263,131	168,495

#### Long service leave

The provision for long service leave represents the Company's best estimate of the future benefit that employees have earned. The amount and timing of the associated outflows is uncertain and dependent on employees attaining the required years of services. Where the Company no longer has the ability to defer settlement of the obligation beyond 12 months from the reporting date, liabilities are presented as current. This would usually occur when employees are expected to reach the required years of service in the 12 months from reporting date. The discount rate used to determine the present value of future benefits at 30 June 2024 was 4.45% (2023 was 4.36%).

#### 16 Provision for restoration

TO FTOVISION TO TESTOTATION	2024	2023
Non-aumant	\$	\$
Non-current Restoration of building leases	5,197	36,521
Balance at 1 July	36,521	36,521
Provisions made during the year	-	-
Provisions used during the year	(31,324)	<u> </u>
Balance at 30 June	5,197 	36,521
17 Contract liabilities		
Current		
Core Operational and Flexible, Establishment and Transition and Innovation	3,495,365	7,769,452
Core After Hours Primary Health Care	4,320,413	3,176,341
Indigenous Australians' Health Programme	606,018	722,200
Mental Health and Suicide Prevention	5,515,792	10,519,110
Drugs and Alcohol Treatment Services	364,624	401,863
Bilateral PHN Programs	5,272,097	2,710,219
Psychosocial Support	363,701	1,650,374
Urgent Care Clinic	161,665	1,142,792
Aged Care Funding	1,037,168	2,315,515
Pilots and Targeted Programs	419,814	2,362,956
Other Non-DoHAC Programs	3,701,554	134,392
	25,258,211	32,905,214
Made up of:		
Future funding received in advance	-	343,132
Current year funding held to meet future activity commitments	3,329,305	17,567,094
Unexpended and uncommitted funds:		
Core Operational and Flexible, Establishment and Transition and		
Innovation	1,718,763	1,529,396
Core After Hours Primary Health Care	3,765,413	441,341
Indigenous Australians' Health Programme	606,018	276,530
Mental Health and Suicide Prevention	4,992,180	4,558,201
Drugs and Alcohol Treatment Services	364,624	401,863
Bilateral PHN Programs	5,272,097	2,710,219
Psychosocial Support	363,701	97,995
Urgent Care Clinic	161,665	1,142,792
Aged Care Funding	712,168	1,339,303
Pilots and Targeted Programs	270,723	2,362,956
Other Non-DoHAC Programs	3,701,554	134,392
	25,258,211 ———————————————————————————————————	32,905,214
Non-current		
Mental Health and Suicide Prevention	120,000	-
	25,378,211	32,905,214
•		

18 Lease liabilities	2024	2023
	\$	\$
Current	520,594	398,034
Non-current	2,251,097_	762,108
	2,771,691	1,160,142
Balance at 1 July	1,160,142	1,671,101
Additions to leases	2,180,045	648,426
Lease remeasurements	4,497	(482,233)
Lease payments	(679,614)	(399,405)
Interest expense on lease liabilities	121,444	(47,107)
Disposals	(14,825)	(230,640)
Balance at 30 June	2,771,689	1,160,142

#### 19 Capital management

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

The Company is not subject to externally imposed capital requirements.

#### 20 Commitments

The Company commits commissioned contracts against future funding. As at 30 June 2024, the Company committed \$30,667,565 (2023: \$45,373,812) in commissioned contracts against the 2024/25 and subsequent years grant funds. This commitment amount excludes current year funding held to meet future activity commitments as these are included in the contract liabilities balance as disclosed in Note 16. The 2024/25 funds had not been received at 30 June 2024 and accordingly are not reflected in the Company's 2023/24 financial statements.

#### 21 Contingent liabilities

A potential legal claim was identified against the Company in the 2022 financial year. Management considers the grounds for this potential legal claim to be unjustified and the probability that it will require settlement at the Company's expense to be remote. This evaluation is consistent with external independent legal advice and the matter remains ongoing as at 30 June 2024.

#### 22 Reconciliation of cash flows from operating activities

	2024	2023
	\$	\$
Net (deficit) / surplus	(50,843)	225,542
Adjustments for:		
Depreciation	625,323	566,948
Remeasurement of Cairns lease	-	(52,601)
Disposal of Townsville lease	-	(31,619)
Disposal of vehicle leases	(13,360)	-
Disposal of equipment lease	(1,465)	-
Other non-cash lease movements	3,325	-
Disposals of PPE	47,681	=
	610,661	708,270
Changes in:		
Trade and other receivables	(2,422,642)	13,643
Trade and other payables	9,899,855	(6,283,094)
Provisions and employee benefits	63,312	45,298
Contract liabilities	(7,527,003)	14,491,579
Net cash flow from operating activities	624,183	8,975,696

#### 23 Related parties

#### Transactions with key management personnel

#### (i) Remuneration of Board of Directors

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

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

	Remuneration \$	Superannuation \$	Allowances \$	Total \$
2024				
Ms Suzanne Andrews	37,953	4,175	-	42,128
Ms Tara Diversi	38,526	4,238	-	42,764
Dr Konrad Kangru	37,347	4,108	-	41,455
Ms Sharon Kelly (appointed 16/11/2023)	21,663	2,383	-	24,046
Ms Topaz McAuliffe (resigned 12/02/2024)	25,536	2,809	-	28,345
Mr Terry Mehan (appointed 28/11/2022)	70,200	7,722	-	77,922
Mr Luckbir Singh	37,349	4,109	-	41,458
Dr Chris Stemaschuk (resigned 16/11/2023)	16,373	1,801	-	18,174
Mr Jeffrey Stewart-Harris (appointed 16/11/2023)	22,986	2,528	-	25,514
Mr Benjamin Tooth	42,222	4,644	-	46,866
Ms Catherine Whalan (resigned 16/11/2023)	15,744	1,732	-	17,476
Mr Gerard Wyvill (appointed 12/02/2024)	13,550	1,490	-	15,040
	379,449	41,739	-	421,188

		,		
	Remuneration	Superannuation	Allowances	Total
	\$	\$	\$	\$
2023				
Ms Suzanne Andrews	37,305	3,917	-	41,222
Ms Tara Diversi	50,743	5,328	-	56,071
Mr Nicholas Loukas (resigned 28/11/2022)	17,675	1,856	-	19,531
Ms Topaz McAuliffe	39,774	4,176	-	43,950
Mr Luckbir Singh	37,805	3,969	-	41,774
Mr Terry Mehan (appointed 28/11/2022)	40,289	4,230	-	44,519
Mr Benjamin Tooth	50,074	5,258	-	55,332
Ms Catherine Whalan	38,698	4,063	-	42,761
Dr Chris Stemaschuk (appointed 28/11/2022)	21,781	2,287	-	24,068
Dr Konrad Kangru	35,180	3,694	1,328	40,202
Dr Nadeem Siddiqui (appointed 16/08/2022,				
resigned 28/11/2022)	10,232	1,074	-	11,306
	379.556	39.852	1,328	420,736

#### (ii) Remuneration of other key management personnel

Remuneration and other terms of employment for the Company's other key management personnel are specified in employment contracts. The amounts disclosed below represent expenses recognised in the statement of comprehensive income. The following persons were members of the Executive Team during the financial year ended 30 June 2024:

Mr Sean Rooney	Chief Executive Officer (appointed Oct-23)			
Ms Robyn White	Chief Executive Officer (resigned Oct-23)			
Ms Karin Barron	Executive Director, Health System Integration and Innovation			
Ms Ruth Azzopardi	Executive Director, Health Services Commissioning			
Ms Amanda Roser	Executive Director, Business Services			
	2024 2023			
	\$ \$			
During the year the following remuneration was paid t	o members of the Executive Team:			

939,908

103,754

8,962

821,339

83,187

1,052,624 904.526 Compensation of the company's key management personnel includes salaries, non-cash benefits and contributions to a post

#### (iii) Loans to Directors and Key Management Personnel

No loans have been made to directors or key management personnel during the year ended 30 June 2024 (2023 nil).

#### (iv) Transactions with Members

employment defined contribution plan.

Short-term employee benefits

Other long term benefits

Post-employment benefits (Superannuation)

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

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

	Expenditure for the year ended 30 June		Balance payable as at 30 June	
	2024 \$	2023 \$	2024 \$	2023 \$
Cairns and Hinterland Hospital and Health Services	108,333	167,692	-	58,333
Townsville Hospital and Health Services	1,275,844	1,245,458	244,260	560,666
Torres and Cape Hospital and Health Services	1,982,062	1,369,551	237,672	433,421
Mackay Hospital and Health Services	531,509	604,850	78,672	88,961
Australian Primary Health Care Nurses Association	260,296	108,528	85,500	-
Queensland Alliance for Mental Health	1,200	-	-	-
CheckUP	1,000	550	-	-
Selectability	1,511,275	1,837,989	474,271	562,773
Health Workforce Queensland	913,320	320,000	270,000	793,320
Royal Australian College of General Practitioners	5,770	14,432	-	-
Gurrinny Yealamucka	1,202,870	-	376,536	-
Townsville Aboriginal and Islander Health Service	1,832,886	1,818,234	516,074	215, 138

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

#### (v) Membership contribution and interest in Tropical Australian Academic Health Centre Limited

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

The members have incorporated the company and established a governance structure to enhance health and health services research in the region, leveraging economies of scale and the proven opportunities of the Academic Health Centre concept for northern Queensland.

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

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

#### 24 Subsequent events

The Board is not aware of any events which have occurred subsequent to balance date which would materially affect the financial statements at 30 June 2024, or the Company's state of affairs in future financial years.

#### 25 Auditor's remuneration

	2024	2023
	\$	\$
Audit services		
Auditors of the Corporation - Grant Thornton		
Audit of financial statements and Commonwealth, State and Other Acquittals	55,750	53,500
Other audit services	8,500	7,500
	64,250	61,000
Other services		
Auditors of the Corporation - Grant Thornton		
Tender risks reviews and other reviews	-	13,000
		13,000

#### Directors' Declaration

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

- a. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - giving a true and fair view of the Company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
  - complying with Australian Accounting Standards Simplified Disclosures (including the Australian Accounting Interpretations) and the Australian Charities and Not-forprofits Commission Regulations 2022; and
- b. there are reasonable grounds to believe that the Company is able to pay all of its debts as and when they become due and payable; and
- c. Commonwealth government monies expended by the Company during the financial year have been applied for the purposes specified in the relevant Letter of Offer and the Company has complied with the terms and conditions relating to Commonwealth government funding received.

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

Jeff Stewart-Harris

Jeff Stewart-Harris (Sep 30, 2024 09:28 GMT+10)

Jeffrey Stewart-Harris Chairperson

Sep 30, 2024

Dated at Cairns,



### Independent Auditor's Report

## To the Members of North Queensland Primary Healthcare Network Limited

Grant Thornton Audit Pty Ltd Cairns Corporate Tower Level 13 15 Lake Street PO Box 7200 Cairns QLD 4870

T+61 7 4046 8888

#### Report on the audit of the financial report

#### **Opinion**

We have audited the financial report of North Queensland Primary Healthcare Network Limited (the "Company"), which comprises the statement of financial position as at 30 June 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and the Directors' declaration.

In our opinion, the financial report of North Queensland Primary Healthcare Network Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act* 2012, including:

- a giving a true and fair view of the Registered Entity's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards AASB 1060 General Purpose Financial Statements Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2022.

#### **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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

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#### 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 Registered Entity's annual report for the year ended 30 June 2024, 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 and fair presentation of the financial report in accordance with Australian Accounting Standards - AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Registered Entity'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 Registered Entity or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Registered Entity's financial reporting process.

#### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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 those charged with governance 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.

Grant Thornton Audit Pty Ltd **Chartered Accountants** 

Partner - Audit & Assurance

Cairns, 30 September 2024















# 240927-NQPHN-Draft-Shell-Financial-Statemen ts-FY23-24-amended-Att1

Final Audit Report 2024-09-29

Created: 2024-09-29

By: Margaret Marsden (margaret.marsden@nqphn.com.au)

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