

# Financial Statements

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**2019-20**

firsthealth limited ABN 15 111 520 168  
Financial report for the year ended 30 June 2020

# **FIRSTHEALTH LIMITED**

**ABN: 15 111 520 168**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

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FOR THE YEAR ENDED 30 JUNE 2020

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**FIRSTHEALTH LIMITED**

**ABN: 15 111 520 168**

**AUDITOR'S INDEPENDENCE DECLARATION**

**FOR THE YEAR ENDED 30 JUNE 2020**

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2020, 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**



**Stephen Prowse**  
**Director**

**Dated: 2 November 2020**

**Wagga Wagga**

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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30 JUNE 2020**

		<b>2020</b>	<b>2019</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue	5	23,732,646	21,103,685
Other income	5	335,366	387,105
	5	24,068,012	21,490,790
<b>Less: Expenses</b>			
Advertising		299,864	315,522
Contractors		14,908,411	11,964,846
Employee benefits expense		4,889,062	4,997,605
Directors' fees and committee expenses		152,716	193,176
GP payments		388,846	326,308
Insurance		104,726	139,687
Motor vehicle expenses		74,338	86,703
Other expenses		1,220,397	1,566,268
Depreciation		15,470	17,088
Lease depreciation		267,014	257,952
Service fees		702,225	891,319
Travel and accommodation expenses		57,915	60,322
Community grants		755,874	635,234
		231,154	38,760
<b>Profit before income tax</b>		231,154	38,760
Income tax expense	3(a)	-	-
		231,154	38,760
<b>Profit for the year</b>		231,154	38,760
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		231,154	38,760

The accompanying notes form part of these financial statements.

**FIRSTHEALTH LIMITED**

ABN: 15 111 520 168

**STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	11,159,491	9,826,072
Trade and other receivables	7	996,182	544,797
Other assets	9	46,448	35,411
Right-of-use assets	10	239,955	-
<b>TOTAL CURRENT ASSETS</b>		<u>12,442,076</u>	<u>10,406,280</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant, and equipment	11	156,724	182,350
<b>TOTAL NON-CURRENT ASSETS</b>		<u>156,724</u>	<u>182,350</u>
<b>TOTAL ASSETS</b>		<u>12,598,800</u>	<u>10,588,630</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	4,011,597	3,331,323
Contract liabilities	8	6,556,629	5,784,563
Lease liabilities	10	239,955	-
Employee benefits	13	599,622	496,668
<b>TOTAL CURRENT LIABILITIES</b>		<u>11,407,803</u>	<u>9,612,554</u>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	13	111,880	128,113
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>111,880</u>	<u>128,113</u>
<b>TOTAL LIABILITIES</b>		<u>11,519,683</u>	<u>9,740,667</u>
<b>NET ASSETS</b>		<u>1,079,117</u>	<u>847,963</u>
<b>EQUITY</b>			
Retained earnings		1,079,117	847,963
<b>TOTAL EQUITY</b>		<u>1,079,117</u>	<u>847,963</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 2020

	2020	2019
	\$	\$
Retained earnings at the beginning of the year	847,963	809,203
Profit for the year	231,154	38,760
Retained earnings at the end of the year	<u>1,079,117</u>	<u>847,963</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 2020

	2020	2019
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	365,829	98,022
Receipt from grants	23,744,579	20,969,395
Payments to suppliers and employees	(22,755,672)	(21,152,259)
Interest received	258,566	360,881
<b>Net cash provided by operating activities</b>	<u>1,613,302</u>	<u>276,039</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of plant and equipment	10,232	98,010
Purchase of plant, and equipment	(23,101)	(175,221)
<b>Net cash used in investing activities</b>	<u>(12,869)</u>	<u>(77,211)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of lease liabilities	(267,014)	-
<b>Net cash used in financing activities</b>	<u>(267,014)</u>	<u>-</u>
<b>Net increase in cash and cash equivalents held</b>	1,333,419	198,828
Cash and cash equivalents at beginning of year	9,826,072	9,627,244
<b>Cash and cash equivalents at end of financial year</b>	6 <u>11,159,491</u>	<u>9,826,072</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 2020**

The financial statements cover Firsthealth Limited as an individual entity. Firsthealth Limited (the Company) 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 2020 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 Company's 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 2 November 2020.

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**

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described in Note 3(b).

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

**2 CHANGE IN ACCOUNTING POLICY**

**LEASES - ADOPTION OF AASB 16**

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

***Impact of adoption of AASB 16***

The impact of adopting AASB 16 is described below:

***Company as a lessee***

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

***Practical expedients used on transition***

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

**FIRSTHEALTH LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

**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) Revenue and other income**

For comparative year

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).

**Revenue from contracts with customers**

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

**Specific revenue streams**

The revenue recognition policies for the principal revenue streams of the Company are:

**Grant funding from Department of Health**

The Company recognises all grant funding received from Department of Health as contract liabilities. It recognises the grant funding as an income upon meeting the performance obligation as outlined in the funding agreement.

**Grant funding from other source**

The Company recognises all other grant funding received as contract liabilities. It recognises the grant funding as an income upon meeting the performance obligation as outlined in the funding agreement.

**Client services**

The Company recognises the client services income upon delivery of client services. Client services include GP Client Fees, both On Site and Off Site and Commercial Fees and Charges.

# FIRSTHEALTH LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (b) Revenue and other income

##### Statement of financial position balances relating to revenue recognition

###### Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

###### Contract cost assets

The Company recognises assets relating to the costs of obtaining a contract and the costs incurred to fulfil a contract or set up / mobilisation costs that are directly related to the contract provided they will be recovered through performance of the contract.

###### Costs to obtain a contract

Costs to obtain a contract are only capitalised when they are directly related to a contract and it is probable that they will be recovered in the future. Costs incurred that would have been incurred regardless of whether the contract was won are expensed, unless those costs are explicitly chargeable to the customer in any case (whether or not the contract is won).

The capitalised costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

###### Set-up / mobilisation costs

Costs required to set up the contract, including mobilisation costs, are capitalised provided that it is probable that they will be recovered in the future and that they do not include expenses that would normally have been incurred by the Company if the contract had not been obtained. They are recognised as an expense on the basis of the proportion of actual output to estimated output under each contract. If the above conditions are not met, these costs are taken directly to profit or loss as incurred.

###### Costs to fulfil a contract

Where costs are incurred to fulfil a contract, they are accounted for under the relevant accounting standard (if appropriate), otherwise if the costs relate directly to a contract, the costs generate or enhance resources of the Company that will be used to satisfy performance obligations in the future and the costs are expected to be recovered then they are capitalised as contract costs assets and released to the profit or loss on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates.

###### 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(b) Revenue and other income**

**Interest revenue**

Interest is recognised using the effective interest method.

**Other income**

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

**(c) Leases**

For comparative year

Lease payments for operating leases, where substantially all 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.

For current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

**Lessee accounting**

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Exceptions to lease accounting**

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

**(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.

**(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 asset's 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:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Plant and Equipment	20% - 100%
Motor Vehicles	20% - 100%

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**

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.

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(f) Financial instruments**

**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.

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 asset 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-

# FIRSTHEALTH LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (f) Financial instruments

##### **Financial assets**

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.

#### (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 provision is made for the Company's employee benefits liability 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.



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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (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) Economic dependence

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

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

The Company has adopted all standards which became effective for the first time at 1 July 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company or refer to Note 2 for details of the changes due to standards adopted.

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

**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.

***Coronavirus (COVID-19) pandemic***

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the services offered, customers and staffing. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

***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 - 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 2020

	2020	2019
	\$	\$
<b>5 REVENUE AND OTHER INCOME</b>		
<b>Revenue from contracts with customers (AASB 15)</b>		
- Grant funding - Department of Health	22,879,045	19,673,371
- Other grant funding	516,809	1,004,844
- Client services	336,792	425,470
	<u>23,732,646</u>	<u>21,103,685</u>
<b>Revenue recognised on receipt (AASB 1058)</b>		
- Interest Income	258,566	360,881
- Membership fees	28,800	16,150
- Other Income	(2,000)	10,074
- Cash flow boost	50,000	-
	<u>335,366</u>	<u>387,105</u>
Total Revenue and Other Income	<u>24,068,012</u>	<u>21,490,790</u>
<b>6 CASH AND CASH EQUIVALENTS</b>		
CURRENT		
Cash on hand	1,950	1,950
Cash at bank	3,467,421	4,173,513
Short-term deposits	7,690,120	5,650,609
	<u>11,159,491</u>	<u>9,826,072</u>
<b>7 TRADE AND OTHER RECEIVABLES</b>		
CURRENT		
Trade receivables	628,192	96,324
Other receivables	367,990	448,473
	<u>996,182</u>	<u>544,797</u>

### **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 2020 is determined based on the expected credit losses incorporate forward looking information.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

**8 CONTRACT BALANCES**

***Contract assets and liabilities***

The Company has recognised the following contract assets and liabilities from contracts with customers:

	<b>Note</b>	<b>2020</b>	<b>2019</b>
		\$	\$
CURRENT			
Grant monies received in advance (AASB 15 revenue streams)		865,319	644,265
Unspent grant funding (AASB 15 revenue streams)		5,691,310	5,140,298
<b>Total current contract liabilities</b>	(i)	<b>6,556,629</b>	<b>5,784,563</b>

(i) Contract liabilities represent payments received from DOH and other funding agencies in excess of services rendered. The Company should recognise the funding as income once it satisfy its performance obligation as outlined in note 3 (b).

**9 OTHER ASSETS**

CURRENT			
Prepayments		6,246	8,132
Accrued interest		39,487	26,564
Rental bonds		715	715
		46,448	35,411

**10 RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES**

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

***Right-of-use assets and Lease Liabilities***

	<b>Buildings</b>	<b>Total</b>
	\$	\$
Balance at beginning of year	737,533	737,533
Less accumulated deperciation	(497,578)	(497,578)
<b>Balance at end of year</b>	<b>239,955</b>	<b>239,955</b>

**FIRSTHEALTH LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
<b>11 PROPERTY, PLANT AND EQUIPMENT</b>		
NON-CURRENT		
Plant and equipment		
At cost	19,867	19,867
Accumulated depreciation	(14,999)	(12,599)
	<u>4,868</u>	<u>7,268</u>
Motor vehicles		
At cost	216,818	213,935
Accumulated depreciation	(64,962)	(38,853)
	<u>151,856</u>	<u>175,082</u>
	<u><u>156,724</u></u>	<u><u>182,350</u></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 2020</b>			
Opening balance	7,268	175,082	182,350
Additions	-	23,101	23,101
Disposals	-	(3,436)	(3,436)
Depreciation expense	(2,400)	(42,891)	(45,291)
<b>Balance at the end of the year</b>	<u><u>4,868</u></u>	<u><u>151,856</u></u>	<u><u>156,724</u></u>

# FIRSTHEALTH LIMITED

ABN: 15 111 520 168

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
<b>12 TRADE AND OTHER PAYABLES</b>		
CURRENT		
Trade payables	2,633,264	2,530,414
Accrued expenses	1,378,333	800,909
	<u>4,011,597</u>	<u>3,331,323</u>

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.

### 13 EMPLOYEE BENEFITS

CURRENT		
Annual leave	419,325	344,402
Long service leave	180,297	152,266
	<u>599,622</u>	<u>496,668</u>
NON-CURRENT		
Long service leave	111,880	128,113

### 14 LEASING COMMITMENTS

#### *Operating and finance leases*

Minimum lease payments:

- not later than one year	234,221	223,283
- between one year and five years	3,170	204,676
	<u>237,391</u>	<u>427,959</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 Vincent's Private Community Hospital, 41-45 Animoo Avenue, Griffith NSW 2680.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

**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 \$ 367,495 (2019: \$ 367,590). 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.

**16 RELATED PARTIES**

**(a) 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 J Culbert (Chairperson)
- Mr K Macey (Ex-Treasurer)
- Mr P Gianniotis (Treasurer)
- Dr S McAlpin (Ex-Director)
- Mr D Friedlieb (Ex-Director)
- Ms D McLean (Director)
- Ms F McMillan (Director)
- Dr J Scholtz (Director)
- Mr M Rowan (Ex-Director)
- Ms P Larsen (Director)
- Dr A Yoosuff (Director)
- Ms K Mann (Director)
- 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.

**(b) 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 2020**

**16 RELATED PARTIES**

**(c) 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	215,199	-	367,495	-	-
Other related parties	-	-	-	-	-
	215,199	-	367,495	-	-

**17 RETROSPECTIVE ACCOUNT RECLASSIFICATION**

For the year ended 30 June 2019, some 'service fee' expense accounts and 'community grants' expenditure were grouped with 'contractors' and 'other expenses'. For the current year these accounts have been re-grouped to provide a more accurate representation of Company's expenditure in the Statement of Profit or Loss and Other Comprehensive Income. The aggregate effect of the account reclassification is as follows:

	Previously stated \$	30 June 2019 Adjustments \$	Restated \$
<b>Statement of Profit or Loss and Other Comprehensive Income</b>			
Contractors	12,767,523	(802,677)	11,964,846
Service fees	466,485	424,834	891,319
Community grants	-	635,234	635,234
Other expenses	1,823,659	(257,391)	1,566,268
<b>Total</b>	<b>15,057,667</b>	<b>-</b>	<b>15,057,667</b>

**18 CONTINGENCIES**

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

In the opinion of the Directors, the Company did not have any other contingencies at 30 June 2020 (2019: None).



## **FIRSTHEALTH LIMITED**

**ABN: 15 111 520 168**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

#### **19 EVENTS OCCURRING AFTER THE REPORTING DATE**

The financial report was authorised for issue on 2 November 2020 by the Board of Directors.

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.

#### **20 COMPANY DETAILS**

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

Firsthealth Limited

1/185 Morgan Street

WAGGA WAGGA NSW 2650

**FIRSTHEALTH LIMITED**

**ABN: 15 111 520 168**

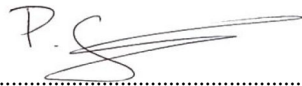
**RESPONSIBLE PERSONS' DECLARATION**

**FOR THE YEAR ENDED 30 JUNE 2020**

The Responsible Persons declare that in the Responsible Persons' opinion:

- (a) 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
- (b) 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 .....  


Paul Gianniotis

Director .....  


Jodi Culbert

Dated: 2 November 2020

**FIRSTHEALTH LIMITED**  
**ABN: 15 111 520 168**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**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 2020, 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 2020 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**  
**ABN: 15 111 520 168**

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED 30 JUNE 2020**

**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 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 2020**

**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**



**Stephen Prowse**  
**Director**

**Dated: 2 November 2020**

**Wagga Wagga**



An Australian Government Initiative

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