

Grand Pacific Health Limited

ABN: 49 062 587 071

Financial Statements

For the Year Ended 30 June 2020

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For the Year Ended 30 June 2020

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Grand Pacific Health Limited

ABN: 49 062 587 071

Directors' Report

30 June 2020

The directors present their report on Grand Pacific Health Limited for the financial year ended 30 June 2020.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

D Fuller

Qualifications

B. Ed., M.A, MAICD., MIAM

Experience

CEO - WEA Illawarra, Chairman - Community Colleges
Australia

Special responsibilities

Chair of the Board
Chair, Nominations and Evaluation Committee

J Keast

Qualifications

BComm, CPA, MBA, GAICD, Cert IV Training & Assessment

Experience

NFP Training Services Manager; former Director of
Governance & Business Planning, Commonwealth
Department of Human Services; former Director of
Governance, Risk Management and Internal Audit, Child
Support Agency.

Special responsibilities

Deputy Chair
Chair, Finance, Audit & Risk Management Committee
Nominations and Evaluation Committee

K Manderson

Qualifications

B Med Sc. MBBS (Hons), MPH, DAvMed, FRACGP, FACAsM,
GAICD

Experience

Chair, Lifeline South Coast; Senior Lecturer University of
Wollongong; Senior Aviation Medical Officer Navy Reserve;
President, Australasian Society of Aerospace Medicine and
Director, Australasian College of Aerospace Medicine, General
Practitioner

Special responsibilities

Chair, Quality and Clinical Governance Committee

Grand Pacific Health Limited

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Directors' Report

30 June 2020

Information on directors (Continued)

F Quinlan	Resigned 13 December 2019
Qualifications	BA, B.Th.
Experience	CEO Royal Flying Doctors; Former CEO Mental Health Australia; former Executive Director Catholic Social Services Australia; former CIO Australian Medical Association & Australasian Medical Publishing Company; former Guest Lecturer ANU Master of Public Policy program; Chair, Primary Health Network Advisory Panel; Member, National Disability and Carer Advisory Council; Member, Australian National Advisory Council on Alcohol and Drugs (ANACAD)
N Murray	Appointed October 2019
Qualifications	BComm, PhD Candidate, Cert IV Business (Governance)
Experience	Manager – Warrigal Employment, Illawarra Aboriginal Corporation; Adjunct Lecturer – The University of Sydney; Co-Author – The promotion of education: A critical cultural social marketing approach. Palgrave MacMillian 1st ed. 2019
A Woodward	Appointed October 2019
Qualifications	MPS, BBus, ADipA, FAES
Experience	Board Director – Suicide Prevention Australia; Board Director and Chair – Australian Evaluation Society; Company Secretary – Lifeline Australia; National Mental Health Commissioner

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of operations

The operating surplus of the Company for the year was \$533,493 (2019: \$691,212). The Company is exempt from income tax.

Vision

Grand Pacific Health Limited believes in a society that provides Equitable Health Care affording everyone a fair and just opportunity to be healthy. This requires the elimination of unequal opportunities associated with underlying social disadvantage and marginalisation of less privileged social groups such as poor people, those disenfranchised by race, ethnicity, religion or gender orientation, women and regional and rural residents.

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Directors' Report

30 June 2020

Mission

Grand Pacific Health Limited will contribute to this vision by providing affordable, quality and culturally appropriate health services and supports focusing on regional communities and disadvantaged populations.

Guiding Principles

Grand Pacific Health Limited's 'way of doing business' is guided by a set of principles. These principles apply to the whole of business including, service design, service delivery, quality frameworks, governance, pursuit of growth opportunities, collaboration, internal processes and culture. These principles are:

- The people we support have input into what we do together;
- Healthy communities support healthy lives;
- We make a positive difference;
- We work locally to deliver better health outcomes;
- We are bold and try new things;
- We look after our team; and
- We are here for the long term.

Principal activities

The principal activities of Grand Pacific Health Limited during the financial year were those of a non-profit health promotion and community services organisation, offering a diverse range of primary health care services.

This range of activities include the delivery of mental health services, preventative health services, health promotion, aboriginal health services, chronic disease management and coordination services as well as psychosocial support services.

Grand Pacific Health Limited also operates two purpose built integrated primary care clinics in the Shellharbour and Shoalhaven municipalities. These clinics provide a full suite of team based primary care involving General Practitioners, Nurses, Exercise Physiologists, Psychologists, Dieticians and Physiotherapists.

No significant changes in the nature of the Company's activity occurred during the financial year.

Members guarantee

Grand Pacific Health Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$5, subject to the provisions of the company's constitution.

At 30 June 2020 the collective liability of members was \$2,620 (2019: \$ 2,605).

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Directors' Report

30 June 2020

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Meetings of directors

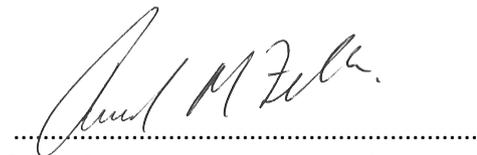
During the financial year, 20 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance, Audit and Risk Management Committee		Quality and Clinical Governance		Nominations Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
D Fuller	7	7	7	4	-	-	1	1
J Keast	7	7	7	7	-	-	1	1
K Manderson	7	6	-	-	5	5	-	-
F Quinlan	4	2	-	-	-	-	-	-
N Murray	4	4	-	-	-	-	-	-
A Woodward	4	4	-	-	-	-	-	-

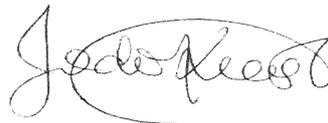
Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012*, for the year ended 30 June 2020 has been received and can be found on page 5 of the financial report.

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



David Fuller
Director



Jodi Keast
Director

Dated: 25 September 2020



Auditor's Independence Declaration under Section 60-40 of the Australian Charities and Not-for-Profits Commission Act 2012 to the Directors of Grand Pacific Health Limited

I declare that, to the best of my 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 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.

A handwritten signature in cursive script that reads "Daley Audit".

Daley Audit

A handwritten signature in cursive script that reads "Stephen Milgate".

Stephen Milgate
Partner

Dated: 25 September 2020

Wollongong

Liability limited by a Scheme approved under Professional Standards Legislation.

Wollongong

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Liability limited by a
Scheme approved under
Professional Standards
Legislation.



Grand Pacific Health Limited

ABN: 49 062 587 071

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Operating grants	2	18,747,076	17,769,328
Capital grants	2	490,233	542,515
Rendering of services	2	5,183,412	4,916,247
Sale of goods	2	124,598	77,324
Other income	2	1,181,332	1,098,268
		<u>25,726,651</u>	<u>24,403,682</u>
Employee benefits expense		(17,556,062)	(15,391,212)
Clinical service delivery		(2,707,423)	(4,027,971)
Lease expenses	7	(1,483,064)	-
Occupancy expenses		(710,927)	(1,487,420)
Information, communications and technology expense		(1,179,280)	(1,223,033)
Depreciation and amortisation expense	8(a)	(668,596)	(591,927)
Cost of sales		(96,910)	(48,172)
Other expenses		(790,896)	(942,735)
Result for the year		<u>533,493</u>	<u>691,212</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>533,493</u>	<u>691,212</u>

The accompanying notes form part of these financial statements.

Grand Pacific Health Limited

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Balance Sheet

As at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	5,293,796	7,422,006
Trade and other receivables	5	798,024	354,441
Other financial assets	6	4,518,706	3,500,000
TOTAL CURRENT ASSETS		<u>10,610,526</u>	11,276,447
NON-CURRENT ASSETS			
Trade and other receivables	5	-	900,000
Right-of-use assets	7	2,944,157	-
Property, plant and equipment	8	9,796,274	10,158,933
TOTAL NON-CURRENT ASSETS		<u>12,740,431</u>	11,058,933
TOTAL ASSETS		<u>23,350,957</u>	22,335,380
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	5,125,210	6,689,636
Lease liabilities		938,669	-
Employee benefits	10	1,348,824	1,059,096
TOTAL CURRENT LIABILITIES		<u>7,412,703</u>	7,748,732
NON-CURRENT LIABILITIES			
Trade and other payables	9	6,363,255	6,853,488
Lease liabilities		1,232,771	-
Employee benefits	10	538,923	463,348
TOTAL NON-CURRENT LIABILITIES		<u>8,134,949</u>	7,316,836
TOTAL LIABILITIES		<u>15,547,652</u>	15,065,568
NET ASSETS		<u>7,803,305</u>	7,269,812

The accompanying notes form part of these financial statements.

Grand Pacific Health Limited

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Balance Sheet

As at 30 June 2020

	2020	2019
	\$	\$
EQUITY		
Reserves	63,786	66,042
Retained earnings	<u>7,739,519</u>	<u>7,203,770</u>
TOTAL EQUITY	<u><u>7,803,305</u></u>	<u><u>7,269,812</u></u>

The accompanying notes form part of these financial statements.

Grand Pacific Health Limited

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Statement of Changes in Equity

For the Year Ended 30 June 2020

	General fund	Donations reserve	Total
	\$	\$	\$
Balance at 1 July 2019	7,203,770	66,042	7,269,812
Result for the year	533,493	-	533,493
Transfer to/(from) donations reserve	2,256	(2,256)	-
Balance at 30 June 2020	7,739,519	63,786	7,803,305
Balance at 1 July 2018	6,540,925	37,675	6,578,600
Result for the year	691,212	-	691,212
Transfer to/(from) donations reserve	(28,367)	28,367	-
Balance at 30 June 2019	7,203,770	66,042	7,269,812

The accompanying notes form part of these financial statements.

Grand Pacific Health Limited

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Statement of Cash Flows

For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and funding bodies	25,429,396	28,041,605
Interest received	154,378	101,938
Payments to suppliers and employees	(25,430,492)	(25,414,940)
Interest paid	(135,473)	-
Net cash provided/(used) by operating activities	<u>17,809</u>	<u>2,728,603</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(305,937)	(570,306)
Payment for term deposits	(1,053,706)	(3,530,377)
Net cash provided/(used) by investing activities	<u>(1,359,643)</u>	<u>(4,100,683)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of lease commitments (2019: finance lease commitments)	(786,376)	-
Net cash provided/(used) by financing activities	<u>(786,376)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	(2,128,210)	(1,372,080)
Cash and cash equivalents at beginning of year	7,422,006	8,794,086
Cash and cash equivalents at end of financial year	4 <u>5,293,796</u>	<u>7,422,006</u>

The accompanying notes form part of these financial statements.

Grand Pacific Health Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

The financial report covers Grand Pacific Health Limited as an individual entity. Grand Pacific Health Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Grand Pacific Health Limited is Australian dollars.

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 and the Australian Charities and Not-for-Profits Commission Act 2012.

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 selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented in Note 21 and are consistent with prior reporting periods unless otherwise stated.

2 Revenue and other income

	2020	2019
	\$	\$
Revenue from contracts with customers		
- Operating grants	18,747,076	17,769,328
- Rendering of services	5,183,412	4,916,247
- Capital grants	490,233	542,515
- Sale of goods	124,598	77,324
	<u>24,545,319</u>	<u>23,305,414</u>
Other revenue		
- Rental income	512,123	516,543
- Shared services	387,307	395,318
- Interest income	154,378	101,938
- Other income	127,524	84,469
	<u>1,181,332</u>	<u>1,098,268</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Revenue and other income (Continued)

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated, the following table shows this breakdown:

	2020	2019
	\$	\$
Timing of revenue		
- At a point of time	124,598	77,324
- Over time	24,420,721	23,228,090
Revenue from contracts with customers	<u>24,545,319</u>	<u>23,305,414</u>

3 Result for the Year

The result for the year includes the following expenses:

Superannuation contributions	1,432,538	1,266,277
Rental expense on operating leases		
- minimum lease payments (see note 7)	-	855,426

4 Cash and cash equivalents

Cash on hand	300	700
Cash at bank	5,293,496	7,421,306
	<u>5,293,796</u>	<u>7,422,006</u>

Grand Pacific Health Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

5 Trade and other receivables

	2020	2019
Note	\$	\$
CURRENT		
Trade receivables from contracts with customers	583,549	112,547
Provision for impairment	(a) (3,478)	(3,478)
	<u>580,071</u>	<u>109,069</u>
Other receivables	<u>217,953</u>	<u>245,372</u>
	<u><u>798,024</u></u>	<u><u>354,441</u></u>
NON-CURRENT		
Prepayments (see note 7: Leases)	-	900,000
	<u><u>-</u></u>	<u><u>900,000</u></u>

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

(a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

Balance at beginning of the year	3,478	4,191
Provision used/reversed	-	(713)
Balance at end of the year	<u><u>3,478</u></u>	<u><u>3,478</u></u>

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 expected credit losses incorporate forward looking information.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

6 Financial Assets

	2020	2019
	\$	\$
CURRENT		
Term deposits - at amortised cost	<u>4,518,706</u>	<u>3,500,000</u>

7 Leases

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.

Company as a lessee

The Company has leases over operating premises and motor vehicles. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

- Office leases have terms ranging from 16 to 60 month terms with some premises eligible for an option to extend.
- Motor vehicle leases are for a period of 24 months with no options to extend.

Right-of-use assets

	Buildings	Motor Vehicles	Total
	\$	\$	\$
Year ended 30 June 2020			
Balance at beginning of year	2,059,660	-	2,059,660
Depreciation charge	(890,615)	(48,204)	(938,819)
Additions to right-of-use assets	1,617,347	205,969	1,823,316
Balance at end of year	<u>2,786,392</u>	<u>157,765</u>	<u>2,944,157</u>

Extension options

A number of the building premises leases contain extension options which allow the Company to extend the lease term by up to twice the original non-cancellable period of the lease.

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Notes to the Financial Statements

For the Year Ended 30 June 2020

7 Leases (Continued)

Extension options (Continued)

At commencement date and each subsequent reporting date, the Company assesses where it is reasonably certain that the extension options will be exercised.

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2020
	\$
Short-term and low value lease expense	(408,772)
Interest expense	(135,473)
Depreciation expense	(938,819)
	<u>(1,483,064)</u>

Statement of Cash Flows

Total cash outflow for leases	<u>921,489</u>
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Grand Pacific Health Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

8 Property, plant and equipment

	2020	2019
	\$	\$
Freehold land and buildings		
At cost	9,401,108	9,401,108
Accumulated depreciation	<u>(1,278,170)</u>	<u>(1,063,052)</u>
	<u>8,122,938</u>	<u>8,338,056</u>
Furniture, fixtures and fittings		
At cost	2,895,106	2,690,967
Accumulated depreciation	<u>(1,308,211)</u>	<u>(870,090)</u>
	<u>1,586,895</u>	<u>1,820,877</u>
Motor vehicles		
At cost	23,192	23,192
Accumulated depreciation	<u>(23,192)</u>	<u>(23,192)</u>
	<u>-</u>	<u>-</u>
Computer software		
At cost	110,191	7,658
Accumulated depreciation	<u>(23,750)</u>	<u>(7,658)</u>
	<u>86,441</u>	<u>-</u>
Total property, plant and equipment	<u><u>9,796,274</u></u>	<u><u>10,158,933</u></u>

Grand Pacific Health Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

8 Property, plant and equipment (Continued)

(a) 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:

	Freehold Land and Buildings	Furniture, Fixtures and Fittings	Computer Software	Total
	\$	\$	\$	\$
Balance at the beginning of year	8,338,056	1,820,877	-	10,158,933
Additions	-	203,404	102,533	305,937
Depreciation expense	(215,118)	(437,386)	(16,092)	(668,596)
Balance at the end of the year	8,122,938	1,586,895	86,441	9,796,274

Grand Pacific Health Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Trade and other payables

	2020	2019
	\$	\$
CURRENT		
Trade payables	553,978	391,101
Accruals	900,736	1,506,351
Contract liabilities - deferred contract revenue	<u>3,670,496</u>	<u>4,792,184</u>
	<u>5,125,210</u>	<u>6,689,636</u>
NON-CURRENT		
Contract liabilities - deferred contract revenue	<u>6,363,255</u>	<u>6,853,488</u>

10 Employee Benefits

CURRENT		
Employee leave benefits	<u>1,348,824</u>	<u>1,059,096</u>
NON-CURRENT		
Employee long service leave	<u>538,923</u>	<u>463,348</u>

11 Reserves

Donations Reserve

The Donations reserve was established in 2009 by a gift from the Glenn Tobin Memorial Fund to be used for youth mental health.

Grand Pacific Health Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

12 Capital and Leasing Commitments

Operating Leases

	2020	2019
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	826,007
- between one year and five years	-	1,344,152
	<u>-</u>	<u>2,170,159</u>

Operating leases have been taken out for land and buildings, computer and office equipment. These leases have an average life of between three and five years with an option for a further three years included in some contracts. There are no restrictions placed upon the lessee upon entering into these leases.

Refer to note 7 for information on leases for 2020.

13 Contingencies

The land and buildings owned by the Company relate to GP Super Clinics in Shellharbour and Nowra and were originally funded by a combination of capital grants from the Department of Health (DoH) and bank borrowings. The bank borrowings have been subsequently repaid. Both contracts with DoH specify capital grants must be repaid should the Company fail to comply with any of its obligations under the contract, including using and running the property as a GP Super Clinic. If a GP Super Clinic is closed within twenty years proportional repayment of the Grant would be required.

As at 30 June 2020 the applicable proportional repayment for the GP Super Clinic Shellharbour would be \$1,369,625 (2019: \$1,494,625) and the GP Super Clinic Nowra would be \$6,023,014 (2019: \$6,424,110). The Company has no plans to close either of the GP Super Clinics.

The company has the following bank guarantees in place:

Contingent Liabilities

Bank guarantees	<u>129,238</u>	<u>94,876</u>
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Grand Pacific Health Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

14 Financial Risk Management

The main risk Grand Pacific Health Limited is exposed to through its financial instruments are market risk consisting of interest rate risk.

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and leases.

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

		2020	2019
		\$	\$
Financial Assets			
Cash and cash equivalents	4	5,293,796	7,422,006
Financial assets - at amortised cost	6	4,518,706	3,500,000
Trade and other receivables		822,934	205,155
Total financial assets		<u>10,635,436</u>	<u>11,127,161</u>
Financial Liabilities			
<i>Financial liabilities at amortised cost</i>			
Trade and other payables	9	1,454,714	1,897,452
Lease liabilities		2,171,440	-
Total financial liabilities		<u>3,626,154</u>	<u>1,897,452</u>

15 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$423,672 (2019: \$410,053).

Notes to the Financial Statements

For the Year Ended 30 June 2020

16 Related Parties

(a) The Company's main related parties are as follows:

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 (KMP).

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) Transactions with related parties

During the year no amounts were paid to directors or their related entities for services they performed (2019: \$7,700).

17 Key Judgements

Unprecedented developments have arisen during the year and continue to arise subsequent to balance date due to the COVID-19 pandemic. Given the ongoing measures implemented by the State and Federal Government's, there has already been a significant impact upon the economy, which is yet to be fully realised, notwithstanding stimulus measures announced. It is possible that there will be impacts for the Company, including the potential:

- loss of rental income;
- reductions in the market value of properties; and
- favourable stimulus measures by the government

The ultimate extent of the financial outcomes as they affect the Company are currently unable to be reliably quantified. However, substantial unencumbered liquid financial reserves have been accumulated; which will allow the Company to withstand a prolonged downturn in the general economy – prior to any consideration of further government stimulus measures. Accordingly, at the date of signing this financial report, the Directors remain confident that the Company will remain a going concern.

Grand Pacific Health Limited

ABN: 49 062 587 071

Notes to the Financial Statements

For the Year Ended 30 June 2020

18 Change in Accounting Policy

On 1 July 2019 the Company adopted AASB 16 Leases for the first time. The standard has been applied to the year ended 30 June 2020, however, as allowed, comparatives have not been restated. The following changes were required to be made a result of adopting AASB 16:

	30 June 2019	1 July 2019 Adjustments	Restated at 1 July 2019
	\$	\$	\$
Balance Sheet			
Non-current assets			
Prepayments	900,000	(900,000)	-
Right-of-use assets	-	2,059,660	2,059,660
Total non-current assets	11,058,933	1,159,660	12,218,593
Total assets	22,335,380	1,159,660	23,495,040
Current liabilities			
Lease liabilities	-	382,893	382,893
Total current liabilities	7,748,732	382,893	8,131,625
Non-current liabilities			
Lease liabilities	-	776,767	776,767
Total non-current liabilities	7,316,836	776,767	8,093,603
Net assets	7,269,812	-	7,269,812

19 Events after the end of the Reporting Period

The financial report was authorised for issue on 25 September 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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

20 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 is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers.

Key estimates - useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain property, plant and equipment.

Key estimates - employee benefits

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 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

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 Summary of Significant Accounting Policies (Continued)

(b) Revenue and other income (Continued)

Revenue from contracts with customers (Continued)

Revenue from the provision of services is recognised over the period in which the services are rendered.

The Company recognises revenue based on actual services provided to the end of the reporting period as a proportion of the total services to be provided under the contract. If required, estimates of progress towards completion are revised if circumstances change and any changes are reflected in the profit or loss in the period in which the change occurs. The nature of the Company's contracts are such that they include only one deliverable and the Company have therefore determined that there is only one performance obligation to be satisfied over time.

Where payment is required upfront, a contract liability is recognised on receipt of the payment and recognised as revenue as the services are provided.

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

Grant revenue

Grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants are recognised as income over the periods that the Company satisfies its obligations under the grant.

Donations

Donations and bequests are recognised as revenue when received.

Rental income

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

(c) 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).

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 Summary of Significant Accounting Policies (Continued)

(c) Goods and services tax (GST) (Continued)

Receivables and payables are stated inclusive of GST.

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

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

(d) Property, plant and equipment

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

Under cost model, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, 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:

Fixed asset class	Depreciation rate
Buildings	2.5%
Furniture and Fittings	12.5% - 25%
Office Equipment	20%
Computer Software	33%

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments

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

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

Financial assets

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

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

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 balance sheet.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

Financial assets (Continued)

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for 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 assets is more than 90 days past due.

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

Trade receivables

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 Summary of Significant Accounting Policies (Continued)

(e) Financial instruments (Continued)

Financial assets (Continued)

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, bank and other loans and finance lease liabilities.

(f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 Summary of Significant Accounting Policies (Continued)

(f) Impairment of non-financial assets (Continued)

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

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.

(g) Cash and cash equivalents

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

(h) Leases

Accounting policy applied from 1 July 2019

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.

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 Summary of Significant Accounting Policies (Continued)

(h) Leases (Continued)

Lessee accounting

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

(i) Right-of-use asset

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.

(ii) Lease liability

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 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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 Summary of Significant Accounting Policies (Continued)

(h) Leases (Continued)

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.

Accounting policy applied prior to 1 July 2019

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

(i) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(j) Economic dependence

Grand Pacific Health Limited is dependent on direct and indirect funding from the Federal 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 Federal Department of Health will not continue to support Grand Pacific Health Limited.

Notes to the Financial Statements

For the Year Ended 30 June 2020

21 Summary of Significant Accounting Policies (Continued)

(k) Change in accounting policy

During the current year, AASB 16 - Leases has become mandatory. The aggregate effect of the change in accounting policy on the financial statements for the year ended 30 June 2020 is reflected in note 18. It is noted that the Company adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities in the year ended 30 June 2019.

(l) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Company.

Grand Pacific Health Limited

ABN: 49 062 587 071

Directors' Declaration

The directors declare that in the directors' opinion:

- 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
- the financial statements and notes 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*.



David Fuller
Director



Jodi Keast
Director

Dated 25 September 2020



Independent Audit Report to the members of Grand Pacific Health Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Grand Pacific Health Limited (the Company), which comprises the balance sheet 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 directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, 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 ended; and
- (ii) complying with Australian Accounting Standards and the Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Liability limited by a
Scheme approved under
Professional Standards
Legislation.





Independent Audit Report to the members of Grand Pacific Health Limited

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the directors report for the year ended 30 June 2020, 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 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.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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.

The directors are responsible for overseeing the Company'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 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.



Independent Audit Report to the members of Grand Pacific Health Limited

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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

A handwritten signature in black ink that reads "Daley Audit".

Daley Audit

A handwritten signature in black ink that reads "Stephen Milgate".

Stephen Milgate
Partner

Wollongong

Dated: 25 September 2020