

Grand Pacific Health Limited

ABN: 49 062 587 071

Financial Statements

For the Year Ended 30 June 2021

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For the Year Ended 30 June 2021

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Grand Pacific Health Limited

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Directors' Report

30 June 2021

The directors present their report on Grand Pacific Health Limited for the financial year ended 30 June 2021.

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

Experience

Training Services Manager, Kiama Community College;
Former Director, Governance & Business Planning,
Commonwealth Department of Human Services;
Former Director, Governance, Risk Management & 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, FRAeS

Experience

Director – Lifeline South Coast;
Senior Lecturer – University of Wollongong;
Senior Aviation Medical Officer – Navy Reserve;
Director – Australasian Society of Aerospace Medicine;
Director – Australasian College of Aerospace Medicine;
General Practitioner;
Principal Medical Officer – Civil Aviation Safety Authority

Special responsibilities

Chair, Quality and Clinical Governance Committee

Grand Pacific Health Limited

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Directors' Report

30 June 2021

Information on directors

N Murray	Resigned September 2020
Qualifications	BComm, PhD Candidate, Cert IV Business (Governance)
Experience	Former Manager – Warrigal Employment, Illawarra Aboriginal Corporation; Adjunct Lecturer – The University of Sydney
A Woodward	
Qualifications	MPS, BBus, ADipA, FAES
Experience	Independent Consultant National Mental Health Commissioner Faculty Member - Zero Suicide Institute of Australasia Former Board Director, Suicide Prevention Australia Former President, Australian Evaluation Society Former Company Secretary, Lifeline Australia
P Chandler	Appointed October 2020
Qualifications	Bsc. (Hons) USyd, MSc. (Psych) PhD UNSW, Distinguished Scholar and Honorary Professor (UNSW), MAICD
Experience	Former Dean of Education UoW Former Pro Vice Chancellor UoW Director Early Start UoW Director – Adopt Change Director – NSW Skills Board Chair – Aboriginal Advisory Committee, Family Services Aust. Chair – Aboriginal Advisory Committee, My Forever Family

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 \$896,615 (2020: \$533,493). The Company is exempt from income tax.

Grand Pacific Health Limited

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Directors' Report

30 June 2021

Vision

Grand Pacific Health Limited believes in a society that provided 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.

Mission

Grand Pacific Health Limited will contribute to this vision by providing affordable, quality and culturally appropriate health care and support services with a particular focus on regional and remote communities and disadvantaged individuals.

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:

- We will make a positive difference to people's lives;
- The people we support have input into everything we do;
- Every community we work in deserves services tailored to their specific needs;
- We actively contribute to our community's health, environment and wellbeing;
- We are a bold, progressive and innovative service provider;
- We care about our people as much as our consumers;
- We will always challenge ourselves to be better;
- We will foster environmental sustainability; 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.

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Directors' Report

30 June 2021

Principal activities

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 2021 the collective liability of members was \$2,630 (2020: \$ 2,620).

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, 22 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	7	-	-	1	1
J Keast	7	7	7	7	-	-	1	1
K Manderson	7	6	1	1	6	5	-	-
N Murray	2	2	1	1	-	-	-	-
A Woodward	7	7	2	2	1	1	-	-
P Chandler	5	5	1	1	-	-	-	-

Grand Pacific Health Limited

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Directors' Report

30 June 2021

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 2021 has been received and can be found on page 6 of the financial report.

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



David Fuller
Director



Jodi Keast
Director

Dated: 24 September 2021



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 2021, 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.

Daley Audit
Daley Audit

Stephen Milgate
Stephen Milgate
Partner

Dated: 24 September 2021

Wollongong

Wollongong

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ABN 43 152 844 291

Liability limited by a
Scheme approved under
Professional Standards
Legislation.



Grand Pacific Health Limited

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Operating grants	2	20,000,470	18,747,076
Rendering of services	2	5,214,927	5,183,412
Sale of goods	2	152,126	124,598
Capital grants	2	800,506	490,233
Other income	2	1,275,001	1,181,332
		<u>27,443,030</u>	<u>25,726,651</u>
Employee benefits expense		(19,383,827)	(17,556,062)
Clinical service delivery		(1,905,190)	(2,707,423)
Lease expenses	7	(1,492,044)	(1,483,064)
Occupancy expenses		(704,642)	(710,927)
Information, communications and technology expense		(1,485,125)	(1,179,280)
Depreciation and amortisation expense	8(a)	(673,345)	(668,596)
Cost of sales		(121,767)	(96,910)
Other operating expenses		(780,475)	(790,896)
Result for the year		<u>896,615</u>	<u>533,493</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>896,615</u>	<u>533,493</u>

The accompanying notes form part of these financial statements.

Grand Pacific Health Limited

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Balance Sheet

As at 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,674,828	5,293,796
Trade and other receivables	5	1,380,022	798,024
Other financial assets	6	6,629,174	4,518,706
TOTAL CURRENT ASSETS		11,684,024	10,610,526
NON-CURRENT ASSETS			
Right-of-use assets	7	2,908,198	2,944,157
Property, plant and equipment	8	10,667,921	9,796,274
TOTAL NON-CURRENT ASSETS		13,576,119	12,740,431
TOTAL ASSETS		25,260,143	23,350,957
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	6,431,624	5,125,210
Lease liabilities		765,916	938,669
Employee benefits	10	1,534,836	1,348,824
TOTAL CURRENT LIABILITIES		8,732,376	7,412,703
NON-CURRENT LIABILITIES			
Trade and other payables	9	5,873,023	6,363,255
Lease liabilities		1,452,516	1,232,771
Employee benefits	10	502,308	538,923
TOTAL NON-CURRENT LIABILITIES		7,827,847	8,134,949
TOTAL LIABILITIES		16,560,223	15,547,652
NET ASSETS		8,699,920	7,803,305
EQUITY			
Reserves		37,326	63,786
Retained earnings		8,662,594	7,739,519
TOTAL EQUITY		8,699,920	7,803,305

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 2021

	Retained earnings \$	Donations reserve \$	Total \$
Balance at 1 July 2020	7,739,519	63,786	7,803,305
Result of the year	896,615	-	896,615
Transfer to/(from) donations reserve	26,460	(26,460)	-
Balance at 30 June 2021	8,662,594	37,326	8,699,920
Balance at 1 July 2019	7,203,770	66,042	7,269,812
Result of 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

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 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and funding bodies		30,450,088	25,429,396
Interest received		76,414	154,378
Payments to suppliers and employees		(27,418,459)	(25,430,492)
Interest paid		(122,494)	(135,473)
Net cash provided/(used) by operating activities		<u>2,985,549</u>	<u>17,809</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(1,314,693)	(305,937)
Payment for term deposits		(2,185,164)	(1,053,706)
Net cash provided/(used) by investing activities		<u>(3,499,857)</u>	<u>(1,359,643)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease commitments		(1,104,660)	(786,376)
Net cash provided/(used) by financing activities		<u>(1,104,660)</u>	<u>(786,376)</u>
Net increase/(decrease) in cash and cash equivalents held		(1,618,968)	(2,128,210)
Cash and cash equivalents at beginning of year		<u>5,293,796</u>	<u>7,422,006</u>
Cash and cash equivalents at end of financial year	4	<u><u>3,674,828</u></u>	<u><u>5,293,796</u></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 2021

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 17 and are consistent with prior reporting periods unless otherwise stated.

2 Revenue and other income

	2021	2020
	\$	\$
Revenue from contracts with customers		
- Operating grants	20,000,470	18,747,076
- Rendering of services	5,214,927	5,183,412
- Sale of goods	152,126	124,598
- Capital grants	800,506	490,233
	<u>26,168,029</u>	<u>24,545,319</u>
Other revenue		
- Rental income	585,274	512,123
- Shared services	413,739	387,307
- Interest income	76,414	154,378
- Other income	199,574	127,524
	<u>1,275,001</u>	<u>1,181,332</u>

Grand Pacific Health Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Revenue and other income

Disaggregation of revenue from contracts with customers

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

	2021	2020
	\$	\$
Timing of revenue		
- At a point in time	152,126	124,598
- Over time	26,015,903	24,420,721
Revenue from contracts with customers	<u>26,168,029</u>	<u>24,545,319</u>

3 Result for the Year

The result for the year includes the following expenses:

Superannuation contributions	1,607,395	1,432,538
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4 Cash and cash equivalents

Cash on hand	300	300
Cash at bank	3,674,528	5,293,496
	<u>3,674,828</u>	<u>5,293,796</u>

Grand Pacific Health Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2021

5 Trade and other receivables

	Note	2021 \$	2020 \$
Trade receivables from contracts with customers		694,339	583,549
Provision for impairment	(a)	(3,478)	(3,478)
		<u>690,861</u>	<u>580,071</u>
Other receivables		689,161	217,953
		<u>1,380,022</u>	<u>798,024</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	3,478
Additional impairment loss recognised	-	-
Provision used/reversed	-	-
Balance at end of the year	<u>3,478</u>	<u>3,478</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 2021

6 Financial Assets

	2021	2020
	\$	\$
Term deposits - at amortised cost	<u>6,629,174</u>	<u>4,518,706</u>

7 Leases

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 an option to extend.

Grand Pacific Health Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2021

7 Leases

Right-of-use assets

	Buildings	Motor Vehicles	Total
	\$	\$	\$
Year ended 30 June 2021			
Balance at beginning of year	2,786,392	157,765	2,944,157
Depreciation charge	(998,663)	(200,352)	(1,199,015)
Additions to right-of-use assets	929,805	233,251	1,163,056
Balance at end of year	2,717,534	190,664	2,908,198

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	2,786,392	157,765	2,944,157

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.

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

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Notes to the Financial Statements

For the Year Ended 30 June 2021

7 Leases

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:

	2021	2020
	\$	\$
Short-term and low value lease expense	(370,887)	(408,772)
Interest expense	(122,494)	(135,473)
Depreciation expense	(998,663)	(938,819)
	<u>(1,492,044)</u>	<u>(1,483,064)</u>

Statement of Cash Flows

Cash outflows for leases	1,299,158	921,489
Cash outflows for short-term leases	370,887	408,772
	<u>1,670,045</u>	<u>1,330,261</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Property, plant and equipment

	2021	2020
	\$	\$
Freehold land and buildings		
At cost	9,401,108	9,401,108
Accumulated depreciation	(1,493,289)	(1,278,170)
	<u>7,907,819</u>	<u>8,122,938</u>
Furniture, fixtures and fittings		
At cost	4,140,913	2,895,106
Accumulated depreciation	(1,704,445)	(1,308,211)
	<u>2,436,468</u>	<u>1,586,895</u>
Motor vehicles		
At cost	23,192	23,192
Accumulated depreciation	(23,192)	(23,192)
	<u>-</u>	<u>-</u>
Computer equipment		
At cost	410,024	110,191
Accumulated depreciation	(86,390)	(23,750)
	<u>323,634</u>	<u>86,441</u>
Total property, plant and equipment	<u><u>10,667,921</u></u>	<u><u>9,796,274</u></u>

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Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Property, plant and equipment

(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 Equipment	Total
	\$	\$	\$	\$
Balance at the beginning of year	8,122,938	1,586,895	86,441	9,796,274
Additions	-	1,245,160	299,832	1,544,992
Depreciation expense	(215,119)	(395,587)	(62,639)	(673,345)
Balance at the end of the year	7,907,819	2,436,468	323,634	10,667,921

Grand Pacific Health Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Trade and other payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	411,101	553,978
Accruals	1,390,734	900,736
Contract liabilities - deferred contract revenue	4,629,789	3,670,496
	<u>6,431,624</u>	<u>5,125,210</u>
NON-CURRENT		
Contract liabilities - deferred contract revenue	<u>5,873,023</u>	<u>6,363,255</u>

10 Employee Benefits

CURRENT		
Provision for employee benefits	<u>1,534,836</u>	<u>1,348,824</u>
NON-CURRENT		
Provision for employee benefits	<u>502,308</u>	<u>538,923</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 2021

12 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 2021 the applicable proportional repayment for the GP Super Clinic Shellharbour would be \$1,244,625 (2020: \$1,369,625) and the GP Super Clinic Nowra would be \$5,623,014 (2020: \$6,023,014). 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>189,450</u>	<u>129,238</u>
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13 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$434,367 (2020: \$423,672).

Notes to the Financial Statements

For the Year Ended 30 June 2021

14 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 13: 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 (2020: \$ Nil).

15 Events after the end of the Reporting Period

The financial report was authorised for issue on 24 September 2021 by the Board of Directors.

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Company is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Company.

Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has 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 subsequent financial periods.

Notes to the Financial Statements

For the Year Ended 30 June 2021

16 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 2021

17 Summary of Significant Accounting Policies

(a) 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; and
5. Recognise revenue as and when control of the performance obligations is transferred.

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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Summary of Significant Accounting Policies

(a) Revenue and other income

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.

(b) Income Tax

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

(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).

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) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Summary of Significant Accounting Policies

(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; and
- 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, term deposits 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 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 2021

17 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

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 2021

17 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

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 and 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 2021

17 Summary of Significant Accounting Policies

(f) Impairment of non-financial assets

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) Leases

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.

Lessee accounting

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Summary of Significant Accounting Policies

(g) Leases

(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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Summary of Significant Accounting Policies

(h) 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%
Computer Equipment	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.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Summary of Significant Accounting Policies

(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.

(k) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow 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: 24 September 2021



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 2021, 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 2021 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed 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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.


Daley Audit


Stephen Milgate
Partner

Wollongong
Dated: 24 September 2021

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