



**NATIONAL HEALTH CO-OPERATIVE
LIMITED**

ABN 36 598 686 366

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

DIRECTORS REPORT
30 JUNE 2019

The Directors present their report, together with the financial statements, on the Co-operative for the year ended 30 June 2019.

Directors

The following persons were Directors of the Co-operative during the whole of the financial year and up to the date of this report, unless otherwise stated:

Linda Addison	Director (appointed Chairperson – 1 March 2019)
John Angley	Director (appointed 16 October 2018)
Jennifer Bryant	Director
Geoff Budd	Director and Secretary
Brian Frith	Chairperson (resigned – 1 March 2019)
Elizabeth Goodfellow	Director (appointed 16 October 2018)
Georgina McKenzie	Director (appointed 16 October 2018)
Warren Mundy	Director
Michael Pilbrow	Director (resigned 16 October 2018)
Adrian Watts	Managing Director

Principal activities

The principal activities of the Co-operative during the financial year was to provide a wide range of affordable health and related services to its members.

Review of Operations

During the financial year the Co-operative expanded the number of sites from which its medical practices operate and the eleventh clinic was opened in Coombs in December 2018. The fit-out of the new Health Facility at the ANU was completed and operations commenced from the new site on 11 February 2019.

The property held at Totterdell Street in Belconnen was sold during the year and the loan paid out. This had no impact on operations of the Belconnen clinic and it continues to operate under a new lease agreement.

Operating Result

The net operating profit for the Co-operative for the period ended 30 June 2019 was \$716,375 (2018: \$186,104) and total equity at the end of the financial year was \$986,096 (2018: \$269,721). The Co-operative is exempt from income tax.

Dividend

No dividends have been paid or declared during the year and no dividends are proposed. The Co-operative is prohibited by its Constitution from making any distribution to its members.

Significant activities and changes affecting the Co-operative

There has been no significant changes in the state of affairs of the Co-operative during the year ended 30 June 2019.

After balance date events

Other than the following, the Directors are not aware of any events since the end of the financial year that have significantly, or may significantly, affect the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative in subsequent financial years.

The Co-operative relocated the Wanniasa clinicians to the Coombs clinic and ceased operations from the Wanniasa clinic on 29 July 2019.

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

DIRECTORS REPORT
30 JUNE 2019

Information on Directors

Name: Linda Addison
Title: Director and Chairperson
Qualifications: MBA, BMgt (HRM & IR), GradDipChMgt, GAICD
Experience and expertise: 6 years' experience as a company director and experienced Company Secretary.

Name: Brian Frith
Title: Director and Chairman (resigned)
Qualifications: PhC, MACP, MPS
Experience and expertise: 48 years' experience as a company director.

Name: Adrian Watts
Title: Managing Director and CEO
Qualifications: B Actuarial Studies, B Commerce, GAICD, Chartered Accountant
Experience and expertise: 11 years' experience as a company director.

Name: Michael Pilbrow
Title: Director
Qualifications: B Ec(Hons)
Experience and expertise: 11 years' experience as a company director.

Name: Warren Mundy
Title: Director
Qualifications: FRAeS, FAICD, BSc(Hons), DipEc, MPhil, PhD, GradCertAppFin, MEnvLaw(Hons)
Experience and expertise: 21 years' experience as a company director.

Name: Geoff Budd
Title: Director and Secretary
Qualifications: LLM, LLB(Hon), BA(Asian Studies), GD (Legal Practice), FAICD
Experience and expertise: 15 years' experience as a company director.

Name: Jennifer Bryant
Title: Director
Qualifications: MN(ClinicalEd), BN, GradDipEd
Experience and expertise: 6 years' experience as a company director.

Name: Georgina McKenzie
Title: Director
Qualifications: B Com (Accounting), MBA, GAICD
Experience and expertise: 8 years' experience as a company director.

Name: John Angley
Title: Director
Qualifications: BA (History), BEc (Hons)
Experience and expertise: 1 year experience as a company director.

Name: Elizabeth Goodfellow
Title: Director
Qualifications: B Bus, MMgmt, GAICD
Experience and expertise: 3 years' experience as a company director

Meetings of Directors

The number of meetings of the Co-operative's Board of Directors and of each Board committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

DIRECTORS REPORT
30 JUNE 2019

	Directors' Meetings		Audit and Risk Committee Meetings		Nomination and People Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Linda Addison	8	8	6	6	2	2
John Angley	5	4	2	2	1	1
Jennifer Bryant	8	6	-	-	4	3
Geoff Budd	8	8	6	6	2	2
Brian Frith	5	5	-	-	-	-
Elizabeth Goodfellow	5	5	-	-	3	3
Georgina McKenzie	5	5	-	-	3	3
Warren Mundy	8	7	6	6	-	-
Michael Pilbrow	4	3	-	-	2	2
Adrian Watts	8	8	6	4	5	5

Auditors' Independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 274(5) of the Co-operatives National Law.

On behalf of the Directors



Adrian Watts
 Managing Director and CEO

25 September 2019



Linda Addison
 Chairperson

25 September 2019

RSM Australia Partners

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600
GPO Box 200 Canberra ACT 2601

T +61(0) 2 6217 0300
F +61(0) 2 6217 0401

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of the National Health Co-operative Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) 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) any applicable code of professional conduct in relation to the audit.

RSM Australia Partners

RSM Australia Pty Ltd



Rodney Miller
Director

Canberra, Australian Capital Territory
Date: 27th September 2019

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

CONTENTS

Contents

Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	19
Independent auditor's report	20

General Information

The financial statements cover National Health Co-operative Limited as an individual entity. The financial statements are presented in Australian dollars, which is National Health Co-operative Limited's functional and presentation currency.

National Health Co-operative Limited is a not-for-profit member owned co-operative incorporated and domiciled in Australia. Its registered office and principal place of business is:

National Health Co-operative Limited
5-7 Lawry Place
Macquarie ACT 2614

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		\$	\$
Revenue	2	13,243,794	11,490,386
Expenses			
Employee benefits and on costs		(10,031,818)	(9,447,532)
Accounting, legal and consultants		(38,069)	(99,037)
Medical supplies		(214,686)	(159,372)
Finance costs		(71,813)	(100,028)
Rent expense		(1,020,829)	(577,622)
Depreciation		(229,574)	(222,103)
Other expenses		(920,630)	(698,590)
Surplus before income tax expense		<u>716,375</u>	<u>186,104</u>
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of National Health Co-operative Limited		<u>716,375</u>	<u>186,104</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of National Health Co-operative Limited		<u><u>716,375</u></u>	<u><u>186,104</u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	3	743,207	734,959
Trade and other receivables	4	84,474	115,695
Other assets	5	388,494	251,205
Financial assets	6	435,189	182,548
Total current assets		<u>1,651,364</u>	<u>1,284,407</u>
Non-current assets			
Property, plant and equipment	7	1,164,939	1,409,017
Other assets	5	10,083	14,483
Total non-current assets		<u>1,175,022</u>	<u>1,423,501</u>
Total assets		<u>2,826,386</u>	<u>2,707,907</u>
Liabilities			
Current liabilities			
Trade and other payables	8	610,528	621,280
Provisions	9	137,306	134,552
Other liabilities	10	419,277	250,000
Financial liabilities	11	170,296	770,600
Total current liabilities		<u>1,337,407</u>	<u>1,776,432</u>
Non-Current liabilities			
Provisions		40,883	30,752
Financial liabilities	11	462,000	631,002
Total non-current liabilities		<u>502,883</u>	<u>661,754</u>
Total liabilities		<u>1,840,290</u>	<u>2,438,186</u>
Net assets		<u>986,096</u>	<u>269,721</u>
Member Funds			
Retained surplus		986,096	269,721
Total member funds		<u>986,096</u>	<u>269,721</u>

The above statement of financial position should be read in conjunction with the accompanying notes

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Asset Revaluation Reserve	Retained surplus	Total Equity
		\$	\$
Balance at 1 July 2017	52,983	30,634	83,617
Profit for the year	-	186,104	186,104
Balance at 30 June 2018	52,983	216,738	269,721
Balance at 1 July 2018	52,983	216,738	269,721
Transferred to retained earnings	(52,983)	52,983	-
Profit for the year	-	716,375	716,375
Balance at 30 June 2019	-	986,096	986,096

The above statement of changes in equity should be read in conjunction with the accompanying notes

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members (inclusive of GST)		13,171,565	11,954,353
Payments to suppliers and employees (inclusive of GST)		(12,388,895)	(11,534,179)
Interest received		6,002	5,547
Net cash from operating activities		<u>788,672</u>	<u>425,721</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments purchased		(252,641)	-
Proceeds from sale of property, plant and equipment		588,043	-
Purchase of property, plant and equipment		(395,183)	(205,872)
Net cash used in financing activities		<u>(59,781)</u>	<u>(205,872)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of liabilities		(725,043)	(100,028)
Repayments of loans receivable		4,400	370,145
Net cash from financing activities		<u>(720,643)</u>	<u>270,117</u>
Net increase in cash and cash equivalents		8,248	489,966
Cash and cash equivalents at beginning of financial year		734,959	244,993
Cash and cash equivalents at end of financial year	3	<u><u>743,207</u></u>	<u><u>734,959</u></u>

The above statement of cashflows should be read in conjunction with the accompanying notes

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Co-operative has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standard and Interpretations are most relevant to the incorporated association:

AASB 9 Financial Instruments

The co-operative has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption

AASB 9 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2018 or current financial year.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Co-operatives National Law including section 274 and 275 and the Australian Charities and Not-for-profits Commission Act 2012, as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Co-operative's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed under the heading *Critical accounting judgements, estimates and assumptions* in Note 1.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Income tax

National Health Co-operative Limited is exempt from paying income tax under Division 50 of the *Income Tax Assessment Act 1997*.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Co-operative's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Co-operative's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below:

Estimation of useful lives of assets

The Co-operative determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

	2019	2018
	\$	\$
NOTE 2. REVENUE		
Patient fees	9,533,463	8,427,545
Service fees (note 15)	1,371,865	1,512,878
Interest	6,002	5,547
Membership fees	1,085,201	1,042,028
Grants	355,000	110,898
Rent	402,520	282,783
Gain on disposal	178,355	-
Other revenue	311,388	108,708
	<u>13,243,794</u>	<u>11,490,386</u>

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2. REVENUE (continued)

Accounting Policy

Patient fees

Patient fees are recognised as revenue when they are received or when the right to receive payment is established.

Grants

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive this contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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

Donations and bequests

Donation and bequests are recognised as revenue when received.

Membership fees

Membership fees are recognised on receipt and are non-refundable.

Service fees

Service fees relate to fees received to support the Co-operative's operations of the ANU clinic.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

	2019	2018
	\$	\$
NOTE 3. CASH AND CASH EQUIVALENTS		
Cash at bank	743,207	734,959

Accounting policy

Cash on hand includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

NOTE 4. TRADE AND OTHER RECEIVABLES

Trade receivables	119,059	110,927
GST receivable	-	4,768
Provision for doubtful debts	(34,585)	-
	84,474	115,695

Accounting Policy

Accounts receivable and other debtors include amounts due from services delivered in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 4. TRADE AND OTHER RECEIVABLES (continued)

The Co-operative have provided for \$34,585 of sub-tenant rent payments that are outstanding and not expected to be collected by 30 June 2020.

	2019	2018
	\$	\$
NOTE 5. OTHER ASSETS		
CURRENT		
Prepayments	192,449	99,267
Accrued revenue	<u>196,045</u>	<u>151,938</u>
	<u>388,494</u>	<u>251,205</u>
NON-CURRENT		
Bond for lease	4,483	4,483
Loan to staff	<u>5,600</u>	<u>10,000</u>
	<u>10,083</u>	<u>14,483</u>
NOTE 6. FINANCIAL ASSETS		
Term deposits	<u>435,189</u>	<u>182,548</u>

National Health Co-operative Limited has a number of term deposits held at APRA approved deposit-taking institutions with varying maturity dates between 12 and 24 months. All term deposits relate to security held in relation to leased premises.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

Land and buildings		
Clinic fit-out and extension - at cost	1,880,194	2,049,320
Less accumulated depreciation	<u>(807,357)</u>	<u>(670,230)</u>
	<u>1,072,837</u>	<u>1,379,090</u>
Plant and equipment		
Furniture and equipment - at cost	467,740	353,431
Less accumulated depreciation	<u>(375,638)</u>	<u>(323,504)</u>
	<u>92,102</u>	<u>29,927</u>
Total property, plant and equipment	<u><u>1,164,939</u></u>	<u><u>1,409,017</u></u>

Accounting Policy

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7. PROPERTY, PLANT AND EQUIPMENT (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Co-operative and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use. The depreciation rates used for each class of depreciable asset are:

Class of fixed asset:	Depreciation rate:
Buildings	2.5%
Leasehold improvements	10%
Plant and equipment	50%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Movements in carrying amounts

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

	Land and buildings	Plant and equipment	Total
	\$	\$	\$
Balance at 1 July 2018	1,379,090	29,927	1,409,017
Additions	280,873	114,310	395,183
Disposals	(450,000)	-	(450,000)
Depreciation expense	(137,126)	(52,135)	(189,261)
Balance as at 30 June 2019	<u><u>1,072,837</u></u>	<u><u>92,102</u></u>	<u><u>1,164,939</u></u>

NOTE 8. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables and accrued expenses	527,114	486,827
GST payable	42,332	-
PAYG payable	-	89,608
Superannuation payable	41,082	44,845
	<u><u>610,528</u></u>	<u><u>621,280</u></u>

Accounting Policy

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Co-operative during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 9. PROVISIONS		
CURRENT		
Provision for annual leave and long service leave	137,306	134,553
NON-CURRENT		
Provision for annual leave and long service leave	40,883	30,752
	178,189	165,305

Accounting Policy

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Employee benefits

Short-term employee benefits

Provision is made for the Co-operative's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Co-operative's obligations for short-term employee benefits such as wages, salaries and personal leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The Co-operative classifies some employees' long service leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Co-operative's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in the statement of profit or loss classified under employee benefits expense.

The Co-operative's obligations for long-term employee benefits are presented as non-current liabilities in the statement of financial position, except where the Co-operative does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

NOTE 10. OTHER LIABILITIES

Income received in advance	419,277	250,000
----------------------------	---------	---------

Income in advance relates to amounts received prior to 30 June, but the services required to be provided have not yet been performed at this date. These amounts relate to funds from the ANU for services in advance.

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11. FINANCIAL LIABILITIES

CURRENT

Motor vehicle loan	9,837	9,837
Mortgage - 30 Totterdell Street	-	524,263
Unsecured loan	154,000	236,500
	163,837	770,600

NON-CURRENT

Motor vehicle loan	6,459	15,002
Unsecured loan	462,000	616,000
	468,459	631,002

The mortgage related to the 30 Totterdell Street property was paid out in the current financial year.

Principal and interest repayments continue on the unsecured loan.

NOTE 12. CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable - minimum lease payments (including GST)

- not later than 12 months	2,019,144	650,202
- later than 12 months but not later than 5 year	8,038,584	1,330,725
- later than 5 years	16,869,344	-
	26,927,072	1,980,927

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements. An increase in lease commitments occurs annually in line with CPI.

A twenty-year lease commenced on 11 February 2019 for the ANU clinic.

NOTE 13. KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation

All non-executive directors are unpaid.

The aggregate compensation made to directors and other members of key management personnel (KMP) of the Co-operative is set out below. The KMP include the Chief Executive Officer, Chief Financial Officer and the General Manager - Organisational Development:

- Aggregate compensation	546,175	425,366
--------------------------	---------	---------

NOTE 14. CONTINGENT LIABILITIES

The Co-operative had no contingent liabilities as at 30 June 2019.

NOTE 15. OPERATING SEGMENTS

As part of this agreement with the ANU the Co-operative is required to report on the profit/ (loss) annually relating to ANU clinic.

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15. OPERATING SEGMENTS (continued)

	2019
	\$
Service fees	1,371,865
Patient fees	759,546
	<u>2,131,411</u>
Premises	437,944
Wages and contractor fees	1,567,854
Operational costs and overheads	194,805
	<u>2,200,603</u>
Net loss	<u>(69,192)</u>

NOTE 16. RELATED PARTY TRANSACTIONS

Key management personnel

Disclosures relating to key management personnel are set out in note 13.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

NOTE 17. EVENTS AFTER REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Co-operative's operations, the results of those operations, or the Co-operative's state of affairs in future financial years.

NATIONAL HEALTH CO-OPERATIVE LIMITED
ABN 36 598 686 366

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2019

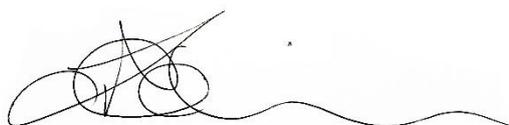
In accordance with the resolution of the Directors of National Health Co-operative Limited, the Directors declare that:

- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable;
- the financial statements and notes are in accordance with the Co-operatives National Law, including sections 274 and 275;
- the attached financial statements and notes comply with the *Australian Accounting Standards - Reduced Disclosure Requirements*, the *Australian Charities and Not-for-profits Commission Act 2012*;
- the attached financial statements and notes give a true and fair view of the Co-operative's financial position as at 30 June 2019 and of its performance for the financial year ended on that date.



Adrian Watts
Managing Director and CEO

25 September 2019



Linda Addison
Chairperson

25 September 2019

RSM Australia Partners

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600
GPO Box 200 Canberra ACT 2601

T +61(0) 2 6217 0300
F +61(0) 2 6217 0401

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NATIONAL HEALTH CO-OPERATIVE LIMITED

Opinion

We have audited the financial report of National Health Co-operative Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit and 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 financial report of National Health Co-operative Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 2019 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the *Co-operatives National Law* 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 National Health Co-operative Limited 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.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The management of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Co-operatives National Law* and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing National Health Co-operative Limited'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 management either intends to liquidate National Health Co-operative Limited or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

RSM Australia Partners

RSM Australia Partners



Rodney Miller
Partner

Canberra, Australian Capital Territory

Dated: 27th September 2019