Private Healthcare Australia Ltd

ABN 35008621994

Annual Financial Report - 30 June 2018

Private Healthcare Australia Ltd
Directors' Report
30 June 2018

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2018.

Information on directors

Rhod McKENSEY

Title:
Non-executive Director of PHA since 27 November 2013, Deputy Chair since 24 March 2017
Experience and expertise:
Bachelor of Economics - Sydney University
Bachelor of Laws - Sydney University
Graduate Diploma in Applied Finance and Investments
Securities Institute of Australia
Member – CPA Australia
Member – Australian Institute of Company Directors
Group Executive, Australian Residents Health Insurance – nib health funds

Dwayne CROMBIE

Title:
Non-Executive Director of PHA since 22 May 2013
Experience and expertise:
MB ChB - University of Otago, NZ
Managing Director, Health Insurance - Bupa Australia
MBA - University of Auckland, NZ
FNZCPHM - (Public Health Medicine Specialist)
Director - Bupa Health Insurance Ltd

Gerard FOGARTY

Title:
Non-Executive Director of PHA since 11 November 2015
Experience and expertise:
Major General, AO (Ret'd)
BBus, GradDipMgmt, MBA, MSS (USA), GAICD
Chief Executive Officer - Defence Health Limited
Director - Defence Health Foundation Pty Ltd
Director - Members Own Health Funds
Director - Trigea Pty Ltd
Member - Private Health Insurance Code Compliance Committee

Byron GREGORY

Title:
Non-Executive Director of PHA since 10 November 2004
Experience and expertise:
B.Commerce
Chief Executive Officer - Health Partners Limited
Director - Australian Health Services Alliance Ltd
Director - Members Own Health Funds
Member - Private Health Insurance Code Compliance Committee

Rob SELJAK

Title:
Non-Executive Director of PHA since 19 July 2005
Experience and expertise:
B.A., LL.B., M.Bus., FAICD, FAIM
Chief Executive Officer – Queensland Teachers' Union Health Fund
Chair – Hambs Systems Ltd
Director – Australian Health Services Alliance Ltd
Director – Members Health Fund Alliance
Chair – Hillbrook Anglican School

Andrew WILSON

Title:
Non-Executive Director of PHA since 21 April 2015
Experience and expertise:
MBBS, MM, FRANZCP, FACHSE
Group Executive, Healthcare and Strategy – Medibank Private Limited
A founder and Co-President of McKesson Asia-Pacific

Mark VALENA

Title:
Non-Executive Director of PHA since 16 April 2008
Experience and expertise:
B. Business
Chief Executive Officer – GMHBA Ltd
Member – Institute of Chartered Accountants
Director – Australian Health Service Alliance
Director – Members Own Health Funds
Director – Committee for Geelong
Director – Ideas to Action Consultancy
Director – Hambs Systems Ltd

Sheena JACK

Title:
Non-Executive Director of PHA since 24 November 2017
Experience and expertise:
Bachelor of Arts (Accounting)
Member – Institute of Chartered Accountants
Member – Australian Institute of Company Directors
Managing Director – Hospitals Contribution Fund of Australia Ltd (HCF)
Director – Business Council of Cooperatives and Mutuals

Rob BRANSBY

Title:
Independent Chair and Non-Executive Director of PHA 1 April 2017 – 24 November 2017 (resigned)
Experience and expertise:
F Fin, FAIM
Director - Australian Digital Health Agency
Director - BW Financial Advice Limited
Director - Financial Wisdom Limited
Director - Count Financial Limited
Director - Commonwealth Financial Planning Limited
Director - Synergy
Director - Craig Mostyn Group
Commissioner - Insurance Commission of WA

Julie-Anne SCHAFER

Title:
Independent Chair and Non-Executive Director of PHA 24 November 2017 – 18 September 2018 (resigned)
Experience and expertise:
Bachelor of Laws (Hons) – University of Queensland FAICD, ANZIIF
Director – AV Super
Chair – National Competition Council

Rachel DAVID

Title:
Chief Executive Officer (Non-Director) since 16 January 2016
Experience and expertise:
MBBS, GAICD
MBA – Macquarie University

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

Board Meetings	Relevant Attended	Relevant Held
BRANSBY, R	3	3
CROMBIE, D	5	6
FOGARTY, G	6	6
GREGORY, B	6	6
JACK, S	2	4
McKENSEY, R	6	6
SCHAFER, J	3	4
SELJAK, R	5	6
VALENA, M	6	6
WILSON, A	3	6

Audit Committee Meetings	Relevant Attended	Relevant Held
SMITH, A	3	3
JOYCE, B	3	3
VALENA, M	3	3

Held: represents the number of meetings held during the time the director held office.

Company secretary

Company secretaries at any time during or since the end of the financial year are:

Name	Date appointed	Date ceased
DAVID, Rachel	2 February 2016	-
FANNER, Steven	25 November 2015	-

Principal activities

As an industry association, the Company’s short-term and longer-term objectives are focused on advancing the interests of its members by fostering strong relations with government, media, and other stakeholders involved in the health care sector. These objectives are met through the provision of information and advice, and through maintaining ongoing relationships with other industry associations. During the year there was no significant change in the nature of the Company’s objectives or activities.

Private Healthcare Australia Ltd
Directors' Report
30 June 2018

Short and Long-term objectives
The objectives of the Company are to advocate for the advancement of the Australian private health insurance industry to government, political, media and industry organisations and to advance the collective interests of its members and their policy holders. The Company is currently focused on securing a favourable outcome for its members and their policy holders from Federal Government reviews on private health insurance policy.

Strategy for achieving the objectives
The Company works to achieve these objectives by implementing strategies to:

- provide an effective forum for industry dialogue on policy and strategic issues relevant to private health insurance;
- facilitate strong engagement with relevant decision-makers;
- build a comprehensive data, information and policy basis; and
- utilise effective communication practices to promote the industry's preferred position on key issues.

Performance measures
The Board of the Company reviews progress on its objectives and consults regularly with management on the effectiveness and relevance of the Company's activities, and on the performance of the management team in implementing agreed strategies.

The Chief Executive Officer is responsible for the overall implementation of the Board's agreed strategies for meeting the Company's objectives. Board meetings are held regularly throughout the year to monitor progress and provide further direction where necessary. The Chief Executive Officer is issued with Key Performance Indicators each year. The Board conducts an annual performance review through the Chair in which performance against the KPIs is assessed.

The Directors are subject to elections every two years, which ensures each director is incentivised to ensure the Company works effectively to meet its objectives and deliver value for members.

Contributions on winding up
The Company is incorporated under the *Corporations Act 2001* and is a public company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the Company.

As at 30 June 2018 the total amount that members of the Company are liable to contribute if the Company wound up is $200 (2017: $200).

Auditor's independence declaration
A copy of the auditor's independence declaration as required under *section 307C of the Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to *section 298(2)(a)* of the *Corporations Act 2001*.

On behalf of the directors

Rhod McKensy

Chair

4 October 2018

HLB Mann Judd Assurance

Quality Audit Services

PRIVATE HEALTHCARE AUSTRALIA LIMITED
ABN 35 008 621 994

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Private Healthcare Australia Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

Sydney, NSW
4 October 2018

K L Luong
Director

HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215
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Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

General information

The financial statements cover Private Healthcare Australia Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Private Healthcare Australia Ltd's functional and presentation currency.

Private Healthcare Australia Ltd is a company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 4 October 2018. The directors have the power to amend and reissue the financial statements.

Private Healthcare Australia Ltd
Statement of comprehensive income
For the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue from continuing operations	3	4,608,205	2,631,826
Other income	4	40,796	3,880
Expenses			
Administration expenses		(509,368)	(272,111)
Advertising & marketing expenses		(12,795)	(13,514)
Employee expenses		(1,956,829)	(1,745,669)
Consultancy expenses	8	(1,196,617)	(2,790,720)
Depreciation and amortisation expense	7	(20,717)	(80,268)
Occupancy expense		(137,249)	(249,926)
Travel & conference activities		(147,858)	(213,336)
Other expenses		(107,222)	(273,677)
Results from Operating Activities		560,346	(3,003,515)
Finance income	5	20,872	26,691
Finance expense	6	-	(168)
Surplus/(deficit) before income tax expense		581,218	(2,976,992)
Income tax expense	9	-	-
Surplus/(deficit) after income tax expense for the year		581,218	(2,976,992)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(deficit) for the year		581,218	(2,976,992)

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

Private Healthcare Australia Ltd
Statement of financial position
As at 30 June 2018

	Note	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	10	5,238,976	1,149,148
Trade and other receivables	11	3,983,978	4,422,124
Prepayments		32,930	25,241
Deposits		4,200	7,948
Other financial assets	12	500,000	561,380
Total current assets		9,760,084	6,165,841
Non-current assets			
Other financial assets	13	19,388	-
Property, plant and equipment	14	108,338	125,671
Total non-current assets		127,726	125,671
Total assets		9,887,810	6,291,512
Liabilities			
Current liabilities			
Trade and other payables	15	1,132,832	567,172
Borrowings		-	40,796
Employee benefits	16	165,811	156,271
Unearned income	17	6,500,000	4,010,625
Total current liabilities		7,798,643	4,774,864
Non-current liabilities			
Employee benefits	18	-	8,699
Total non-current liabilities		-	8,699
Total liabilities		7,798,643	4,783,563
Net assets		2,089,167	1,507,949
Equity			
Reserves		5,555	5,555
Retained surpluses		2,083,612	1,502,394
Total equity		2,089,167	1,507,949

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

Private Healthcare Australia Ltd
Statement of changes in equity
For the year ended 30 June 2018

	Reserves $	Retained surpluses $	Total equity $
Balance at 1 July 2016	5,555	4,479,386	4,484,941
Deficit after income tax expense for the year	-	(2,976,992)	(2,976,992)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(2,976,992)	(2,976,992)
Balance at 30 June 2017	5,555	1,502,394	1,507,949

	Reserves $	Retained surpluses $	Total equity $
Balance at 1 July 2017	5,555	1,502,394	1,507,949
Surplus after income tax expense for the year	-	581,218	581,218
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	581,218	581,218
Balance at 30 June 2018	5,555	2,083,612	2,089,167

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

Private Healthcare Australia Ltd
Statement of cash flows
For the year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,289,299	2,814,258
Payments to suppliers and employees (inclusive of GST)		(4,258,951)	(5,812,149)
		4,030,348	(2,997,891)
Interest received		20,872	29,807
Interest paid		-	(168)
Net cash from/(used in) operating activities		4,051,220	(2,968,252)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	14	(3,384)	(113,005)
Disposal of assets		-	69,335
Proceeds from other financial assets		61,380	-
Acquisition of other financial assets		(19,388)	-
Net cash from/(used in) investing activities		38,608	(43,670)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		4,089,828	(3,011,922)
Cash and cash equivalents at the beginning of the financial year		1,149,148	4,161,070
Cash and cash equivalents at the end of the financial year	10	5,238,976	1,149,148

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

Note 1. Reporting Entity

Private Healthcare Australia Ltd ("the Company") is a public company limited by guarantee, incorporated and domiciled in Australia. The address of the company's registered office is Unit 32, Level 1, 2 King Street, Deakin ACT 2600.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

Note 2. 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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations and the *Corporations Act 2001.*

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through surplus or deficit, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Functional and Presentation Currency
These financial statements are presented in Australian dollars, which is the Company's functional currency. All financial information presented in Australian dollars has been rounded to the nearest dollar unless otherwise stated.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Levy income
The directors approve the administration budget in advance of each financial year. Levy income receivable is recorded when the likelihood of the member remaining is probable. As the levy entitles members to services and benefits during the membership period, this levy income is recognised as deferred revenue. This deferred revenue is then recognised on a straight-line basis so that over the duration of the membership, it reflects the timing, nature and value of the benefits provided.

Conference and other
Income is derived from conferences and seminars and is recognised on an accruals basis.

Income tax

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable surplus will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The company is an entity subject to the principle of mutuality, whereby funds contributed to the incorporated body by its members do not constitute income of the body, and the return of any excess funds to members is not assessable to members. Expenses that relate to members are generally not deductible for taxation purposes and general expenses are apportioned based on the proportion of income derived from members compared to non-members. In the case of the company, the mutuality principle applies to receipts from members.

Expenses incurred in deriving these receipts and expenditure incurred in providing services to members will therefore not be deductible to the company.

Note 2. Significant accounting policies (continued)

Finance income and expenses
Finance income comprises interest income on funds invested. Interest income is recognised on an accruals basis.

Borrowing costs are recognised as an expense when incurred.

Finance expenses comprise interest expense on lease liabilities. Expenses are recognised as an expense when incurred in surplus or deficit using the effective interest method.

Financial instruments
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through surplus or deficit, which are initially measured at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(i) Non-derivative financial assets

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through surplus or deficit, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

The Company recognises receivables on the date they are originated. All other financial assets (including assets designated at fair value through surplus or deficit) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Receivables
Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measure at amortised cost using the effective interest method, less any impairment losses.

Trade and other receivables are recognised at the original invoice amount less any allowance for uncollectable amounts. The carrying amount of the receivable is deemed to reflect fair value. An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

Financial assets at fair value through surplus or deficit
Financial assets at fair value through surplus or deficit are either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a surplus; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through surplus or deficit. Fair value movements are recognised in surplus or deficit.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.

Note 2. Significant accounting policies (continued)

Held-to-maturity investments
If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise term deposits.

(ii) Non-derivative financial liabilities

The Company recognises loan liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through surplus or deficit) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company de-recognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Financial liabilities comprise of loans, borrowings, trade and other payables.

(iii) Determination of fair values

Methods and assumptions are disclosed in the notes specific to that asset or liability.

Impairment

(i) Non-derivative financial Assets

A financial asset not carried at fair value through surplus or deficit is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that loss event had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in surplus or deficit and an impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in surplus or deficit.

Note 2. Significant accounting policies (continued)

(ii) Non-financial Assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in surplus or deficit. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leased Assets
Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy to that asset. Other leases are operating leases and are not recognised in the statement of financial position.

Property, plant and equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in surplus or deficit. The company's intangibles are not considered material and has been aggregated within the office equipment category of property, plant and equipment.

(ii) Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred.

Note 2. Significant accounting policies (continued)

(iii) Depreciation and Amortisation

Items of property, plant and equipment (with the exception of leasehold improvements) are depreciated on a diminishing value basis in surplus or deficit over the estimated useful lives of each component. Leasehold improvements are depreciated in surplus or deficit on a straight-line basis over the life of the lease.

Intangible assets are amortised on a diminishing value basis in surplus or deficit from the date they are installed and ready to use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are identified in the table below:

Leasehold improvements	10 years
Furniture & fittings	2-10 years
Office equipment	2-10 years
Office equipment under lease	3-10 years

The depreciation method used reflects the patterns of use in which the asset's future economic benefits are expected to be consumed by the entity. Depreciation methods useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Leases

(i) Lease payments

Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

Note 2. Significant accounting policies (continued)

Provisions
Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is disclosed.

Employee benefits

(i) Short-term employee benefits

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

(ii) Other long-term employee benefits

A liability for long service leave is recognised in respect of services provided by employees up to balance date. In assessing expected future payments the company bases the provision on remuneration rates as at balance date for all employees with five or more years of service. The directors believe that this method provides an estimate of the liability that is not materially different from the estimate that would be obtained by using the present value basis of measurement. Related on-costs have also been included in the liability.

When long service leave entitlements vest after ten years of service they are shown as current liabilities.

(iii) Termination benefits
Termination benefits are recognised as an expense when termination benefits are paid.

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.

Note 3. Revenue from continuing operations

	2018 $	2017 $
Membership levies	4,500,000	2,424,998
Other revenue		
Conference income	108,205	206,828
Revenue from continuing operations	4,608,205	2,631,826

Note 4. Other income

	2018 $	2017 $
Net gain on disposal of property, plant and equipment	-	3,880
Gain on borrowings derecognised	40,796	-
Other income	40,796	3,880

Note 5. Finance income

	2018 $	2017 $
Interest income	20,872	26,691

Note 6. Finance expense

	2018 $	2017 $
Interest expense	-	168

Note 7. Depreciation and amortisation expenses

	2018 $	2017 $
Depreciation and amortisation included in Statement of comprehensive Income:		
Office equipment	7,018	16,551
Software	2,069	4,256
Furniture & fixtures	702	4,487
Office equipment under lease	10,928	54,974
	20,717	80,268

Note 8. Consultancy expenses

	2018 $	2017 $
Recognised in surplus or deficit		
Consultants expenses	1,150,224	2,723,424
Professional services	46,393	67,296
	1,196,617	2,790,720

Note 9. Income tax expense/(benefit)

As at 30 June 2018 the company has carry forward tax losses of $6,704,894 (2017: $6,691,049). Provided the company satisfies the tests as prescribed by income tax legislation, these losses should be available to offset this year's taxable expense. No deferred tax assets and liabilities have been brought to account as it is not considered probable that future taxable income will be in excess of taxable losses.

Note 10. Current assets - cash and cash equivalents

	2018 $	2017 $
Cash on hand	-	500
Cash at bank	5,238,976	1,148,648
	5,238,976	1,149,148

Note 11. Current assets - trade and other receivables

	2018 $	2017 $
Trade and other receivables	3,949,000	4,411,688
Accrued income	34,978	10,436
	3,983,978	4,422,124

Note 12. Current assets - other financial assets

	2018 $	2017 $
Term deposits	500,000	561,380

Note 13. Non-current assets - other financial assets

	2018 $	2017 $
Term deposits (bank guarantee)	19,388	-

Note 14. Non-current assets - property, plant and equipment

	2018 $	2017 $
Furniture & Fixtures	24,599	24,599
Accumulated amortisation	(21,793)	(21,092)
	2,806	3,507
Leasehold improvements - King Street	109,278	109,278
Accumulated depreciation	(15,093)	(4,165)
	94,185	105,113
Office Equipment	102,342	102,342
Accumulated depreciation	(93,676)	(86,658)
	8,666	15,684
Software	71,370	67,986
Accumulated depreciation	(68,689)	(66,619)
	2,681	1,367
	108,338	125,671

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold improveme-nts $	Furniture & Fixtures $	Office Equipment $	Software $	Total $
Balance at 1 July 2017	105,113	3,507	15,684	1,367	125,671
Additions	-	-	-	3,384	3,384
Depreciation/amortisation expense	(10,928)	(701)	(7,018)	(2,070)	(20,717)
Balance at 30 June 2018	94,185	2,806	8,666	2,681	108,338

The Company carries its property, plant & equipment at cost less accumulated depreciation/amortisation.

Note 15. Current liabilities - trade and other payables

	2018 $	2017 $
Trade payables	466,288	126,040
GST payable	592,364	353,318
Other payables	11,883	9,404
Accruals	62,297	78,410
	1,132,832	567,172

Note 16. Current liabilities - employee benefits

	2018 $	2017 $
Provision for annual leave	105,931	81,488
Provision for long service leave	59,880	74,783
	165,811	156,271

Note 17. Current liabilities - unearned income

	2018 $	2017 $
Unearned income - member levies	6,500,000	4,010,625

Note 18. Non-current liabilities - employee benefits

	2018 $	2017 $
Provisions for long service leave	-	8,699

Note 19. Financial instruments

The Company is not exposed to any significant financial risks in respect to the financial instruments that it held at the end of the reporting period.

The board of directors have the overall responsibility for identifying and managing operational and financial risks.

The Company's financial instruments consist mainly of deposits with banks, trade receivables and payables.

The carrying amounts for each category of financial instruments are as follows:

	2018 $	2017 $
Financial assets		
Cash and cash equivalents	5,238,976	1,149,148
Trade and other receivables	3,983,978	4,422,124
Other financial assets	500,000	561,380
Deposits	4,200	7,948
	9,727,154	6,140,600

	2018 $	2017 $
Financial liabilities		
Trade and other payables	1,132,832	567,172
Borrowings	-	40,796
Unearned income	6,500,000	4,010,625
	7,632,832	4,618,593

Note 20. Capital Commitments

As at 30 June 2018, the Company had not entered into any capital commitments (2017: Nil).

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the Company.

	2018 $	2017 $
Audit of the company's financial report		
HLB Mann Judd Assurance (NSW) Pty Ltd	16,500	-
KPMG	-	19,000
	16,500	19,000

Note 22. Contingent liabilities

As at 30 June 2018, the Company had no contingent liabilities (2017: Nil).

Note 23. Operating leases

	2018 $	2017 $
Lease commitments - operating		
Leases as Lessee		
Non-cancellable operating lease rentals are payable as follows:		
Within one year	124,672	143,916
One to five years	288,269	291,848
	412,941	435,764

The Company has two properties under operating leases. The Canberra lease was renegotiated from 1 February 2017 and is for an initial 5 year period with an additional 5 year renewal option. The Sydney lease is for 12 months from 22 August 2017. Lease payments are increased every year to reflect market rentals. A minimal change was made to the floor area resulting in a minor reduction in rent.

Note 24. Related party transactions

Transactions with Director related entities
During the financial year, directors and their director-related entities paid member levies to the Company on the same terms and conditions available to other members.

Directors Remuneration
The Directors of the Company, with the exception of the Chair, do not receive any remuneration for the services they perform as Directors. Directors are eligible to be reimbursed for expenses on the same basis as employees.

Transactions with Key Management Personnel
In addition to their salaries the Company contributes to a post-employment superannuation fund on their behalf in accordance with the Superannuation Guarantee requirements. Termination benefits are based on employee entitlements and individual contracts.

Note 24. Related party transactions (continued)

	2018 $	2017 $
Key management personnel compensation	1,344,447	1,159,981

Note 25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Private Healthcare Australia Ltd
Directors' declaration
30 June 2018

In the directors' opinion:

(a) the financial statements and notes set out on pages 7 to 22 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards - Reduce Disclosure Requirements and the *Corporation Regulations 2001*; and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the financial year that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the directors.

Chair

4 October 2018

PRIVATE HEALTHCARE AUSTRALIA LIMITED
ABN 35 008 621 994

INDEPENDENT AUDITOR'S REPORT

To the Members of Private Healthcare Australia Limited

Opinion

We have audited the financial report of Private Healthcare Australia Limited ("the Company") which comprises the statement of financial position as at 30 June 2018, the statement of 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 the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company on 4 October 2018, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, 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.

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HLB Mann Judd Assurance

PRIVATE HEALTHCARE AUSTRALIA LIMITED
ABN 35 008 621 994

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Information Other than the Financial Report and Auditor's Report Thereon (continued)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company 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 and the *Corporations Act 2001* and for such internal control as the directors 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, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

HLB Mann Judd Assurance

PRIVATE HEALTHCARE AUSTRALIA LIMITED
ABN 35 008 621 994

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Auditor’s Responsibilities for the Audit of the Financial Report (continued)

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

K L Luong
Director

Sydney, NSW
9 October 2018