Private Healthcare Australia Ltd

ABN 35 008 621 994

Annual Financial Report - 30 June 2019

Private Healthcare Australia Ltd
Directors' report
30 June 2019

The directors present their report, together with the financial statements, on the Private Healthcare Australia Ltd (the "Company" or "PHA") for the year ended 30 June 2019.

Information on directors

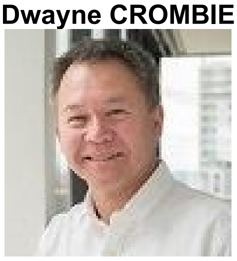
The Hon. John HILL

Title:
Independent Chair of PHA since 3 May 2019
Experience and expertise:
Minister (several portfolios including Minister for Health) – Government of South Australia 2002-2013
Deputy Chancellor – University of South Australia
Deputy Chair – ACH Group
Director – Benberry Ltd
Chair – Goyder Institute

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 - Australian Health Service Alliance
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
Chair - Private Health Insurance Code Compliance Committee

Information on director (continued)

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
Director – TUH Healthcare Services Pty Ltd

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
Member – Chief Executive Women
Managing Director – Hospitals Contribution Fund of Australia Ltd (HCF)
Director – Business Council of Cooperatives and Mutuals

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

Information on director (continued)

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 2019, and the number of meetings attended by each director were:

Board Meetings	Relevant Attended	Relevant Held
HILL, J	1	1
CROMBIE, D	4	8
FOGARTY, G	5	8
GREGORY, B	8	8
JACK, S	7	8
McKENSEY, R	8	8
SCHAFER, J	2	2
SELJAK, R	8	8
VALENA, M	8	8
WILSON, A	6	8

Audit Committee Meetings	Relevant Attended	Relevant Held
SMITH, A	2	2
JOYCE, B	2	2
VALENA, M	2	2

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.

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.

Six of the Director positions are subject to elections every two years, with the two largest members each entitled to appoint a director ex-officio, and the Independent Chair being appointed by the Board for a two-year term. This structure 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 2019 the total amount that members of the Company are liable to contribute if the Company wound up is $200 (2018: $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.

Private Healthcare Australia Ltd
Directors' report
30 June 2019

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

J Hill
Chair

4 October 2019

Auditor's Independence Declaration

To the directors of Private Healthcare Australia Ltd:

As lead auditor for the audit of the financial report of Private Healthcare Australia Ltd for the year ended 30 June 2019, 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	**K L Luong**
4 October 2019	**Director**

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Private Healthcare Australia Ltd
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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 2019. 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 2019

	Note	2019 $	2018 $
Revenue from continuing operations	3	6,572,798	4,608,205
Other income	4	-	40,796
Expenses			
Administration expenses		(509,222)	(509,368)
Advertising & marketing expenses		(7,125)	(12,795)
Employee expenses		(1,879,450)	(1,956,829)
Consultancy expenses	7	(3,658,175)	(1,196,617)
Depreciation and amortisation expense	6	(17,966)	(20,717)
Occupancy expense		(142,594)	(137,249)
Travel & conference activities		(147,512)	(147,858)
Other expenses		(63,446)	(107,222)
Operating surplus		147,308	560,346
Finance income	5	23,685	20,872
Surplus before income tax expense		170,993	581,218
Income tax expense	8	-	-
Surplus after income tax expense for the year		170,993	581,218
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		170,993	581,218

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 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	9	7,659,076	5,238,976
Trade and other receivables	10	250,737	3,983,978
Prepayments		64,644	32,930
Deposits		4,897	4,200
Other financial assets	11	500,000	500,000
Total current assets		8,479,354	9,760,084
Non-current assets			
Property, plant and equipment	12	96,033	108,338
Other financial assets	11	19,388	19,388
Total non-current assets		115,421	127,726
Total assets		8,594,775	9,887,810
Liabilities			
Current liabilities			
Trade and other payables	13	817,052	1,132,832
Unearned income	15	5,329,165	6,500,000
Employee benefits	14	164,520	165,811
Total current liabilities		6,310,737	7,798,643
Non-current liabilities			
Employee benefits	14	23,878	-
Total non-current liabilities		23,878	-
Total liabilities		6,334,615	7,798,643
Net assets		2,260,160	2,089,167
Equity			
Reserves		5,555	5,555
Retained surpluses		2,254,605	2,083,612
Total equity		2,260,160	2,089,167

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 2019

	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

	Reserves $	Retained surpluses $	Total equity $
Balance at 1 July 2018	5,555	2,083,612	2,089,167
Surplus after income tax expense for the year	-	170,993	170,993
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	170,993	170,993
Balance at 30 June 2019	5,555	2,254,605	2,260,160

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 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		10,005,267	8,289,299
Payments to suppliers and employees (inclusive of GST)		(7,602,464)	(4,258,951)
		2,402,803	4,030,348
Interest received		22,958	20,872
Net cash from operating activities		2,425,761	4,051,220
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	12	(5,661)	(3,384)
Proceeds from other financial assets		-	61,380
Acquisition of other financial assets		-	(19,388)
Net cash from/(used in) investing activities		(5,661)	38,608
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		2,420,100	4,089,828
Cash and cash equivalents at the beginning of the financial year		5,238,976	1,149,148
Cash and cash equivalents at the end of the financial year	9	7,659,076	5,238,976

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 financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, 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.

New or amended Accounting Standards and Interpretations adopted

The Company 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 Standards and Interpretations are most relevant to the company:

AASB 9 Financial Instruments
The company has adopted AASB 9 from 1 July 2018 which replaces AASB 139 Financial Instruments: Recognition and Measurement. The standard introduced new classification and measurement models for financial assets.

The Company's financial instruments include cash and cash equivalents, trade and other receivables and trade and other payables. The Company does not apply hedge accounting. On initial applicable of AASB 9, the Company determined that its financial assets and liabilities continue to be measured at amortised cost and the Company has has applied the simplified approach to measuring expected credit losses of its trade and other receivables.

Comparatives were not required to be restated and no differences were required to be recognised to the opening balance of retained earnings at 1 July 2018 as a result of the adoption of AASB 9.

Note 2. Significant accounting policies (continued)

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 unearned income. This unearned income 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
Income is derived from conferences and seminars and is recognised on an accruals basis.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
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.

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 company'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 company'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.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Note 2. Significant accounting policies (continued)

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Financial instruments
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Non-derivative financial assets
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at amortised cost comprise term deposits.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

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.

Note 2. Significant accounting policies (continued)

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.

(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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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.

Note 2. Significant accounting policies (continued)

(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.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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 seven/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.

Note 2. Significant accounting policies (continued)

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

	2019 $	2018 $
Membership levies	6,515,625	4,500,000
Other revenue	14,000	-
Conference income	43,173	108,205
	57,173	108,205
Revenue from continuing operations	6,572,798	4,608,205

Note 4. Other income

	2019 $	2018 $
Gain on borrowings derecognised	-	40,796

Note 5. Finance income

	2019 $	2018 $
Interest income	23,685	20,872

Note 6. Depreciation and amortisation expenses

	2019 $	2018 $
Depreciation and amortisation included in Statement of comprehensive income:		
Office equipment	5,026	7,018
Software	1,451	2,069
Furniture & fixtures	561	702
Office equipment under lease	10,928	10,928
	17,966	20,717

Note 7. Consultancy expenses

	2019 $	2018 $
Consultants expenses	3,620,682	1,150,224
Professional services	37,493	46,393
	3,658,175	1,196,617

Note 8. Income tax expense

As at 30 June 2019 the company has carry forward tax losses of $7,055,321 (2018: $6,883,757). 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 9. Cash and cash equivalents

	2019 $	2018 $
Current assets		
Cash at bank	7,659,076	5,238,976

Note 10. Trade and other receivables

	2019 $	2018 $
Current assets		
Trade and other receivables	248,600	3,949,000
Accrued income	2,137	34,978
	250,737	3,983,978

Note 11. Other financial assets

	2019 $	2018 $
Current assets		
Term deposits	500,000	500,000
Non-current assets		
Term deposits (bank guarantee)	19,388	19,388

Note 12. Property, plant and equipment

	2019 $	2018 $
Non-current assets		
Furniture & Fixtures	24,599	24,599
Accumulated depreciation	(22,354)	(21,793)
	2,245	2,806
Leasehold improvements - King Street	109,278	109,278
Accumulated amortisation	(26,021)	(15,093)
	83,257	94,185
Office Equipment	108,002	102,342
Accumulated depreciation	(98,702)	(93,676)
	9,300	8,666
Software	71,370	71,370
Accumulated amortisation	(70,139)	(68,689)
	1,231	2,681
	96,033	108,338

	Leasehold improveme-nts $	Furniture & Fixtures $	Office Equipment $	Software $	Total $
Balance at 1 July 2018	94,185	2,806	8,666	2,681	108,338
Additions	-	-	5,661	-	5,661
Depreciation/amortisation expense	(10,928)	(561)	(5,027)	(1,450)	(17,966)
Balance at 30 June 2019	83,257	2,245	9,300	1,231	96,033

Note 13. Trade and other payables

	2019 $	2018 $
Current liabilities		
Trade payables	411,350	466,288
GST payable	385,395	592,364
Other payables	-	11,883
Accruals	20,307	62,297
	817,052	1,132,832

Note 14. Employee benefits

	2019 $	2018 $
Current liabilities		
Annual leave	92,417	105,931
Long service leave	72,103	59,880
	164,520	165,811
Non-current liabilities		
Long service leave	23,878	-

Note 15. Unearned income

	2019 $	2018 $
Current liabilities		
Unearned Income - Member levies and other	5,329,165	6,500,000

Note 16. 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:

	2019 $	2018 $
Financial assets		
Cash and cash equivalents	7,659,076	5,238,976
Trade and other receivables	250,737	3,983,978
Other financial assets	500,000	500,000
Deposits	4,897	4,200
	8,414,710	9,727,154

	2019 $	2018 $
Financial liabilities		
Trade and other payables	817,051	1,132,832
Unearned income	5,329,165	6,500,000
	6,146,216	7,632,832

Note 17. Capital Commitments

As at 30 June 2019, the Company had not entered into any capital commitments (2018: Nil).

Note 18. Remuneration of auditors

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

	2019 $	2018 $
Audit of the company's financial report		
HLB Mann Judd Assurance (NSW) Pty Ltd	17,000	16,500

Note 19. Contingent liabilities

As at 30 June 2019, the Company had no contingent liabilities (2018: Nil).

Note 20. Operating leases

	2019 $	2018 $
Lease commitments - operating		
Leases as Lessee		
Non-cancellable operating lease rentals are payable as follows:		
Within one year	85,513	124,672
Two to five years	128,735	288,269
	214,248	412,941

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 2018. 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 21. 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.

	2019 $	2018 $
Key management personnel compensation	1,275,413	1,344,447

Note 22. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 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 2019

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 – Reduced 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 2019 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.

J Hill
Chair

4 October 2019

Independent Auditor's Report to the Members of Private Healthcare Australia Ltd

Opinion

We have audited the financial report of Private Healthcare Australia Ltd ("the Company") which comprises the statement of financial position as at 30 June 2019, 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 2019 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, 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 2019, 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, 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.

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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.

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
4 October 2019