



RURAL AND REMOTE MEDICAL SERVICES LIMITED  
ABN 29 097 201 020

Financial Report  
For the Year Ended  
30 June 2018

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# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Directors' Report

30 June 2018

Your Directors present their report on the Company for the financial year ended 30 June 2018.

### 1. General information

#### Directors

The names of the Directors in office at any time during, or since the end of, the year are:

<b>Names</b>	<b>Position</b>
Ms Jan Newland	Chair
Mr Mark Lynch ISO	Director
Dr Ken Mackey AM	Director
Dr Amanda Barnard	Director
Mr Tim Horan	Director
Mr Richard Anicich AM	Director
Mr Mark Burdack	Director

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

#### Company secretary

The following person held the position of Company secretary at the end of the financial year:

Mrs Olivia Sinclair has been the Company secretary since 25 November 2015. Her qualifications include BCom. Mrs Sinclair has worked for Rural and Remote Medical Services Limited since November 2015 and is currently employed as the Executive Manager - Corporate Services.

#### Members guarantee

Rural and Remote Medical Services Limited is a Company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$10, subject to the provisions of the company's constitution.

At 30 June 2018 the collective liability of members was \$ 70 (2017: \$ 50).

#### Principal activities

The principal activities of Rural and Remote Medical Services Limited during the financial year were delivered in rural and remote NSW, and included:

- Operation of primary health care centres
- Recruitment, placement and management of medical workforce, including permanent and locum GPs and GP/VMOs
- Provision and management of medical services in a number of rural NSW Health facilities
- Development of innovative service models to improve patient access to services, including in the Residential Aged Care and after-hours space

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Directors' Report

30 June 2018

### 1. General information

#### Principal activities

There have been no significant changes in the nature of Rural and Remote Medical Services Limited's principal activity during the financial year.

#### Business review

##### Operating Results

The surplus from ordinary activities amounted to \$443,929 (2017:\$41,079 deficit).

### 2. Other items

#### Significant changes in state of affairs

There have been no significant changes in the Company's state of affairs during the financial year.

#### After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

#### Auditors independence declaration

The lead auditors independence declaration in accordance with subdivision 60-C of the *Australian Charities and Not-for-Profit Commission Act 2012* for the year ended 30 June 2018 has been received and can be found on page 5 of the financial report.

#### Short and Long Term Objectives

The Company has established short and long term objectives as outlined in the Company's business plan which is reviewed on an annual basis. These objectives are both financial and non financial and are aimed towards ensuring quality health services are available to rural and remote communities. These objectives are measured through both financial and non financial key performance indicators that have been determined relevant to the medical support services industry.

### 3. Directors Information

#### Information on Directors

Ms Jan Newland	Chair
Qualifications	M.Clin Epi., BA, GAICD
Special Responsibilities	FARM & Nominations Committee
Mr Mark Lynch ISO	Director
Qualifications	MA, B.Econ
Special Responsibilities	FARM & Nominations Committee

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Directors' Report

30 June 2018

### 3. Directors Information

#### Information on Directors

Dr Ken Mackey AM  
Qualifications  
Special Responsibilities

Director  
M.B.B.S (Syd), Dip. Obst (RCOG), FACRRM, GAID  
Clinical Governance Committee

Dr Amanda Barnard  
Qualifications  
Special Responsibilities

Director  
B.Med (Hons), FRACGP  
Clinical Governance Committee

Mr Tim Horan  
Qualifications  
Special Responsibilities

Director  
DipAppPolicing, DipOHS, AdvDipBus, MBA  
FARM

Mr Richard Anicich AM  
Qualifications  
Special Responsibilities

Director  
BCom, LLB, FAICD  
FARM

Mr Mark Burdack  
Qualifications

Director  
BA/BLeg, GAICD, FGIA

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Directors' Report

30 June 2018

### 3. Directors Information

#### Meetings of Directors

During the financial year, 15 meetings (including sub-committees) of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings		FARM		Clinical Governance	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ms Jan Newland	8	8	-	-	3	3
Mr Mark Lynch ISO	8	8	4	3	-	-
Dr Ken Mackey AM	8	7	4	2	-	-
Dr Amanda Barnard	8	7	-	-	3	3
Mr Tim Horan	8	4	4	2	-	-
Mr Richard Anicich	8	7	4	4	-	-
Mr Mark Burdack	8	7	-	-	-	-

### 4. Indemnification and insurance of officers

#### Insurance premiums paid for Directors

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium is not disclosed due to the terms of the insurance contracts and to protect commercially sensitive information of the Company.

Signed in accordance with a resolution of the Directors:



Director: .....



Director: .....

Dated 27 September 2018

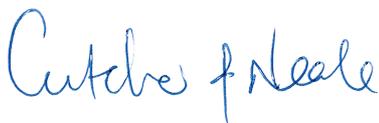
# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Auditors Independence Declaration to the Directors of Rural and Remote Medical Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-Profit Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



Cutcher & Neale  
Chartered Accountants



M.J. O'Connor CA  
Partner

NEWCASTLE

17 September 2018

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Independent Audit Report to the members of Rural and Remote Medical Services Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Rural and Remote Medical Services Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of surplus or deficit and other comprehensive income, the statement of changes in funds 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 *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulations 2013*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* 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 *Australian Charities and Not-for-profits Commission Act 2012*, 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.

#### *Other Information*

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report was limited to the Directors Report.

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.

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Independent Audit Report to the members of Rural and Remote Medical Services Limited

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

### *Responsibilities of Directors for the Financial Report*

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



Cutcher & Neale  
Chartered Accountants



M.J. O'Connor CA  
Partner

NEWCASTLE

28 September 2018

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 9 to 29, are in accordance with the *Australian Charities and Not-for-Profit Commission Act 2012* and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the company.
2. In the Directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made pursuant to subdivision 60.15 of the *Australian Charities and Not-for-Profit Commission Regulations 2013* and in accordance with a resolution of the Directors.



Director .....



Director .....

Dated 27 September 2018

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Statement of Surplus or Deficit and Other Comprehensive Income For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Revenue	2	13,982,649	13,225,350
Other income	2	139,873	236,408
Depreciation and amortisation	3	(148,540)	(143,117)
Employee benefits expense		(4,962,980)	(5,027,113)
VMO & medical services delivery		(6,254,196)	(6,035,911)
Administration and other expenses		(2,312,877)	(2,296,696)
<b>Surplus / (deficit) before income tax</b>		<b>443,929</b>	<b>(41,079)</b>
Income tax expense	1(d)	-	-
<b>Surplus / (deficit) from ordinary activities after related income tax</b>		<b>443,929</b>	<b>(41,079)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income</b>		<b>443,929</b>	<b>(41,079)</b>

The accompanying notes form part of these financial statements.

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Statement of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	5	2,831,484	1,735,371
Trade and other receivables	6	1,441,923	1,368,198
Prepayments		140,633	172,719
TOTAL CURRENT ASSETS		<u>4,414,040</u>	<u>3,276,288</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	574,458	543,483
Intangible assets	7	116,395	123,124
TOTAL NON-CURRENT ASSETS		<u>690,853</u>	<u>666,607</u>
TOTAL ASSETS		<u>5,104,893</u>	<u>3,942,895</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	9	1,351,788	1,393,087
Short-term borrowings	10	28,188	26,272
Employee benefits	11	622,052	609,588
Unexpended funds		1,192,069	391,249
TOTAL CURRENT LIABILITIES		<u>3,194,097</u>	<u>2,420,196</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	10	8,614	20,099
Employee benefits	11	42,648	86,995
TOTAL NON-CURRENT LIABILITIES		<u>51,262</u>	<u>107,094</u>
TOTAL LIABILITIES		<u>3,245,359</u>	<u>2,527,290</u>
NET ASSETS		<u>1,859,534</u>	<u>1,415,605</u>
<b>FUNDS</b>			
Accumulated surplus		<u>1,859,534</u>	<u>1,415,605</u>
TOTAL FUNDS		<u>1,859,534</u>	<u>1,415,605</u>

The accompanying notes form part of these financial statements.

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Statement of Changes in Funds For the Year Ended 30 June 2018

2018

	<b>Accumulated surplus</b>
	<b>\$</b>
<b>Balance at 1 July 2017</b>	<u>1,415,605</u>
Total comprehensive income	<u>443,929</u>
<b>Balance at 30 June 2018</b>	<u><u>1,859,534</u></u>

2017

	<b>Accumulated surplus</b>
	<b>\$</b>
<b>Balance at 1 July 2016</b>	<u>1,456,684</u>
Total comprehensive income	<u>(41,079)</u>
<b>Balance at 30 June 2017</b>	<u><u>1,415,605</u></u>

The accompanying notes form part of these financial statements.

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Statement of Cash Flows

For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers and government grants	16,001,929	15,367,567
Payments to suppliers and employees	(14,718,790)	(14,675,437)
Interest received	2,811	3,074
Finance expense	(4,275)	(3,138)
Net cash provided by (used in) operating activities	12 <u>1,281,675</u>	<u>692,066</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of assets	21,819	-
Purchase of property, plant and equipment	(197,813)	(126,575)
Net cash provided by investing activities	<u>(175,994)</u>	<u>(126,575)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	83,517	108,393
Repayment of borrowings	(93,085)	(62,022)
Net cash used by financing activities	<u>(9,568)</u>	<u>46,371</u>
Net increase / (decrease) in cash and cash equivalents held	1,096,113	611,862
Cash and cash equivalents at beginning of year	1,735,371	1,123,509
Cash and cash equivalents at end of financial year	5 <u><u>2,831,484</u></u>	<u><u>1,735,371</u></u>

The accompanying notes form part of these financial statements.

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements

### For the Year Ended 30 June 2018

The financial statements are for Rural and Remote Medical Services Limited as an individual entity, incorporated and domiciled in Australia. Rural and Remote Medical Services Limited is a not-for-profit Company limited by guarantee.

#### 1 Summary of Significant Accounting Policies

##### (a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profit Commission Act 2012*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs.

##### (b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

##### (c) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

##### Key estimates - impairment of plant and equipment

The Company assesses impairment at the end of the reporting year by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

##### (d) Income tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (e) Revenue and other income

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities as discussed below.

##### Grant revenue

Grant revenue is recognised in the statement of surplus or deficit and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

##### Donations

Donations and bequests are recognised as revenue when received.

No amounts are included in the financial statements for services donated by volunteers.

##### Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

##### Provision of services

Revenue recognition relating to the provision of services is recognised on delivery of service to the client.

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

#### (f) Cash and cash equivalents

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

#### (g) Property, plant and equipment

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

##### Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

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

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (g) Property, plant and equipment

##### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and Equipment	13.5% - 45%
Furniture, Fixtures and Fittings	13.5%
Motor Vehicles	22.5%
Leasehold improvements	13.5%
Software	25%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of surplus or deficit and other comprehensive income.

#### (h) Financial instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### Classification and subsequent measurement

Financial instruments are subsequently measured at either amortised cost using the effective interest rate method, or cost.

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (h) Financial instruments

##### (i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

#### **Impairment**

Objective evidence that a financial asset is impaired includes default by a debtor or evidence that the debtor is likely to enter bankruptcy. At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of surplus or deficit and other comprehensive income.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through surplus or deficit.

#### **Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in surplus or deficit.

#### (i) Intangible Assets

##### **Goodwill**

Goodwill is carried at cost less accumulated impairment losses.

##### **Software**

Software is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of four years.

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (j) Trade and other payables

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

#### (k) Borrowings

Secured and unsecured loans have been obtained. Carrying amounts represent the amount expected to be repaid at settlement. Unsecured loans are considered to be repayable at call and therefore presented as current liabilities.

#### (l) Employee benefits

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

Other employee benefits payable later than one year have been measured at the nominal value. Long service leave is accrued in respect of all employees with more than 5 years service with the Company.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

#### (m) Leases

##### Operating leases

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

#### (n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (o) Deductible Gift Recipient

Rural and Remote Medical Services Limited is a registered deductible gift recipient. The Company has not performed any fundraising associated activities during the year.

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (p) Adoption of new and revised accounting standards

During the current year, the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has not impacted the recognition, measurement and disclosure of transactions.

#### (q) New accounting standards for application in future periods

Accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such Pronouncements on the Company when adopted in future periods, are discussed below.

- AASB 9 Financial Instruments and associated Amending Standards (applicable to annual reporting periods on or after 1 January 2018).

The Standard improves and simplifies the classification and measurement of financial assets. AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting.

The adoption of AASB 9 is not expected to have a material impact on the Company's financial instruments.

- AASB 1058 Income of Not-for-Profit Entities and associated Amending Standards (applicable to annual reporting periods on or after 1 January 2019).

The Standard replaces the existing requirements in AASB 1004 Contributions and clarifies the income recognition requirements that apply to NFP entities, in conjunction with AASB 15 Revenue from Contracts with Customers. The new requirements of AASB 1058 will be assessed closer to the effective date.

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 1 Summary of Significant Accounting Policies

#### (q) New accounting standards for application in future periods

- AASB 16 Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

The main impact of this new Standard will require lessees to recognise assets and liabilities for all operating and finance leases, except where the lease is for a period less than 12 months and of low value. The new requirements of AASB 16 will be assessed closer to the effective date.

Other amendments to existing standards that are not yet effective are not expected to result in a material impact to the Company's financial report.

#### (r) Authorisation of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 27 September 2018. The Directors have the power to amend the financial report at any time.

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 2 Revenue and Other Income

	2018	2017
	\$	\$
Operating activities		
- Medical fees	3,144,830	2,815,250
- VMO revenue	432,726	169,396
- GP Support	2,169,170	2,352,152
- VMO contract income	4,857,468	4,981,025
- Program income	689,094	430,930
- Practice incentive payments	1,410,549	1,199,248
- Management support services	659,101	738,088
- Subsidies	546,710	503,061
- Remote GP service	73,001	36,200
	<u>13,982,649</u>	<u>13,225,350</u>
Other revenue		
- Interest received	2,811	3,074
- Donation income	1,100	1,886
- Rental Income	116,676	218,643
- Sundry income	19,286	12,805
	<u>139,873</u>	<u>236,408</u>
Total revenue & other income	<u>14,122,522</u>	<u>13,461,758</u>

### 3 Result for the Year

(a) The result for the year includes the following specific expenses

- Finance expense	<u>4,275</u>	<u>3,138</u>
Depreciation & amortisation expense		
Amortisation - intangibles	6,729	3,785
Depreciation - plant and equipment	138,104	134,007
Amortisation - leasehold property	3,707	5,325
	<u>148,540</u>	<u>143,117</u>
Doubtful debt expense	<u>32,000</u>	-
Rental expense on operating leases:		
- Minimum lease payments	<u>484,899</u>	<u>494,288</u>
Net loss on disposal of plant and equipment	<u>3,209</u>	<u>29,585</u>

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 4 Auditors' Remuneration

	2018	2017
	\$	\$
Remuneration of the auditor of the company, for:		
- auditing the financial statements	<u>19,000</u>	<u>18,500</u>

### 5 Cash and Cash Equivalents

Cash on hand	1,900	1,700
Cash at bank	<u>2,829,584</u>	<u>1,733,671</u>
	<u>2,831,484</u>	<u>1,735,371</u>

### 6 Trade and Other Receivables

CURRENT		
Trade receivables	987,807	958,292
Provision for doubtful debts	<u>(32,000)</u>	<u>-</u>
	955,807	958,292
Accrued revenue	<u>486,116</u>	<u>409,906</u>
	<u>1,441,923</u>	<u>1,368,198</u>

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 7 Intangible Assets

Goodwill at cost	96,207	96,207
Computer software at cost	30,702	30,702
Accumulated amortisation and impairment	(10,514)	(3,785)
<b>Net carrying value</b>	<b>20,188</b>	<b>26,917</b>
<b>Total Intangibles</b>	<b>116,395</b>	<b>123,124</b>

#### (a) Movements in carrying amounts of intangible assets

	<b>Total</b>
	<b>\$</b>
Balance at the beginning of the year	123,124
Additions	-
Amortisation	(6,729)
<b>Closing value at 30 June 2018</b>	<b>116,395</b>

	<b>Total</b>
	<b>\$</b>
Balance at the beginning of the year	126,909
Additions	-
Amortisation	(3,785)
<b>Closing value at 30 June 2017</b>	<b>123,124</b>

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 8 Property, Plant and Equipment

	2018	2017
	\$	\$
Furniture, fixtures & fittings		
At cost	161,753	155,146
Accumulated depreciation	<u>(100,075)</u>	<u>(89,945)</u>
Total furniture, fixtures and fittings	<u>61,678</u>	<u>65,201</u>
Motor vehicles		
At cost	219,710	196,375
Accumulated depreciation	<u>(97,336)</u>	<u>(73,430)</u>
Total motor vehicles	<u>122,374</u>	<u>122,945</u>
Computer equipment		
At cost	368,768	261,841
Accumulated depreciation	<u>(218,405)</u>	<u>(170,743)</u>
Total computer equipment	<u>150,363</u>	<u>91,098</u>
Leasehold improvements		
At cost	36,877	36,877
Accumulated depreciation	<u>(13,120)</u>	<u>(9,413)</u>
Total leasehold improvements	<u>23,757</u>	<u>27,464</u>
Medical equipment		
At deemed cost	321,130	313,107
Accumulated depreciation	<u>(142,102)</u>	<u>(114,608)</u>
Total medical equipment	<u>179,028</u>	<u>198,499</u>
Household Furniture		
At Cost	93,205	88,603
Accumulated depreciation	<u>(55,947)</u>	<u>(50,327)</u>
Total Household Furniture	<u>37,258</u>	<u>38,276</u>
Total property, plant and equipment	<u><u>574,458</u></u>	<u><u>543,483</u></u>

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 8 Property, Plant and Equipment

#### (a) Movements in Carrying Amounts

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

	Furniture, Fixtures & Fittings	Motor Vehicles	Computer Equipment	Leasehold Improvements	Medical Equipment	Household Improvements	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2018</b>							
Balance at beginning of year	65,201	122,945	91,098	27,464	198,499	38,276	543,483
Additions	6,607	52,780	125,800	-	8,023	4,603	197,813
Disposals	-	(23,904)	(1,123)	-	-	-	(25,027)
Depreciation expense	(10,130)	(29,447)	(65,412)	(3,707)	(27,494)	(5,621)	(141,811)
<b>Balance at 30 June 2018</b>	<b>61,678</b>	<b>122,374</b>	<b>150,363</b>	<b>23,757</b>	<b>179,028</b>	<b>37,258</b>	<b>574,458</b>
<b>2017</b>							
Balance at beginning of year	62,128	91,424	125,271	62,280	200,472	44,250	585,825
Additions	13,680	58,382	28,080	-	26,433	-	126,575
Disposals	-	-	(95)	(29,490)	-	-	(29,585)
Depreciation expense	(10,607)	(26,861)	(62,158)	(5,326)	(28,406)	(5,974)	(139,332)
<b>Balance at 30 June 2017</b>	<b>65,201</b>	<b>122,945</b>	<b>91,098</b>	<b>27,464</b>	<b>198,499</b>	<b>38,276</b>	<b>543,483</b>

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 9 Trade and Other Payables

	2018	2017
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	555,571	581,273
Sundry payables and accrued expenses	336,881	486,639
GST & PAYG payable	256,537	217,028
GP liabilities	202,799	108,147
	<u>1,351,788</u>	<u>1,393,087</u>

### 10 Borrowings

CURRENT		
Loan - secured (a)	11,485	11,485
Insurance loan - unsecured	16,703	14,787
	<u>28,188</u>	<u>26,272</u>
NON-CURRENT		
Loan - secured (a)	8,614	20,099

#### (a) Securities pledged

The loan is secured against the asset, being a motor vehicle. The loan is repayable over 36 months.

### 11 Employee Benefits

CURRENT		
Annual leave	488,744	512,090
Long service leave	133,308	97,498
	<u>622,052</u>	<u>609,588</u>
NON-CURRENT		
Long service leave	42,648	86,995

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements For the Year Ended 30 June 2018

### 12 Cash Flow Information

#### (a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net surplus to net cash provided by operating activities:

	2018	2017
	\$	\$
Surplus for the year	443,929	(41,079)
Cash flows excluded from net surplus attributable to operating activities		
Non-cash flows in surplus:		
- depreciation & amortisation	148,540	143,117
- net (gain) loss on disposal of assets	3,209	29,585
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	(73,725)	339,213
- (increase)/decrease in prepayments	32,085	(78,881)
- increase/(decrease) in grant funding liabilities	800,820	123,370
- increase/(decrease) in trade and other payables	(41,300)	151,499
- increase/(decrease) in employee benefits	(31,883)	25,242
Cashflow from operations	<u>1,281,675</u>	<u>692,066</u>

### 13 Financial Risk Management

The main risks Rural and Remote Medical Services Limited is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk.

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts and leases.

The totals for each category of financial instruments, are as follows:

#### Financial Assets

- Cash and cash equivalents	2,831,484	1,735,371
- Trade and other receivables	1,441,924	1,368,198

#### Total financial assets

4,273,408      3,103,569

#### Financial Liabilities

- Trade and other payables	1,351,788	1,393,087
- Unexpended funds	1,192,069	391,249
- Borrowings	36,802	46,371

#### Total financial liabilities

2,580,659      1,830,707

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 13 Financial Risk Management

#### Financial risk management policies

The Board of Directors has overall responsibility for the establishment of Rural and Remote Medical Services Limited's financial risk management framework. This includes the development of policies covering specific areas such as credit risk, liquidity risk and market (interest rate) risk.

Mitigation strategies for specific risks faced are described below:

#### (a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to Rural and Remote Medical Services Limited and arises principally from Rural and Remote Medical Services Limited's receivables.

Rural and Remote Medical Services Limited does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

#### (b) Liquidity risk

Liquidity risk arises from the possibility that Rural and Remote Medical Services Limited might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its' liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### (c) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

#### *Sensitivity analysis*

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

An increase of 100 basis points or a decrease of 50 basis points would have affected net surplus / (deficit) by the amounts shown below. This analysis assumes that other variables are held constant.

	100 basis points increase	50 basis points decrease
2018	27,947	13,973
2017	16,890	(8,445)

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 13 Financial Risk Management

#### (d) Net Fair Values

There is no material difference between the carrying value of assets and liabilities and the fair values of the assets and liabilities.

### 14 Capital and Leasing Commitments

#### (a) Operating lease commitments

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

	2018	2017
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	85,785	83,225
- between 1 year and 5 years	58,407	50,748
	<u>144,192</u>	<u>133,973</u>

### 15 Related Party Transactions

#### (a) Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties during the year:

#### 2018

Payments to related parties for medical services 733,144

Payments to related parties for legal services 2,068

#### 2017

Payments to related parties for medical services 587,643

Payments to related parties for legal services -

# Rural and Remote Medical Services Limited

ABN 29 097 201 020

## Notes to the Financial Statements

For the Year Ended 30 June 2018

### 16 Remuneration of Key Management Personnel

The totals of remuneration paid to the key management personnel of Rural and Remote Medical Services Limited during the year are as follows:

Short-term employee benefits	<b>184,935</b>	<b>157,592</b>
Post-employment benefits	<b>19,504</b>	<b>14,109</b>
	<b><u>204,439</u></b>	<b><u>171,701</u></b>

### 17 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a 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 and obligations of the Company. At 30 June 2018 the number of members was 7 (2017: 5).

### 18 Company Details

The registered office of and principal place of business of the company is:

Rural and Remote Medical Services Limited  
Suite 2  
53 Cleary Street  
Hamilton NSW 2303