



Rural and Remote Medical Services Limited
ABN 29 097 201 020

Financial Report
For the Year Ended
30 June 2016

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Rural and Remote Medical Services Limited

ABN 29 097 201 020

Directors' Report For the Year Ended 30 June 2016

Your Directors present their report on the Company for the financial year ended 30 June 2016.

1. General information

Directors

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

Names	Position	Appointed/Resigned
Dr Ken Mackey	Chairman	
Mr Mark Lynch	Director	
Ms Jan Newland	Director	
Dr Amanda Barnard	Director	
Mr Tim Horan	Director	Appointed 27/08/2015

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:

Ms Olivia Sinclair has been the Company secretary since 25 November 2015. Her qualifications include BCom. Ms Sinclair has worked for Rural and Remote Medical Services Limited since November 2015 as the Accountant.

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 2016 the collective liability of members was \$ 50 (2015: \$ 40).

Principal activities

The principal activity of Rural and Remote Medical Services Limited during the financial year was providing management support services for medical practices in rural New South Wales.

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 deficit from ordinary activities amounted to \$(282,570) (2015:\$277,922 surplus).

Rural and Remote Medical Services Limited

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Directors' Report For the Year Ended 30 June 2016

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 2016 has been received and can be found on page 4 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 providing a comfortable and secure environment to its' members that continues to meet their needs. 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. Director Information

Information on directors

Dr Ken Mackey	Chairman
Qualifications	M.B.B.S (Syd), Dip. Obst (RCOG), FRACRRM
Special Responsibilities	Clinical Governance Committee
Mr Mark Lynch	Director
Qualifications	MA, B.Econ
Special Responsibilities	FARM & Nominations Committee
Ms Jan Newland	Director
Qualifications	M.Clin Epi., BA, GAICD
Special Responsibilities	FARM & Nominations Committee
Dr Amanda Barnard	Director
Qualifications	B.Med (Hons), FRACGP
Special Responsibilities	Clinical Governance Committee

Rural and Remote Medical Services Limited

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Directors' Report For the Year Ended 30 June 2016

3. Director Information continued

Information on directors continued

Mr Tim Horan	Director
Qualifications	Diploma Applied Policing - 1995 Diploma of Occupational Health and Safety - 2012 2012 Advanced Diploma in Business – 2012 (currently completing) 2012 Masters In Business Administration
Special Responsibilities	FARM

Meetings of directors

During the financial year, 4 meetings of directors were held. Attendances by each director during the year were as follows:

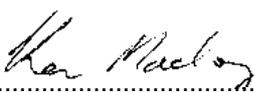
	Directors' Meetings	
	Number eligible to attend	Number attended
Dr Ken Mackey	4	4
Mr Mark Lynch	4	4
Ms Jan Newland	4	4
Dr Amanda Barnard	4	2
Mr Tim Horan	3	3

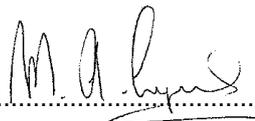
4. Indemnification and insurance of officers

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 Board of Directors:

Director: 

Director: 

Dated 17 November 2016

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 2016 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

20 September 2016

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 Financial Report

We have audited the accompanying financial report of Rural and Remote Medical Services Limited, which comprises the statement of financial position as at 30 June 2016, the statement of surplus or deficit and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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-Profit 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-Profit Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-Profit Commission Act 2012*, which has been given to the directors of Rural and Remote Medical Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Rural and Remote Medical Services Limited

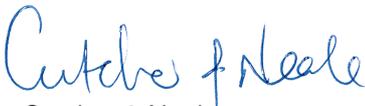
ABN 29 097 201 020

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

Audit Opinion

In our opinion the financial report of Rural and Remote Medical Services Limited is in accordance with the *Australian Charities and Not-for-Profit Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profit Commission Regulations 2013*.



Cutcher & Neale
Chartered Accountants



M.J. O'Connor
Partner

Newcastle

18 November 2016

Rural and Remote Medical Services Limited

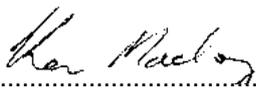
ABN 29 097 201 020

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 8 to 26, 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 2016 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 Board of Directors.

Director 

Director 

Dated 17 November 2016

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 2016

		2016	2015
	Note	\$	\$
Revenue	2	10,755,643	5,461,602
Other income	2	216,770	173,075
Depreciation and amortisation	3	(126,438)	(68,561)
Employee benefits expense		(4,809,344)	(2,433,030)
VMO & medical service delivery		(4,386,737)	(1,870,684)
Administration and other expenses		(1,932,465)	(984,479)
Surplus / (deficit) before income tax		(282,570)	277,922
Income tax expense	1(d)	-	-
Surplus / (deficit) from ordinary activities after related income tax		(282,570)	277,922
Other comprehensive income for the year		-	-
Total comprehensive income		(282,570)	277,922

The accompanying notes form part of these financial statements.

Rural and Remote Medical Services Limited

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Statement of Financial Position

As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,123,509	1,534,285
Trade and other receivables	6	1,764,867	733,316
Other assets	7	93,838	40,731
TOTAL CURRENT ASSETS		<u>2,982,216</u>	<u>2,308,331</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	585,825	375,954
Intangible assets	8	126,909	18,813
TOTAL NON-CURRENT ASSETS		<u>712,734</u>	<u>394,767</u>
TOTAL ASSETS		<u><u>3,694,950</u></u>	<u><u>2,703,098</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	1,299,046	569,919
Employee benefits	11	534,967	276,417
Unexpended funds		267,879	-
TOTAL CURRENT LIABILITIES		<u>2,101,892</u>	<u>846,336</u>
NON-CURRENT LIABILITIES			
Employee benefits	11	136,374	117,508
TOTAL NON-CURRENT LIABILITIES		<u>136,374</u>	<u>117,508</u>
TOTAL LIABILITIES		<u>2,238,266</u>	<u>963,844</u>
NET ASSETS		<u><u>1,456,684</u></u>	<u><u>1,739,254</u></u>
FUNDS			
Accumulated surplus		<u>1,456,684</u>	<u>1,739,254</u>
TOTAL FUNDS		<u><u>1,456,684</u></u>	<u><u>1,739,254</u></u>

The accompanying notes form part of these financial statements.

Rural and Remote Medical Services Limited

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Statement of Changes in Funds For the Year Ended 30 June 2016

2016

	Accumulated surplus
	\$
Balance at 1 July 2015	<u>1,739,254</u>
Total comprehensive income	<u>(282,570)</u>
Balance at 30 June 2016	<u><u>1,456,684</u></u>

2015

	Accumulated surplus
	\$
Balance at 1 July 2014	<u>1,461,332</u>
Total other comprehensive income	<u>277,922</u>
Balance at 30 June 2015	<u><u>1,739,254</u></u>

The accompanying notes form part of these financial statements.

Rural and Remote Medical Services Limited

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Statement of Cash Flows For the Year Ended 30 June 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	11,103,886	5,508,746
Payments to suppliers and employees	(11,129,576)	(5,367,227)
Interest received	5,637	25,647
Net cash provided by (used in) operating activities	12 <u>(20,053)</u>	<u>167,166</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of medical practice	60,156	-
Purchase of property, plant and equipment	(277,215)	(147,579)
Payment for medical practices	(142,962)	(30,000)
Purchase of financial assets	-	(21,991)
Purchase of intangible assets	(30,702)	-
Net cash used by investing activities	<u>(390,723)</u>	<u>(199,570)</u>
Net increase / (decrease) in cash and cash equivalents held	(410,776)	(32,404)
Cash and cash equivalents at beginning of year	<u>1,534,285</u>	<u>1,566,689</u>
Cash and cash equivalents at end of financial year	5 <u><u>1,123,509</u></u>	<u><u>1,534,285</u></u>

The accompanying notes form part of these financial statements.

Rural and Remote Medical Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2016

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, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(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*.

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Notes to the Financial Statements For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(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 customer.

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

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Notes to the Financial Statements For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(g) Property, plant and equipment continued

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:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	13.5% - 45%
Furniture, Fixtures and Fittings	13.5%
Motor Vehicles	22.5%
Leasehold improvements	13.5%

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 the 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

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Notes to the Financial Statements For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(h) Financial instruments continued

(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.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

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.

Rural and Remote Medical Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(i) Intangible Assets continued

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

(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) 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.

Employee benefits payable later than one year have been measured at the nominal value of the estimated future cash outflows to be made for those benefits.

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

(l) 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.

(m) 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.

(n) 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

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Notes to the Financial Statements For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(o) 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.

(p) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has considered the impact of these changes and determined that they will not materially impact the recognition, measurement or disclosure of transactions.

(q) Authorisation of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 29 September 2016. The Directors have the power to amend the financial report at any time.

Rural and Remote Medical Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2016

2 Revenue and Other Income

	2016	2015
	\$	\$
Operating activities		
- Support services revenue	3,339,482	1,488,500
- VMO revenue	3,808,553	2,142,121
- Medical fees	2,298,641	1,011,483
- Practice incentive payments	1,056,515	595,607
- Program funding	109,528	65,109
- Other trading revenue	142,924	158,782
	<u>10,755,643</u>	<u>5,461,602</u>
Other revenue		
- Interest received	5,637	25,647
- Donation income	5,174	109,502
- Rental Income	205,960	37,926
	<u>216,770</u>	<u>173,075</u>
Total revenue & other income	<u>10,972,413</u>	<u>5,634,677</u>

3 Result for the Year

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

Depreciation & amortisation expense		
Depreciation - plant and equipment	118,386	66,675
Amortisation - leasehold property	8,052	1,886
	<u>126,438</u>	<u>68,561</u>
Rental expense on operating leases:		
- Minimum lease payments	365,358	115,203

4 Auditors' Remuneration

Remuneration of the auditor of the company, for:

- auditing the financial statements	18,500	13,650
- accounting services	14,750	-
	<u>33,250</u>	<u>13,650</u>

Rural and Remote Medical Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2016

5 Cash and Cash Equivalents

	2016	2015
	\$	\$
Cash on hand	1,300	2,005
Cash at bank	1,122,209	1,532,280
	<u>1,123,509</u>	<u>1,534,285</u>

6 Trade and Other Receivables

CURRENT		
Trade receivables	911,813	447,441
Accrued revenue	840,026	285,875
Sundry Debtors	13,028	-
	<u>1,764,867</u>	<u>733,316</u>

7 Other Assets

CURRENT		
Prepayments	93,838	40,731

8 Intangible Assets

Goodwill at cost	96,207	18,813
Computer software at cost	30,702	-
Total Intangibles	<u>126,909</u>	<u>18,813</u>

(a) Movements in carrying amounts of intangible assets

	Total
	\$
Balance at the beginning of the year	18,813
Additions	145,207
Disposals	(37,111)
Closing value at 30 June 2016	<u>126,909</u>

Rural and Remote Medical Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2016

9 Property, Plant and Equipment

	2016	2015
	\$	\$
Furniture, fixtures & fittings		
At cost	141,466	119,835
Accumulated depreciation	<u>(79,338)</u>	<u>(55,176)</u>
Total furniture, fixtures and fittings	<u>62,128</u>	<u>64,659</u>
Motor vehicles		
At cost	137,993	97,393
Accumulated depreciation	<u>(46,569)</u>	<u>(24,601)</u>
Total motor vehicles	<u>91,424</u>	<u>72,792</u>
Computer equipment		
At cost	234,156	154,851
Accumulated depreciation	<u>(108,885)</u>	<u>(99,464)</u>
Total computer equipment	<u>125,271</u>	<u>55,387</u>
Leasehold improvements		
At cost	70,487	135,811
Accumulated depreciation	<u>(8,208)</u>	<u>(87,999)</u>
Total leasehold improvements	<u>62,279</u>	<u>47,812</u>
Medical equipment		
At deemed cost	286,675	196,765
Accumulated depreciation	<u>(86,202)</u>	<u>(61,461)</u>
Total medical equipment	<u>200,473</u>	<u>135,304</u>
Household Furniture		
At Cost	88,603	-
Accumulated depreciation	<u>(44,353)</u>	<u>-</u>
Total property, plant and equipment	<u>44,250</u>	<u>-</u>
Total property, plant and equipment	<u><u>585,825</u></u>	<u><u>375,954</u></u>

Rural and Remote Medical Services Limited

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Notes to the Financial Statements For the Year Ended 30 June 2016

9 Property, Plant and Equipment continued

(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
	\$	\$	\$	\$	\$	\$	\$
2016							
Balance at beginning of year	64,659	72,792	55,387	47,812	135,304	-	375,954
Additions	37,028	40,600	160,863	33,610	94,116	8,462	374,679
Disposals	(4,935)	-	(28,734)	-	(3,993)	(708)	(38,370)
Reclassifications	(22,705)	-	(8,941)	(11,090)	-	42,736	-
Depreciation expense	(11,919)	(21,968)	(53,304)	(8,052)	(24,955)	(6,240)	(126,438)
Balance at 30 June 2016	62,128	91,424	125,271	62,280	200,472	44,250	585,825
2015							
Balance at beginning of year	39,806	1,468	29,098	45,138	43,673	-	159,183
Additions	20,743	83,740	47,354	4,560	19,433	-	175,830
Donated assets	10,942	-	5,510	-	93,050	-	109,502
Depreciation expense	(6,832)	(12,416)	(26,575)	(1,886)	(20,852)	-	(68,561)
Balance at 30 June 2015	64,659	72,792	55,387	47,812	135,304	-	375,954

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Notes to the Financial Statements For the Year Ended 30 June 2016

10 Trade and Other Payables

	2016	2015
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	742,370	294,385
Sundry payables and accrued expenses	391,594	73,707
GST & PAYG payable	95,678	131,058
Medical fees payable	69,404	70,769
	<u>1,299,046</u>	<u>569,919</u>

11 Employee Benefits

CURRENT		
Annual leave	434,930	214,720
Long service leave	100,037	61,697
	<u>534,967</u>	<u>276,417</u>
NON-CURRENT		
Long service leave	136,374	117,508

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:

Surplus for the year	(282,570)	277,922
Cash flows excluded from net surplus attributable to operating activities		
Non-cash flows in surplus:		
- depreciation	120,165	68,561
- donated assets	-	(109,502)
- net (gain) loss on disposal of assets	(23,035)	-
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	(1,031,551)	(444,217)
- (increase)/decrease in other assets	(53,107)	(9,400)
- (increase)/decrease in grant funding liabilities	267,879	-
- increase/(decrease) in trade and other payables	728,897	246,480
- increase/(decrease) in employee benefits	253,269	137,322
Cashflow from operations	<u>(20,053)</u>	<u>167,166</u>

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Notes to the Financial Statements For the Year Ended 30 June 2016

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:

	2016	2015
	\$	\$
Financial Assets		
- Cash and cash equivalents	1,123,509	1,534,286
- Trade and other receivables	1,764,867	733,316
Total financial assets	<u>2,888,376</u>	<u>2,267,602</u>
Financial Liabilities		
- Trade and other payables	1,299,046	569,919
- Unexpended funds	267,879	-
Total financial liabilities	<u>1,566,925</u>	<u>569,919</u>

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.

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Notes to the Financial Statements For the Year Ended 30 June 2016

13 Financial Risk Management continued

(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
2016	11,112	(5,556)
2015	15,199	(7,600)

(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

	2016	2015
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	85,732	131,401
- between 1 year and 5 years	9,054	49,726
	<u>94,786</u>	<u>181,127</u>

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Notes to the Financial Statements For the Year Ended 30 June 2016

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:

			Balance outstanding	
	Purchases	Sales	Owed to the company	Owed by the company
Medical services	189,029	9,002	-	-
Grants	-	100,000	-	-
Rent	32,718	148,200	-	-
Plant and equipment	40,600	-	-	-
Sale of medical practices	-	60,156	-	-
Administration fees	25,283	80,000	4,998	-
wages paid on transition	131,983	131,983	-	-

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:

	2016	2015
	\$	\$
Short-term employee benefits	150,307	105,953
Post-employment benefits	13,690	9,745
	<u>163,997</u>	<u>115,698</u>

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 2016 the number of members was 5 (2015: 4).

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Notes to the Financial Statements For the Year Ended 30 June 2016

18 Company Details

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

Rural and Remote Medical Services Limited
Level 3
133 King Street
Newcastle NSW 2300