Annual Financial Report

for the year ended 30 June 2025

NQPHN acknowledges the Aboriginal and Torres Strait Islander peoples as Australia's First Nation Peoples and the Traditional Custodians of this land. We respect their continued connection to land and sea, country, kin, and community. We also pay our respect to their Elders past, present, and emerging as the custodians of knowledge and lore.

Contents

Statement of Comprehensive Income

for the year ended 30 June 2025

	Note	2025 $	2024 $
Revenue			
Revenue	6	101,972,973	94,818,624
Other income		137,810	63,812
		102,110,783	94,882,436
Expenses			
Board and governance		416,327	421,688
Commissioned contracts		84,965,927	80,165,981
Communications and IT		1,696,305	1,601,794
Consultancy fees and professional services	7	1,442,651	1,055,935
Depreciation	12	631,608	625,323
Employee expenses	8	12,886,982	10,798,333
Engagement and memberships		908,704	970,569
Low cost capital items		47,109	65,162
Motor vehicle costs		6,263	8,276
Occupancy costs		228,373	267,370
Other expenses		450,522	186,038
Travel and accommodation		651,258	572,788
		104,332,029	96,739,257
Results from operating activities		(2,221,246)	(1,856,821)
Finance income		2,306,695	1,940,897
Finance costs		(154,846)	(134,919)
Net finance income		2,151,849	1,805,978
Net deficit before tax		(69,397)	(50,843)
Income tax expense	5 (c)	-	-
Net deficit		(69,397)	(50,843)
Other comprehensive income		-	-
Total comprehensive income		(69,397)	(50,843)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2025

	Note	2025 $	2024 $
Assets			
Cash and cash equivalents	9	26,774,734	38,685,161
Trade and other receivables	10	3,262,128	2,761,220
Contract assets	11	-	63,500
Total current assets		30,036,862	41,509,881
Property, plant and equipment	12	2,870,033	2,968,778
Total non-current assets		2,870,033	2,968,778
Total assets		32,906,895	44,478,659
Liabilities			
Trade and other payables	14	8,898,005	15,454,372
Contract liabilities	17	20,062,702	25,258,211
Lease liabilities	18	571,645	520,594
Total current liabilities		29,532,352	41,233,177
Lease liabilities	18	2,192,827	2,251,097
Provision for long service leave	15	387,884	263,131
Provision for restoration	16	5,197	5,197
Contract liabilities	17	251,975	120,000
Total non-current liabilities		2,837,883	2,639,425
Total liabilities		32,370,235	43,872,602
Net assets		536,660	606,057
Equity			
Retained surplus		536,660	606,057
Total equity		536,660	606,057

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2025

	Note	2025 $	2024 $
Retained surplus			
Balance at 1 July		606,057	656,900
Total comprehensive income			
Net deficit		(69,397)	(50,843)
Total other comprehensive income		-	-
Total comprehensive income		(69,397)	(50,843)
Balance at 30 June		536,660	606,057

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2025

	Note	2025 $	2024 $
Cash flows from operating activities			
Cash receipts from funding bodies		106,719,637	95,392,859
Other income		84,578	81,688
Payments to suppliers		(110,214,052)	(87,843,993)
Payments to employees		(10,177,240)	(8,817,545)
Cash used in operating activities		(13,587,077)	(1,186,991)
Interest received		2,306,695	1,940,897
Interest paid		(149,341)	(129,723)
Net cash (used in)/from operating activities	22	(11,429,723)	624,183
Cash flows from investing activities			
Acquisition of property, plant and equipment		(60,626)	(315,284)
Net cash used in investing activities		(60,626)	(315,284)
Cash flows from financing activities			
Payment of lease liabilities		(420,077)	(558,169)
Net cash used in financing activities		(420,077)	(558,169)
Net increase in cash and cash equivalents		(11,910,426)	(249,270)
Cash and cash equivalents at 1 July		38,685,160	38,934,431
Cash and cash equivalents at 30 June		26,774,734	38,685,161

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to Financial Statements

1 Reporting Entity

North Queensland Primary Healthcare Network Limited (the "Company") is domiciled in Australia. The Company's registered office is at Level 5, 111 Grafton Street Cairns. The Company is a not-for-profit entity and primarily is involved in working with community-based general practitioners, dentists, pharmacists, nurses and allied health practitioners in Northern Queensland to improve and coordinate Primary Health Care across the local health system for patients requiring care from multiple providers.

2 Basis of Preparation

(a) Statement of compliance

The financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the *Australian Charities and Not-for-profits Commission Act 2012.* They have been prepared in accordance with Australian Standards - Simplified Disclosures adopted by the Australian Accounting Standard Board ("AASB") and the *Australian Charities and Not-for-profits Commission Act 2012.*

These financial statements were authorised for use by the Board of Directors on the date shown on the directors' declaration.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Revenue recognition – Note 5(a)
- Property, plant and equipment – Note 5(d)
- Leases – Note 5 (h)

Assumptions and estimation uncertainties

Management is not aware of any assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(e) Economic dependency and going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company is a not-for-profit entity and is reliant on government funding to continue its operations. Management has no reason to believe that the required funding will not be forthcoming for the foreseeable future. However, should future government funding be significantly reduced or curtailed, the Company would be unlikely to be able to continue its operations at current levels.

3 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2025 and have not been applied in preparing these financial statements.

The Company does not plan to adopt these standards early.

Where the standard is expected to have a material impact for the Company then further information has been provided.

The Company has reviewed upcoming Australian Accounting Standards and identified AASB 18 *Presentation and Disclosure in Financial Statements* as the only standard with potential impact.

AASB 18 will apply from the 2028–29 financial year and introduces revised presentation formats for the Statement of Comprehensive Income, new disclosure requirements for management-defined performance measures, and changes to the classification of certain cash flow items.

Importantly, this standard affects presentation and disclosure only—there will be no impact on recognition or measurement of financial results

4 New and amended standards adopted

The Company adopted all standards which became materially effective for reporting periods beginning on 1 July 2024. None of these changes had any impact on the company.

5 Material Accounting policies

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue

Commonwealth funding

Funding is provided predominantly by the Commonwealth Department of Health for specific primary health services purchased by the Department in accordance with a standard funding agreement. Funding is based on an agreed range of activities per the standard funding agreement and a nation-wide price by which relevant activities are funded. The standard funding agreement will be reviewed periodically and updated for changes in activities and prices of services delivered.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligation

5. Recognising revenue when/as performance obligations are satisfied.

Revenue is recognised either at a point in time or over time when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. The performance obligations are varied based on the requirements under the relevant funding agreements and include commissioning of primary health activities in accordance with the Company's Activity Work Plans.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Other funding

Other funding comprises sundry grant funding. Grants (other than certain capital grants) are accounted for under AASB 15 *Revenue from Contracts with Customers* where the grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations. As such, the revenue is recognised when each performance obligation is satisfied. The performance obligations are varied based on the requirements under the relevant funding agreements and include performing services and commissioning of primary health activities in accordance with the Project Plans. Payment terms also vary depending on the terms of the grant. Cash is received up front for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the recognition of revenue reflects the transfer of control. Within funding agreements, there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods, being either costs or time incurred, are the most appropriate methods to reflect the transfer of benefits.

For transfers of financial assets (usually cash and/or a receivable) to the Company which enable it to acquire or construct a recognisable non-financial asset, a liability is recognised for the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16 *Leases*, financial instruments in accordance with AASB 9 *Financial Instruments*, or provisions in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The liability is brought to account as income over the period in which the Company satisfies its performance obligation.

(b) Employee benefits

(i) Short-term benefits

Short-term employee benefits 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) Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

(iii) Long-term benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in expenses in the period in which they arise.

(c) Income tax

The Company has been granted exemption from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in income or expenses.

Items of property, plant and equipment with a cost or other value equal to or greater than $10,000 are recognised in the statement of financial position in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives.

The estimated useful lives of property, plant and equipment are as follows:

- Leasehold improvements 3 – 5 years
- Computer hardware 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Financial instruments

(i) Recognition, initial measurement and derecognition

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset, unless it is a trade receivable without a significant financing component, or a financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards of ownership are transferred.

A financial liability is derecognised when its contractual obligations are discharged, cancelled or expire.

(ii) Classification and subsequent measurement

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss
- equity instruments at fair value through other comprehensive income
- debt instruments at fair value through other comprehensive income

Classifications are determined by both:

- the Company's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income, finance costs or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company has determined that all its financial assets fall within the amortised cost category.

Financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as fair value through profit or loss if it is held-for-trading. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Company has only financial liabilities classified as measured at amortised cost.

(f) Impairment

Non-derivative financial assets

Financial assets and contract assets

The Company uses forward looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of these requirements include loans and trade receivables.

The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial asset.

Trade and other receivables

Receivables are amounts owed to the Company at year end. The are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase price or contract price. Settlement of these amounts is required 30 days from invoice date.

Debts are regularly assessed for collectability and allowance is made where appropriate for impairment. All known bad debts are written off as the Company becomes aware of the inability to recover. If an amount is recovered in a subsequent period it is recognised as revenue. The loss is recognised in finance costs. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate.

Receivables are measured at amortised cost which appropriate fair value at reporting date. When the Company has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance.

Grants payable by State and Commonwealth government and their agencies: A credit enhancement exists as these payments are effectively Government guaranteed and both the State and Commonwealth Governments have high credit ratings. Accordingly, the Company considers the level of credit risk exposure to be immaterial. The Company does not calculate ECL for grants.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. As the Company is a not-for-profit entity, value in use is the written down current replacement cost of an asset as the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and as the entity would, if deprived of the asset, replace its remaining future economic benefits.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in expenses.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

(h) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

Measurement and recognition of leases as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following where applicable:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been presented as a separate line item.

The company has elected not to apply the recognition exemption for low value assets and short-term leases.

(i) Members' liability

The Company is a company limited by guarantee. Accordingly, each person who is a member during the year ending on the day of the commencement of the winding up of the Company undertakes to contribute to the property of the Company for:

- payment of debts and liabilities of the Company;
- payment of the costs, charges and expenses of winding up; and
- any adjustment of the rights of the contributories among members.

The amount of any such contribution is limited to $10.

6 Revenue

	2025 $	2024 $
Commonwealth funding (under AASB 15)		
Primary Health Networks - Core Funding	20,421,519	19,180,159
Primary Health Networks - After Hours Primary Health Care	4,365,584	3,483,353
Indigenous Australians' Health Programme	8,220,826	7,703,901
Mental Health and Suicide Prevention	32,686,816	36,883,423
Bilateral PHN Programs	11,633,868	1,974,840
Drug and Alcohol Treatment Activities	6,016,782	5,687,838
Psychosocial Support	4,567,689	5,405,872
Pilots and Targeted Programs	641,821	3,168,288
Aged Care Funding	4,475,769	5,137,478
Urgent Care Clinic	1,746,288	2,594,975
Other funding grants (under AASB 15)		
Queensland Health - Cancer Screening Quality Improvement	96,830	-
My Health Record Expansion	73,821	73,500
Brisbane North PHN - Lead	28,026	-
Brisbane North PHN - Workforce Prioritisation and Planning	434,165	345,089
Additional Service Delivery Funding for Drug and Alcohol	248,294	245,854
Western Queensland PHN - Resilient Kids	-	156,487
Diabetes Queensland - My Health for Life	-	50,000
JCU NARDHC Grant	-	50,000
Queensland Health - Cape Psychological Therapies	600,000	-
Queensland Health - Universal After Care	1,204,696	290,991
Queensland Health - Head to Health	2,978,348	-
Queensland Health - Distress Brief Support Trial	2,634	-
Queensland Health - Urgent Care Clinic	1,529,197	2,386,576
	101,972,973	94,818,624

7 Consultancy and professional services

	2025 $	2024 $
Corporate services	265,853	358,580
Commissioning and programs	683,111	289,876
Information and communication technology services	155,600	98,300
Legal services	92,165	117,994
Internal, external and ISO audit services	183,142	129,757
Insurance	62,780	61,428
	1,442,651	1,055,935

8 Employee expenses

	2025	2024
	$	$
Employee benefits		
Salaries and wages	10,959,947	9,094,944
Employer superannuation contributions	1,164,089	994,794
Annual leave expenses	44,663	95,672
Long service leave expenses	124,753	94,636
Other employee benefits	14,587	29,873
	12,308,039	10,309,919
Employee related expenses		
Workers 'compensation premium	34,795	26,819
Other employee expenses	544,148	461,595
	12,886,982	10,798,333

9 Cash and cash equivalents

Cash and cash equivalents include cash on hand, all cash and cheques receipted by not banked at the year end, 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 cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Cash at bank and on hand	26,653,590	38,564,088
Term deposit	121,144	121,073
	26,774,734	38,685,161

The Company's cash and cash equivalents are subject to restrictions that limit amounts available for discretionary or future use. These include:

Unspent Commonwealth, State, and other grants (contract liabilities)	20,314,677	25,378,211

10 Trade and other receivables

Accounts receivable	25,914	2,283,556
Prepayments	1,020,555	477,664
GST receivable	2,215,659	-
	3,262,128	2,761,220

11 Contract assets

JCU - NARDHC Grant	-	10,000
ADHA - MHR expansion program	-	3,500
Diabetes Queensland - My Health for Life	-	50,000
	-	63,500

12 Property, plant and equipment

Reconciliation of carrying amount

	Right-of-use buildings	Right-of-use vehicles	Right-of-use equipment	Leasehold improvements	Computer hardware	Total
	$	$	$	$	$	$
Cost						
Balance at 1 July 2023	1,556,223	36,775	48,731	401,731	287,660	2,331,120
Remeasurement	4,440	-	-	-	-	4,440
Additions	2,004,235	126,170	49,393	60,503	254,781	2,495,082
Disposals	(413,994)	(36,775)	(48,731)	(271,684)	-	(771,184)
Balance at 30 June 2024	3,150,904	126,170	49,393	190,550	542,441	4,059,458
Balance at 1 July 2024	3,150,904	126,170	49,393	190,550	542,441	4,059,458
Remeasurement	(38,534)	-	1,776	-	-	(36,758)
Additions	-	-	-	60,626	-	60,626
Disposals	-	-	-	-	-	-
Balance at 30 June 2025	3,112,370	126,170	51,169	251,176	542,441	4,083,326
Depreciation and impairment						
Balance at 1 July 2023	497,778	18,216	48,731	333,455	287,660	1,185,840
Depreciation for the year	554,571	25,569	13,720	27,217	4,246	625,323
Disposals	(410,974)	(36,775)	(48,731)	(224,003)	-	(720,483)
Balance at 30 June 2024	641,375	7,010	13,720	136,669	291,906	1,090,680
Depreciation and impairment						
Balance at 1 July 2024	641,375	7,010	13,720	136,669	291,906	1,090,680
Depreciation for the year	519,952	42,057	17,056	1,587	50,956	631,608
Remeasurement	(509,488)	-	493	-	-	(508,995)
Balance at 30 June 2025	651,839	49,067	31,269	138,256	342,862	1,213,293
Carrying amounts						
As at 30 June 2024	2,509,529	119,160	35,673	53,881	250,535	2,968,778
As at 30 June 2025	2,460,531	77,103	19,900	112,920	199,579	2,870,033

Leases

Buildings
The Company leases buildings in Cairns Townsville and Mackay. The Cairns lease commenced November 2023. The lease has a term of six (6) years and eight (8) months, 1st November 2023 to 30th June 2030, with an option for an additional three (3) years. The lease is subject to annual CPI increases.

During the year, the Company exercised the option on the Townsville lease, from 1 July 2024 to 30 June 2027, with an initial rental abatement of six (6) months. There is an option for a further three (3) years that is not reasonably certain to be taken up. The lease is subject to annual CPI increases.

The Mackay lease, used for offices, was renewed from May 2025 with an expanded floor area. The lease term is three (3) years, with a further three (3) year option, which is reasonably certiain to be exercised at the Company's discretion. The lease is subject to annual CPI increases.

Vehicles
The Company leases four (4) vehicles. Thes leases have a term of three years, April 2024 to March 2027. The lease payments are fixed for the term of the lease.

Equipment
The Company leases photocopiers in each office location. The lease term is 3 years, 30th September 2023 to 30th September 2026. Payments are fixed for the term of the lease. A variation to Rental Agreement to include puncher attachments to all four (4) photocopiers, effective 1st July 2024, remeasured the lease liability using a revised discount rate and adjusted the right-of-use asset.

13 Financial instruments - fair values

The Company's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable and payable and lease liabilities. The fair values of financial assets and financial liabilities approximate the carrying amounts shown in the statement of financial position.

	2025	2024
	$	$
Financial assets		
Cash and cash equivalents	26,774,734	38,685,161
Receivables	2,241,573	1,760,625
	29,016,307	40,445,786
Financial liabilities		
Trade and other payables	8,340,362	14,941,393
Lease liabilities - current	571,645	520,594
Lease liabilities - non-current	2,192,827	2,251,097
	11,104,834	17,713,084

14 Trade and other payables

Trade payables	3,295,544	2,365,042
Contract accruals	4,281,125	10,526,081
Other payables and accruals	647,132	893,886
Commonwealth funding repayable	116,561	1,156,384
Liability for annual leave	557,643	512,979
	8,898,005	15,454,372

15 Provision for long service leave

Non-current		
Long service leave	387,884	263,131
Balance at 1 July	263,131	168,495
Leave taken	(3,108)	-
Provisions made during the year	127,861	94,636
Balance at 30 June	387,884	263,131

Long service leave

The provision for long service leave represents the Company's best estimate of the future benefit that employees have earned. The amount and timing of the associated outflows is uncertain and dependent on employees attaining the required years of services. Where the Company no longer has the ability to defer settlement of the obligation beyond 12 months from the reporting date, liabilities are presented as current. This would usually occur when employees are expected to reach the required years of service in the 12 months from reporting date. The discount rate used to determine the present value of future benefits at 30 June 2025 was 4.25% (2024 was 4.45%).

16 Provision for restoration

	2025 $	2024 $
Non-current		
Restoration of building leases	5,197	5,197
Balance at 1 July	5,197	36,521
Provisions used during the year	-	(31,324)
Balance at 30 June	5,197	5,197

17 Contract liabilities

	2025 $	2024 $
Current		
Core Operational and Flexible, Establishment and Transition and Innovation	3,389,333	3,495,365
Core After Hours Primary Health Care	3,836,105	4,320,413
Indigenous Australians' Health Programme	238,482	606,018
Mental Health and Suicide Prevention	4,227,484	5,515,792
Drugs and Alcohol Treatment Services	226,143	364,624
Bilateral PHN Programs	4,238,438	5,272,097
Psychosocial Support	56,709	363,701
Urgent Care Clinic	308,219	161,665
Aged Care Funding	728,628	1,037,168
Pilots and Targeted Programs	285,705	419,814
Other Non-DoHAC Programs	2,527,456	3,701,554
	20,062,702	25,258,211
Made up of:		
Future funding received in advance	4,610,446	-
Current year funding held to meet future activity commitments	179,377	3,329,305
Unexpended and uncommitted funds:		
Core Operational and Flexible, Establishment and Transition and Innovation	3,076,876	1,718,763
Core After Hours Primary Health Care	860,443	3,765,413
Indigenous Australians' Health Programme	238,482	606,018
Mental Health and Suicide Prevention	4,107,484	4,992,180
Drugs and Alcohol Treatment Services	226,143	364,624
Bilateral PHN Programs	3,067,776	5,272,097
Psychosocial Support	56,709	363,701
Urgent Care Clinic	276,555	161,665
Aged Care Funding	728,628	712,168
Pilots and Targeted Programs	285,705	270,723
Other Non-DoHAC Programs	2,348,078	3,701,554
	20,062,702	25,258,211
Non-current		
Mental Health and Suicide Prevention	251,975	120,000
	20,314,677	25,378,211

18 Lease liabilities

	2025 $	2024 $
Current	571,645	520,594
Non-current	2,192,827	2,251,097
	2,764,472	2,771,691
Balance at 1 July	2,771,691	1,160,144
Additions to leases	-	2,180,045
Lease remeasurements	412,858	4,497
Lease payments	(569,325)	(679,614)
Interest expense on lease liabilities	149,248	121,444
Disposals	-	(14,825)
Balance at 30 June	2,764,472	2,771,691

Future lease payments are due as follows:

	2025 $	2024 $
Less than one year	721,260	671,209
Between one and five years	2,340,327	2,153,870
More than five years	134,179	403,450
	3,195,766	3,228,529

19 Capital management

The Company's policy is to maintain a strong capital base so as to maintain member, creditor and funding body confidence and to sustain future development of the business. Capital consists of retained surpluses. Management monitors the Company's operating surplus.

The Company is not subject to externally imposed capital requirements.

20 Commitments

The Company commits commissioned contracts against future funding. As at 30 June 2025, the Company committed $62,052,026 (2024: $30,667,565) in commissioned contracts against the 2025/26 and subsequent years grant funds. This commitment amount excludes current year funding held to meet future activity commitments as these are included in the contract liabilities balance as disclosed in Note 16. The 2025/26 funds had not been received at 30 June 2025 and accordingly are not reflected in the Company's 2024/25 financial statements.

21 Contingent liabilities

A potential legal claim was identified against the Company in the 2022 financial year. Management considers the grounds for this potential legal claim to be unjustified and the probability that it will require settlement at the Company's expense to be remote. This evaluation is consistent with external independent legal advice and the matter remains ongoing as at 30 June 2025.

22 Reconciliation of cash flows from operating activities

	2025 $	2024 $
Net deficit	(69,397)	(50,843)
Adjustments for:		
Depreciation	631,608	625,323
Non-cash lease movements	(59,378)	(11,500)
Disposals of PPE	-	47,681
	502,833	610,661
Changes in:		
Trade and other receivables	(437,408)	(2,422,642)
Trade and other payables	(6,556,367)	9,899,855
Provisions and employee benefits	124,753	63,312
Contract liabilities	(5,063,534)	(7,527,003)
Net cash flow from operating activities	(11,429,723)	624,183

23 Related parties

Transactions with key management personnel

(i) Remuneration of Board of Directors

Remuneration expense for Board of Directors comprises base remuneration, committee chair sitting fees, committee member sitting fees, and superannuation. The amounts disclosed below represent expenses recognised in the statement of comprehensive income.

Details of the nature and amount of each element of the remuneration of each Board Member of the Company are shown in the table below:

	Remuneration $	Superannuation $	Allowances $	Total $
2025				
Mr Benjamin Tooth (resigned Sep-24)	15,748	1,864	-	17,612
Mr Gerard Wyvill	35,190	4,575	-	39,765
Mr Jeffrey Stewart-Harris	61,424	7,719	-	69,143
Dr Konrad Kangru	35,190	4,343	-	39,533
Mr Luckbir Singh (resigned Nov-24)	14,831	1,803	-	16,634
Ms Michelle Hardy (appointed Nov-24)	21,398	2,648	-	24,046
Ms Sharon Kelly	37,353	4,740	-	42,093
Ms Suzanne Andrews	35,190	4,575	-	39,765
Ms Tanika Parker (appointed Nov-24)	21,090	2,514	-	23,604
Ms Tara Diversi	35,190	4,286	-	39,476
Ms Toni Weller (appointed Jul-24)	35,190	4,517	-	39,707
	347,794	43,584	-	391,378

	Remuneration $	Superannuation $	Allowances $	Total $
2024				
Ms Suzanne Andrews	37,953	4,175	-	42,128
Ms Tara Diversi	38,526	4,238	-	42,764
Dr Konrad Kangru	37,347	4,108	-	41,455
Ms Sharon Kelly (appointed 16/11/2023)	21,663	2,383	-	24,046
Ms Topaz McAuliffe (resigned 12/02/2024)	25,536	2,809	-	28,345
Mr Terry Mehan (appointed 28/11/2022)	70,200	7,722	-	77,922
Mr Luckbir Singh	37,349	4,109	-	41,458
Dr Chris Stemaschuk (resigned 16/11/2023)	16,373	1,801	-	18,174
Mr Jeffrey Stewart-Harris (appointed 16/11/2023)	22,986	2,528	-	25,514
Mr Benjamin Tooth	42,222	4,644	-	46,866
Ms Catherine Whalan (resigned 16/11/2023)	15,744	1,732	-	17,476
Mr Gerard Wyvill (appointed 12/02/2024)	13,550	1,490	-	15,040
	379,449	41,739	-	421,188

(ii) Remuneration of other key management personnel

Remuneration and other terms of employment for the Company's other key management personnel are specified in employment contracts. The amounts disclosed below represent expenses recognised in the statement of comprehensive income. The following persons were members of the Executive Team during the financial year ended 30 June 2025:

Mr Benjamin Tooth	Chief Executive Officer (appointed Sep-24)
Mr Sean Rooney	Chief Executive Officer (resigned Sep-24)
Ms Karin Barron	Executive Director, Health System Integration and Innovation (contract end Jun-25)
Ms Ruth Azzopardi	Executive Director, Health Services Commissioning (contract end Jun-25)
Ms Katherine Dziaman	Executive Director, Business Services (appointed Mar-25)
Ms Amanda Roser	Executive Director, Business Services (resigned Jan-25)
Ms Janine Cox	Executive Director, Data, Information & Digital (appointed Jun-25)
Ms Gillian Yearsley	Executive Director, Health Services Commissioning (appointed Jun-25)
Mr Matt Burrows	Executive Director, Health System Integration and Innovation (appointed Jun-25)

	2025 $	2024 $
During the year the following remuneration was paid to members of the Executive Team:		
Short-term employee benefits	1,040,688	939,908
Post-employment benefits (Superannuation)	109,193	103,754
Other long term benefits	-	8,962
	1,149,881	1,052,624

Compensation of the company's key management personnel includes salaries, non-cash benefits and contributions to a post employment defined contribution plan.

(iii) Loans to Directors and Key Management Personnel

No loans have been made to directors or key management personnel during the year ended 30 June 2025 (2024 nil).

(iv) Transactions with Members

A number of members transacted with the Company during the year. The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances were as follows:

	Expenditure for the year ended 30 June		Balance payable as at 30 June	
	2025 $	2024 $	2025 $	2024 $
Cairns and Hinterland Hospital and Health Services	142,058	108,333	127,000	-
Townsville Hospital and Health Services	1,503,879	1,275,844	131,500	244,260
Torres and Cape Hospital and Health Services	1,482,345	1,982,062	-	237,672
Mackay Hospital and Health Services	729,270	531,509	105,000	78,672
Australian Primary Health Care Nurses Association	529,336	260,296	48,720	85,500
Queensland Alliance for Mental Health	623	1,200	-	-
CheckUP	500	1,000	-	-
Selectability	1,665,378	1,511,275	-	474,271
Health Workforce Queensland	576,000	913,320	-	270,000
Royal Australian College of General Practitioners	-	5,770	-	-
Gurrinny Yealamucka	1,377,858	1,202,870	100,000	376,536
Townsville Aboriginal and Islander Health Service (resigned 13 August 2024)	2,181,905	1,832,886	28,000	516,074
Northern Aboriginal and Torres Strait Islander Health Alliance	434,084	-	-	-

The Company used the services of Members in relation to health services, workforce development, resourcing, and consulting services. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

(v) Membership contribution and interest in Tropical Australian Academic Health Centre Limited

Tropical Australian Academic Health Centre Limited ("TAAHCL") registered as a public company limited by guarantee on 3 June 2019. North Queensland Primary Healthcare Network Limited is one of seven founding members along with Cairns and Hinterland Hospital and Health Service, Mackay Hospital and Health Service, North West Hospital and Health Service, Townsville Hospital and Health Service, Torres and Cape Hospital and Health Service and James Cook University. Each founding member holds two voting rights in the company and is entitled to appoint two directors.

The members have incorporated the company and established a governance structure to enhance health and health services research in the region, leveraging economies of scale and the proven opportunities of the Academic Health Centre concept for northern Queensland.

As each member has the same voting entitlement (14.3%), it is considered that none of the individual members has power or significant influence over TAAHCL (as defined by AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*). Each member's liability to TAAHCL is limited to $10. TAAHCL's constitution prevents any income or property of the company being transferred directly or indirectly to or amongst the members. Each member must pay annual membership fees as determined by the board of TAAHCL.

As TAAHCL is not controlled by North Queensland Primary Healthcare Network Limited and is not considered a joint operation or an associate of North Queensland Primary Healthcare Network Limited, financial results of TAAHCL are not required to be disclosed in these statements.

24 Subsequent events

The Board is not aware of any events which have occurred subsequent to balance date which would materially affect the financial statements at 30 June 2025, or the Company's state of affairs in future financial years.

25 Auditor's remuneration

	2025 $	2024 $
Audit services		
Auditors of the Corporation - Grant Thornton		
Audit of financial statements and Commonwealth, State and Other Acquittals	57,980	55,750
Other audit services	-	8,500
	57,980	64,250

Directors' Declaration

The directors of North Queensland Primary Healthcare Network Limited (the "Company") declare that in their opinion:

a. the financial statements and notes satisfy the requirements of 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 2025 and of its performance for the financial year ended on that date; and

   ii. complying with Australian Accounting Standards – Simplified Disclosures (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Regulations 2022*; and

b. there are reasonable grounds to believe that the Company is able to pay all of its debts as and when they become due and payable; and

c. Commonwealth government monies expended by the Company during the financial year have been applied for the purposes specified in the relevant Letter of Offer and the Company has complied with the terms and conditions relating to Commonwealth government funding received.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulations 2022*:

Jeff Stewart-Harris

Jeffrey Stewart-Harris
Chairperson

Dated at Cairns, this 3rd day of October 2025

Signature: Jeff Stewart-Harris
Jeff Stewart-Harris (Oct 3, 2025 16:11:14 GMT+10)

Email: jeff.stewartharris@nqphn.com.au

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Independent Auditor's Report

To the Members of North Queensland Primary Healthcare Network Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of North Queensland Primary Healthcare Network Limited (the "Registered Entity"), which comprises the statement of financial position as at 30 June 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and the Directors' declaration.

In our opinion, the financial report of North Queensland Primary Healthcare Network Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Registered Entity's financial position as at 30 June 2025 and of its financial performance for the year then ended; and

b complying with Australian Accounting *Standards AASB 1060 General Purpose Financial Statements -Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

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

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

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 Registered Entity's annual report for the year ended 30 June 2025, 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 Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Registered Entity'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 Registered Entity or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

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 Registered Entity'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 Registered Entity'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 Registered Entity 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 those charged with governance 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.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A D Cornes
Partner – Audit & Assurance

Cairns, 3 October 2025

phn NORTHERN QUEENSLAND
An Australian Government Initiative

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