CATHOLIC HEALTH
Australia

FINANCIAL REPORT
for the year ended

30th JUNE 2014

The Catholic Church in Australia

Working in communion

Providing the healing care of the hands of Jesus

CATHOLIC HEALTH
Australia

Annual Report for the 2013/14 Financial Year

TABLE OF CONTENTS

75 hospitals and 550 aged care facilities are operated by different bodies of the Catholic Church within Australia. These health and aged care services are operated in fulfilment of the mission of the Church to provide care and healing to all those who seek it. Catholic Health Australia is the peak member organisation of these health and aged care services. Further detail on Catholic Health Australia can be obtained at **www.cha.org.au**

Key Contributions on behalf of CHA Members

The Constitution of Catholic Health Australia states:

The Company, Catholic Health Australia Limited, is established for purposes of advancing health, social and public welfare as the national advocate for the healing Ministry of the Catholic Church in Australia. By supporting the service capacity and promoting the Catholic identity of its members, it contributes to the fulfilment of the Mission of the Catholic Church. Through advocacy, Catholic Health Australia pursues direct benevolent relief of illness, direct benevolent relief of the needs of the aged and direct benevolent relief of poverty as a social determinant of health.

In the 2013/14 year, CHA has fulfilled this vision by:

- CHA's analysis of the Commission of Audit through the lens of *Evangelii Gaudium* and Catholic social teaching.
- CHA's response to the 2014/15 Federal Budget.
- CHA's leadership in the campaign against the Aged Care Workforce Compact, resulting in the Federal Government's adoption of CHA's proposal for the $1.1 billion fund to be paid as a general increase in the aged care subsidy.
- May member briefings held in Perth, Adelaide, Sydney, Melbourne, and Brisbane.
- The visit of the Stewardship Board Chair to Singapore and Malaysia, and the subsequent application for CHA membership of the Franciscan Missionaries of the Divine Motherhood for their Singaporean Ministries.
- The release of the CHA/Australian Healthcare and Hospitals Association hospital service contracting paper.
- The release of CHA ethical guides on future care planning, care for same-sex attracted people and responding to requests to support surrogate birthing.
- The commencement of Catholic Health Australia Ltd, and the cessation of Catholic Health Australia Inc.
- The appointment of the CHA CEO to the Australian Government Aged Care Sector Advisory Board and the Australian Government Clinical Trials Advisory Group.
- The introduction of the *Australian Charities and Not-for-profits Commission (Repeal) (No. 1) Bill 2014*, supported by CHA.
- CHA briefings on the case for future aged care reform with the members of the new Government and new Department for Social Services.
- Identification of the potential for Catholic health organisations to be able to bid to operate Medicare Locals at some future stage.
- The Stewardship Board chair's visit to Pakistan to give professional advice on the future of Catholic hospitals in the Islamic nation.

Key Contributions on behalf of CHA Members cont.

- A group consultancy report undertaken on the future viability of Catholic pathology provision.
- Conduct of the 2013 CHA annual conference in Melbourne, attended by some 400 people.
- Conduct of the 2013 CHA annual general meeting in Melbourne, which ratified changes to CHA's association status.
- Representation at the Pontifical Council for Health Care Workers' November conference in Rome, and the attendance of the CHA Stewardship Board chair at the inaugural meeting of *Comitato Internazionale delle Istituzioni Sanitarie Cattoliche (CIISAC)*.
- The establishment of the Pathways initiative for leader formation.
- The growth of the CHA-initiated Social Determinants of Health Alliance, which now comprises some 70 members, and the presentation of a case to the Australian Health Ministers' April meeting on the need for action on social determinants.
- Establishing contact with the new Federal Government, and their adoption of CHA positions to scrap the Aged Care Workforce Compact and change regulation setting prices for residential aged care.
- The securing of a commitment to conduct a Senate inquiry into Medicare's failings, after the launch of the CHA-led "Mend Medicare" alliance;
- The raising of social determinants of health during the Federal Election campaign, by the staging of the social determinants federal election forum in Sydney.

Chair and Chief Executive Officer's Report

As we gather in Brisbane for Catholic Health Australia's annual general meeting, we do so at a time of transition for the organisation – in a range of different ways. Transition can be a time of uncertainty for many groups, but it is a time of great opportunity and excitement for Catholic Health Australia as it continues its work as a respected and trusted national voice on the important issues of health, aged care, not-for-profit reform, the social determinants of health and a range of other subjects.

After almost six-and-a-half years under the leadership of CEO Martin Laverty, Catholic Health Australia is set to embark on a new journey with Suzanne Greenwood starting as CEO in the coming weeks. The Stewardship Board, on behalf of CHA's members, again today wish to acknowledge Martin's efforts to maintain and enhance the place of Catholic Health Australia in the public domain as a key contributor to the national debate over issues as diverse as Medicare and pathology, aged care workforce and charities regulation, end-of-life care and advance care planning.

The Board is confident that under Suzanne's leadership, that pride of place will remain and the recognition of Catholic hospitals' and Catholic aged care's place as part of the national delivery of quality care will continue to be seen.

For the first time in many years, the Stewardship Board is able to welcome a new international member to the Catholic Health Australia family, with our good friends from Singapore and Malaysia, the Franciscan Missionaries of the Divine Motherhood, having applied for membership on behalf of their Singaporean Ministries. We have long known and welcomed leaders from Mount Alvernia Hospital to our conferences, but this step of extending membership to those outside our geographical boundaries – yet well inside our familial boundaries as fellow workers in the delivery of Christ's healing ministry – is a big step forward, and part of this exciting period of transition. With so many opportunities in common, as well as shared challenges, this partnership will be of mutual benefit as another step in strengthening the delivery of that healing ministry.

The new engagement with our Asian brothers and sisters is consistent with ongoing efforts to strengthen the ties that bind Catholic health and aged care services in this corner of the globe.

Catholic Health Australia continues to take on a crucial role in guiding efforts to create a collaborative approach to leader formation across the CHA family. The Pathways Taskforce, representing organisations large and small in health and aged care, was established following a mandate at the 2013 CHA governance conference, "Stewards of the Mission".

Important foundational work has already been carried out as part of the Pathways initiative, and some of that will be shared with the national conference in the coming days. We are gaining a better understanding of what our members' needs are in terms of leadership formation, but we're also seeking to better understand the great strengths that already exist within the CHA network that can be shared and benefit the broader network. We recognise this is a long-term commitment, and we hope that you, our members, will share this journey with us.

Liaising with our American colleagues is another important aspect of this work, with CHA having forged a close working relationship with the Sacramento-based Ministry Leadership Centre, with two CHA representatives having already attended part of MLC's leader formation training and a number of subsequent visits planned to assess how Australian Catholic health and aged care executives, trustees and board members can be offered formation opportunities close to home that are robust and help develop the current and future generations of leaders.

CHA's work must also be – and must continue to be – outward-looking and engaging with the outside world. In the past year, relationships with like-minded non-Catholic organisations have been forged or strengthened, with the CHA-initiated Social Determinants of Health Alliance now boasting 70 organisational members and a key player in efforts to battle health inequity in Australia. Our work with the Mend Medicare Alliance, another group that CHA was instrumental in forming, was a key part of establishing what would become a Senate Inquiry into excessive out-of-pocket health costs. We've also worked closely with other peak bodies to increase the volume of CHA's advocacy voice when appropriate.

That advocacy voice helped bring about important policy change at the federal level, including changes to aged care financing that will see all CHA members benefit from a previous increase in Government funding – rather than a select few. The voice is also sitting around the table of some key advisory bodies to the Australian Government, including in aged care and a number of areas in health. On an international stage, CHA also has a seat at the table of a new Catholic health care commission that meets regularly at the Vatican.

As part of our social determinants of health agenda, now embedded in the company's constitution as a key plank in its work, CHA has reached out within the Catholic family to further raise awareness of the natural connection between the rich resource that is Catholic Social Teaching and the work to address health inequity. The new book, *Exploring the Connection: Catholic social teaching & social determinants of health*, will be launched today and features some of the Church's leading thinkers in this important area.

Another important body of work carried out over many months will come to fruition tomorrow, with the launch of the new My Future Care website. The website is part of a broader effort to help people think about – and talk about – the sort of care they would want in the future, and to appoint someone to make decisions on their behalf if they are unable to do so. The new *Advance Care Plan* framework, released in May by CHA and the Australian Catholic Bishops Conference, allows people to record those wishes and appoint that person. The My Future Care website looks more closely at the Catholic understanding of health care and end-of-life care, with information, videos and resources helping to convey that message. As many states and territories produce their own documents on plans for future care, the development and release of a framework that's consistent with Catholic teaching, but equally applicable to people or service providers of all faiths or none, is particularly timely and relevant.

Much of CHA's work under the Catholic umbrella in the past 18 months has been shaped by the messages being delivered by Pope Francis early in his papacy. In particular, the apostolic exhortation *Evangelii Gaudium* has been a source of wisdom, inspiration and strength for those of us working in Catholic ministries. When Pope Francis calls for a Church "that is poor and for the poor", that helps us refocus our energies on what a major goal of Catholic services should be. It reminds us of the work that has been carried out in this country for more than 175 years in the name of Christ and His Church to improve the health and well-being of all with whom we come in contact.

It is also a key premise of Christ and His Church that our service is directed to all, and not just a chosen few, not just the wealthy, not just those who are Catholic or Christian. Across this country, we have services that are touching and improving the lives of some of society's most vulnerable people – the homeless, the jobless, the nationless, the friendless. The work our members carry out is a source of great inspiration and while there is a tendency for us to hide our light under a bushel, the work of the Church's ministries in this area is rightly an area of pride for bishops, religious and laity alike.

Even we at CHA sometimes find reasons to be proud. The recognition of long-time director of aged care Richard Gray, who now works as CHA's senior aged care advisor, as a Member of the Order of Australia in this year's Queen's Birthday Honours was one such source of pride for the Catholic aged care community. While Richard was quick to suggest that his gong was really recognition of the work of CHA over many years, he has led that work on the aged care front for almost two decades and is a highly respected member of the country's aged care advocacy family.

While recognitions of that magnitude are indeed rare, we would also like to thank the work of the CHA secretariat in Canberra for allowing the work of the company – as CHA has been since March 1 this year – to carry on seamlessly and for the interests of the Catholic health and aged care community to be so well represented around the country, including in the halls of Federal Parliament.

We'd also like to thank, on behalf of our 75 hospitals and 550 aged care services, the work of CHA's volunteer members of the Stewardship Board. The group gives so generously of its time and its leadership is integral to shaping the work of the national office. In particular, we express our gratitude to members of the board who have made a contribution over many years and whose time on the board is coming to a close. To Brendan Bowler, representing Southern Cross Care, and to Kate Birrell, representing St John of God Health Care – we are indebted to you for your wisdom and guidance over many years. Thank you.

And a final thank you to the members of Catholic Health Australia for what you do in service of our brothers and sisters of Christ and in service of Christ's Church. We take the responsibility of representing you very seriously and we look forward to continuing to work together in the years ahead.

Rowena McNally
Chair

Martin Laverty
Chief Executive Officer

CHA Policy Committees as at 30 June 2014

Aged Care Committee

Ms Valerie Lyons (Chair)
Chief Executive Officer, Villa Maria Society

Mr Paul McMahon
Chief Executive Officer, Southern Cross Care (NSW & ACT)

Mr Marcus Riley
Chief Executive Officer, Queensland Hibernian Friendly Society (Ltd)

Mr Paul Bradley
National Director, Aged Care & Retirement, Little Company of Mary Health Care

Mr John Leahy
Chief Executive Officer, St Vincent's Health Australia Ltd

Ms Voula Yankoulas
Executive Director, Residential Aged Care, Mercy Health

Mr Carlo Calogero
Executive Director, Aged Care Services, MercyCare

Mr David Maher
Managing Director, Catholic Healthcare Ltd

Directors of Nursing Committee

Associate Professor Kate Birrell (Chair)
Group Director, Nursing, St John of God Health Care

Ms Cheryl Clayton
Director of Nursing, Mater Private Hospital

Ms Rachel Bush
Director, Inpatient Services, Hawkesbury District Health Services

Ms Susan O'Neill
Director of Nursing, Cabrini

Ms Janine Loader
Chief Nursing Officer, St Vincent's and Mercy Private, Melbourne

Ms Sue Hanson
Group Clinical Director, Little Company of Mary Health Care

Ms Alison Patrick
Executive Director of Nursing and Midwifery, Mercy Health

Ms Jennifer Pitt
Nursing Director, Mater Health Services

Mr Shane Combs
Director of Nursing, Mater Misericordiae Hospital, Mackay

Health Committee

Dr John O'Donnell (Chair)
CEO, Mater Misericordiae Health Services, Brisbane, Qld

Ms Brenda Ainsworth
National Director of Public Hospitals, Little Company of Mary Health Care (Calvary Healthcare)

Mr Stephen Cornelissen
CEO, Mercy Health

Mrs Lynne Sheehan
COO, Mercy Health and Aged Care, Central Queensland

Dr Michael Stanford
Group CEO, St John of God Health Care

Dr Michael Walsh
CEO, Cabrini Health, Melbourne, Victoria

Mission and Identity Committee

Ms Jennifer Stratton (Chair)
Group Director Mission, St John of God Health Care

Ms Julia Abrahams
Director of Mission and Chief Counsel, Catholic Healthcare Limited

Ms Catherine Garner
Executive Director Mission Integration, Cabrini Health

Fr Cormac Nagle ofm
Ethicist, Mercy Health, Melbourne

Mr Leo Tucker
National Director of Mission, Little Company of Mary Health Care

Mr Jack de Groot
Group Mission Leader, St Vincent's Health Australia

Ms Madonna McGahan
Executive Director Mission Leadership, Mater Health Services, Brisbane

Mrs Mary Kenyon
Manager of Mission Services, Catholic Health Australia

CATHOLIC HEALTH
Australia Inc.

FINANCIAL REPORT
for the year ended

30th JUNE 2014

CATHOLIC HEALTH
Australia Inc.

COMMITTEE'S REPORT

Your committee members submit the financial report of the Catholic Health Australia Incorporated for the financial period ended 28 February 2014.

Committee Members

The names of committee members throughout the period and at the date of this report are:

Ms Rowena McNally (Chair)
Dr Tracey Batten (resigned 25/8/2013)
A/Prof. Kate Birrell
Mr Brendan Bowler
Mr Stephen Cornelissen
Ms Valerie Lyons
Professor John McAuliffe
Sr Antoinette Baldwin, RSJ
Most Rev Joseph Oudeman, OFM Cap DD
Mr Mike Roche
Br Joseph Smith (resigned 5/12/2013)
Ms Jennifer Stratton
Dr Michael Walsh (resigned 5/12/2013)
Dr John O'Donnell (appointed 5/12/2013)
Fr Joseph Parkinson
Mr Herbie O'Flynn

Principal Activities

The principal activities of the association during the period were to promote justice and compassion in health care, influence public policy and strengthen the presence and influence of Catholic health and aged care within the Australasian health care system.

Significant Changes

No significant change in the nature of these activities occurred during the period.

Subsequent Events

Catholic Health Australia ceased trading as an incorporated association as at the 28 February 2014 this is due to a decision made to change the association's structure and going forward Catholic Health Australia will be trading as a company limited by guarantee.

Operating Result

The result from ordinary activities amounted to a net surplus of $77,747 (2013: surplus $75,262)

Mr Herbie O'Flynn, Member

Michael Roche, Member

Dated this 31st day of July 2014

Executive Summary of the 2013/14 Financial Report

Two outcomes of the Annual General Meeting of Catholic Health Australia Inc held on 25 August 2013 significantly influence the 2013/14 Financial Report for Catholic Health Australia. The first was the unanimously supported resolution to cease operation as a not-for-profit incorporated association and commence operation as a charitable company. The second was the proposal to draw modestly on retained earnings to fund board approved projects.

Following the cessation of the not-for-profit association and the commencement of the charitable company, the Financial Report for the 2013/14 financial year reports the affairs of both Catholic Health Australia Incorporated and Catholic Health Australia Limited. For this reason, the Catholic Health Australia Financial Report for 2013/14 contains two separate accounts; the first reporting the affairs of the Association for the period 1 July 2013 to 28 February 2014, and the second reporting the affairs of the Company for the period 1 March to 30 June 2014. The reports of the Association and Company have not been consolidated, and this Executive Summary accordingly seeks to present a consolidated summary position at year end of the two entities.

Following the decision of the Stewardship Board to authorise up to $87,000 to be drawn from retained earnings as detailed in Note 3 of the report of Catholic Health Australia Limited, the consolidated year end result is $(49,093). Consolidated revenue (including interest income) at year end was $2,508,107 and consolidated expenses were 2,557,200.

Note 16 of the report of Catholic Health Australia Limited details that all equity of Catholic Health Australia Inc, totalling $2,208,714, was transferred to Catholic Health Australia Limited at the cessation of the association on 28 February 2014. As at 30 June 2014, Catholic Health Australia Limited had total current assets of $2,741,069, total liabilities of $679,655, leaving total equity of $2,093,646.

The reports of Catholic Health Australia Incorporated and Catholic Health Australia Limited accompany this Executive Summary.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 JULY 2013 TO 28 FEBRUARY 2014

	Note	2014 $	2013 $
Revenue	**2**	**1,830,971**	**2,676,668**
Employee benefits expense		(1,078,343)	(1,564,201)
Depreciation and amortisation expenses		(11,377)	(25,181)
Conference expense	3	(291,032)	(361,445)
Consultancy fees	3	(20,957)	(34,378)
Rent Expense	3	(46,128)	(68,152)
Travel Expense	3	(133,681)	(129,689)
Bad and doubtful debt expense		(14,286)	-
Other expenses		(169,192)	(418,360)
Surplus from operations		**65,975**	**75,262**
Other comprehensive income		**-**	**-**
Total comprehensive income attributable to the members		**65,975**	**75,262**

The accompanying notes form part of these financial statements.

BALANCE SHEET
AS AT 28 FEBRUARY 2014

	Note	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	559,291	176,983
Accounts receivable and other debtors	6	250,200	89,115
Other current assets	7	57,640	170,861
Investments	9	2,297,296	2,200,203
Property, plant and equipment	8	36,718	-
TOTAL CURRENT ASSETS		**3,201,145**	**2,637,162**
NON CURRENT ASSETS			
Property, plant and equipment	8	-	43,940
TOTAL NON-CURRENT ASSETS			**43,940**
TOTAL ASSETS		**3,201,145**	**2,681,102**
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	11	730,747	256,944
Employee benefits	12	139,037	234,791
Employee benefits – Long Service Leave Provision	12	122,647	-
TOTAL CURRENT LIABILITIES		**992,431**	**491,735**
NON CURRENT LIABILITIES			
Employee benefits – Long Service Leave Provision	12	-	46,628
TOTAL NON CURRENT LIABILITIES			**46,628**
TOTAL LIABILITIES		**992,431**	**538,363**
NET ASSETS		**2,208,714**	**2,142,739**
EQUITY			
Retained surplus and Reserve		2,208,714	2,142,739
TOTAL EQUITY		**2,208,714**	**2,142,739**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JULY 2013 TO 28 FEBRUARY 2014

	Retained Earnings $	Total $
Balance at 1 July 2012	**2,067,477**	**2,067,477**
Surplus attributable to members	75,262	75,262
Balance at 30 June 2013	**2,142,739**	**2,142,739**
Surplus attributable to members	65,975	77,747
Balance at 28 February 2014	**2,208,714**	**2,220,486**

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
FOR THE PERIOD 1 JULY 2013 TO 28 FEBRUARY 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members		2,349,810	2,834,630
Payments to suppliers and employees		(2,034,750)	(3,060,573)
Interest received		71,405	137,523
Net cash from operating activities	**14**	**386,465**	**(88,420)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,157)	(14,606)
Purchase of investments		-	(157,454)
Proceeds from investments		-	239,124
Net cash (used in) investing activities		**(4,157)**	**67,064**
Net increase/(decrease) in cash held		382,308	(21,356)
Cash at beginning of period		176,983	198,339
Cash at end of financial year	**5**	**559,291**	**176,983**

The accompanying notes form part of these financial statements.

This financial report covers Catholic Health Australia Incorporated as an individual entity. Catholic Health Australia Incorporated is an association incorporated in the ACT under the *Associations Incorporations Act (ACT) 1991.*

NOTE 1: Summary of Significant Accounting Policies

Basis of Preparation

Catholic Health Australia ceased trading as an incorporated association as at the 28 February 2014. This is due to a decision made to change the association's structure and going forward Catholic Health Australia will be trading as a company limited by guarantee.

As a result the financial report has been prepared on a non-going concern basis. There has been no effect on the carrying value of the assets and liabilities however all assets and liabilities are classified as current at 28 February 2014.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Associations Incorporations Act (ACT) 1991* as they apply on a non-going concern basis.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Income Tax

Catholic Health Australia Incorporated is exempted from income tax due the exemption granted under section 6.2 of section 50-30 of the Income Tax Assessment Act 1997.

(b) 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.

The carrying amount of plant and equipment is reviewed annually by the committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Motor Vehicles	10% - 33%
Office equipment	10% - 33%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

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 income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest exense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or ownership over the term of the lease.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified ‘at fair value through profit or loss’ in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The association does not designate any interests in associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss
Financial assets are classified at ‘fair value through profit or loss’ when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The association has not held any financial assets at fair value through profit or loss in the current or comparative financial year.

(ii) 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.

(iii) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(iv) Financial Liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the association assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the association recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual right 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 expire. 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 profit or loss.

(e) Impairment of Assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(f) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. 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 present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(h) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the membership period.

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

(i) 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 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 balance sheet are shown inclusive of GST.

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

(j) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period. The comparatives figures for 2013 are for the full financial year ended 30 June 2013. The 2014 figures are for the 8 month period from 1 July 2013 to 28 February 2014.

Where the association has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(k) Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Critical Accounting Estimates

The Association evaluates estimates and judgements 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 organisation. No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

(m) New Standard And Interpretations Issued But Not Yet Effective (continued)

The following Australian Accounting Standards and Interpretations issued or amended may be applicable to the Association but are not yet effective and have not been adopted in the preparation of the financial statements at reporting date.

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	*Financial Instruments*	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1-Jan-15	Minimal Impact
2009-11	*Amendments to Australian Accounting Standards arising from AASB 9*	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1-Jan-15	Minimal Impact
2010-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010	1-Jan-15	Minimal Impact
2012-3	*Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.	1-Jan-14	Minimal Impact
2013-5	*Amendments to Australian Accounting Standards – Investment Entities*	This Standard amends AASB 10, AASB 12 and AASB 127 to define an investment entity and require that, with limited exceptions, an investment entity not consolidate its subsidiaries but to measure them at fair value through profit or loss in accordance with AASB 9.	1-Jan-14	Minimal Impact
2013-9B	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	Part B of 2013-9 makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, and makes various editorial corrections to Australian Accounting Standards.	1-Jan-14	Minimal Impact
AASB 1031	*Materiality*	Re-issuance of AASB 1031	1-Jan-14	No expected impact

	2014 $	2013 $
NOTE 2: REVENUE AND OTHER INCOME		
Revenue		
— Membership subscription	1,246,696	1,842,977
— Workshop and conference	493,733	543,099
— Sale of goods	8,150	39,555
— Interest received	71,405	137,523
— Reimbursement of employee cost	-	79,423
— Sponsorship	10,987	34,091
Total revenue	**1,830,971**	**2,676,668**
NOTE 3: SURPLUS		
Surplus has been determined after		
Expenses		
— Travel expense	133,681	129,689
— Rent expense	46,128	68,152
— Consultation expense	20,957	34,378
Significant Revenue and Expenses		
The following significant revenue and expense items are relevant in explaining financial performance:		
Cost of Seminars to promote activities of the association	**291,032**	**361,445**
NOTE 4: AUDITORS' REMUNERATION		
Remuneration of the auditor of the association for:		
— Auditing or reviewing the financial report	12,750	12,750
— Accounting services	2,500	2,500
	15,250	**15,250**

	2014 $	2013 $
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	**559,291**	**176,983**
NOTE 6: ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES		
CURRENT		
Trade receivable	254,863	72,193
Less: Provision for doubtful debt	(14,286)	(1,833)
	240,577	70,360
GST receivable	9,623	18,755
Total current trade and other receivables	**250,200**	**89,115**
NOTE 7: OTHER CURRENT ASSETS		
CURRENT		
Accrued income	23,393	57,401
Other receivables and prepayments	34,247	113,460
	57,640	**170,861**
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
Motor Vehicle		
At cost 34,438	34,438	34,438
Accumulated depreciation	(30,079)	(29,208)
	4,359	**5,230**
Plant & Equipment		
At cost 252,097	247,940	247,940
Accumulated depreciation	(228,055)	(219,500)
	24,042	**28,440**

	2014 $	2013 $
NOTE 8: PROPERTY, PLANT AND EQUIPMENT cont		
Fixtures & Fittings		
At cost 30,861	30,860	
Accumulated depreciation	(22,544)	(20,590)
	8,317	**10,270**
Total property, plant and equipment	**36,718**	**43,940**

Movements in carrying amounts

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

	Motor Vehicle $	Plant & Equipment $	Furniture & Fittings $	Total $
Balance at 1 July 2012	6,975	32,648	14,892	54,515
Additions	-	14,606	-	14,606
Disposals	-	-	-	-
Depreciation expense	(1,745)	(18,814)	(4,622)	(25,181)
Carrying amount at 30 June 2013	**5,230**	**28,440**	**10,270**	**43,940**
Additions	-	4,157	-	4,157
Disposals	-	-	-	-
Depreciation expense	(871)	(8,555)	(1,953)	(11,379)
Carrying amount at 28 February 2014	**4,359**	**24,042**	**8,317**	**36,718**

	2014 $	2013 $
NOTE 9: INVESTMENTS		
Investments – term deposit	2,297,296	2,200,203
	2,297,296	**2,200,203**

NOTE 10: RELATED PARTY TRANSACTIONS

The Committee Members of the Association throughout the year were as follows:

Ms Rowena McNally (Chair)
Dr Tracey Batten (resigned 25/8/2013)
A/Prof. Kate Birrell
Mr Brendan Bowler
Mr Stephen Cornelissen
Ms Valerie Lyons
Professor John McAuliffe
Sr Antoinette Baldwin, RSJ
Mr Herbie O'Flynn
Most Rev Joseph Oudeman, OFM Cap DD
Mr Mike Roche
Br Joseph Smith (resigned 5/12/2013)
Ms Jennifer Stratton
Dr Michael Walsh (resigned 5/12/2013)
Dr John O'Donnell (appointed 5/12/2013)
Fr Joseph Parkinson

With the exception of Bishop Joseph Oudeman, each of the above represented religious congregations or organisations who were members of Catholic Health Australia or were employees of organisations who were sponsored by the religious congregations or organisations who were members of Catholic Health Australia.

NOTE 10: RELATED PARTY TRANSACTIONS

During the period, membership fees and other fees were paid by the congregations or organisations, or the health and aged care facilities sponsored by the religious congregations or organisations, at the normal rate that applied to all members of Catholic Health Australia for the period 1 July 2013 to 28 February 2014.

	2014 $	2013 $
NOTE 11: ACCOUNTS PAYABLE AND OTHER PAYABLES		
Trade and other payables	56,074	126,487
Funds held for programs	36,219	36,219
Income in advance	638,454	94,238
	730,747	**256,944**
NOTE 12: EMPLOYEE BENEFITS		
CURRENT		
Annual Leave	139,037	135,553
Long Service Leave	122,647	99,238
	261,684	**234,791**
NON CURRENT		
Long Service Leave	-	46,628
Total Employee Benefits	**261,684**	**281,419**
NOTE 13: CAPITAL AND LEASING COMMITMENTS		
a. **Operating Lease Commitments**		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments:		
— not later than 12 months	20,130	55,473
— between 12 months and 5 years	-	15,860
	20,130	**71,333**

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. The lease term ended on 28 February 2014. There are no further lease commitments related to this lease.

The photocopier lease is a non-cancellable lease with a five-year term, with lease payable monthly in advance. The lease will be assigned to the new operating entity as of 1 March 2014.

	2014 $	2013 $
NOTE 14: CASH FLOW INFORMATION		
Reconciliation of Cash Flow from Operations with profit after income tax		
Profit after income tax	65,975	75,262
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
— **interest**	**(97,092)**	**(34,436)**
— **depreciation**	**11,377**	**25,181**
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
— Decrease/(increase) in accounts receivable and other receivable	(161,085)	76,006
— Decrease/(increase) in prepayments	113,221	(62,357)
— (Decrease)/increase in accounts payable and other payables	473,804	(216,756)
— (Decrease)/increase in employee benefits	(19,735)	48,680
Net cash from operating activities	**386,465**	**(88,420)**

NOTE 15: FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, investments in listed shares, receivables and payable, and leases liabilities.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2014 $	2013 $
Financial assets			
Cash and cash equivalents	5	559,291	176,983
Accounts receivable and other debtors	6	250,200	241,221
Investments	9	2,297,296	2,200,203
		3,106,787	**2,618,407**

	Note	2014 $	2013 $
Financial liabilities			
Financial liabilities at amortised cost:			
— Accounts payable and other payables	11	732,650	256,944
		732,650	**256,944**

Financial Risk Management Policies

The association's Treasurer is responsible for, among other issues, monitoring and managing financial risk exposures of the association. The Treasurer monitors the association's transactions and reviews the effectiveness of controls relating to credit risk, financial risk, and interest rate risk.

The committee members' overall risk management strategy seeks to ensure that the association meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

The main risks the association is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and other price risk. There have been no substantive changes in the types of risks the association is exposed to, how these risks arise, or the Committee's objectives, policies and processes for managing and measuring the risks from the previous period.

a. Liquidity risk

Liquidity risk arises from the possibility that the association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle finance leases reflect the earliest contractual settlement dates.

b. 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 the association.

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits, and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet.

There is no collateral held by the association securing trade and other receivables.

The association has no significant concentration of credit risk with any single counterparty or group of counterparties.

c. Market risk

Interest rate risk

The association is not exposed to any significant interest rate risk since cash balances are maintained at variable rates.

Sensitivity Analysis

The following table illustrates sensitivities to the association's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

NOTE 15: FINANCIAL RISK MANAGEMENT CONT.

Period ended 28 February 2014	**Profit $**	**Equity $**
+/– 1% in interest rates	28,566	28,566
Year ended 30 June 2013	**Profit $**	**Equity $**
+/– 1% in interest rates	23,772	23,772

No sensitivity analysis has been performed on foreign exchange risk, as the association has no significant exposure to currency risk.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

		2014		2013	
Financial assets	**Footnote**	**Net Carrying Value**	**Net Fair Value $**	**Net Carrying Value**	**Net Fair Value $**
Cash and cash equivalents	(i)	559,291	559,291	176,983	176,983
Investments – term deposit	(i)	2,297,296	2,297,296	2,200,203	2,200,203
Accounts receivable and other receivables	(i)	250,200	250,200	241,221	241,221
Total financial assets		**3,106,787**	**3,106,787**	**2,618,407**	**2,618,407**
Financial liabilities					
Accounts payable and other payables	(i)	732,650	732,650	256,944	256,944
Total financial liabilities		**732,650**	**732,650**	**256,944**	**256,944**

The fair values disclosed in the above table have been determined based on the following methodologies:

i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Accounts payable and other payables exclude amounts relating to the provision for annual leave, which is outside the scope of AASB 139.

NOTE 16: FAIR VALUE MEASUREMENTS

The association does not subsequently measures any assets or liabilities at fair value on a recurring basis after initial recognition.

NOTE 17: ASSOCIATION DETAILS

The registered office of the association is:
Catholic Health Australia Incorporated
Level 1 Rowland House
10 Thesiger Court
DEAKIN ACT 2600

The principal place of business is:
Catholic Health Australia Incorporated
Level 1 Rowland House
10 Thesiger Court
DEAKIN ACT 2600

NOTE 18: BANK GUARANTEE

A Bank Guarantee of $42,750 is held by the National Australia Bank, equal to three months' rent for the leased property as a condition of the property lease. As at 28 February 2014 this guarantee has not been called upon.

STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the committee, the attached financial report:

1. Presents a true and fair view of the financial position of Catholic Health Australia Incorporated as at 28 February 2014 and its performance for the period ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board as they apply on a non-going concern basis.

2. At the date of this statement, there are reasonable grounds to believe that Catholic Health Australia Incorporated will be able to pay its debts as and when they fall due.

   This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

Mr Herbie O'Flynn, Member

Michael Roche, Member

Dated this 31st day of July 2014

RSM Bird Cameron

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

CATHOLIC HEALTH AUSTRALIA INCORPORATED

We have audited the accompanying financial report of Catholic Health Australia Incorporated ("the entity"), which comprises the balance sheet as at 28 February 2014, the statement of comprehensive income, statement of changes in equity and cash flow statement for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and committees' declaration.

Committee's Responsibility for the Financial Report

The committee members are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and *Associations Incorporation Act (ACT) 1991*, and for such internal control as committee members determine is necessary to enable the preparation of the financial report that 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 entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee members, 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.

RSM Bird Cameron

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the Catholic Health Australia Incorporated as at 28 February 2014 and its financial performance and cash flows for the period then ended in accordance with Australian Accounting Standards and the *Associations Incorporation Act (ACT) 1991*.

RSM BIRD CAMERON

G Stenhouse

GED STENHOUSE
Director

Canberra, Australian Capital Territory
Dated: 31 JULY 2014

CATHOLIC HEALTH
Australia Inc.

DIRECTOR'S REPORT

Your directors present this report on the company for the financial period ended 30 June 2014.

Directors

The names of each person who has been a director during the period and to the date of this report are:

Ms Rowena McNally (Chair)
A/Prof. Kate Birrell
Mr Brendan Bowler
Mr Stephen Cornelissen
Ms Valerie Lyons
Professor John McAuliffe
Mr Herbie O'Flynn
Most Rev Joseph Oudeman, OFM Cap DD
Mr Michael Roche
Ms Jennifer Stratton
Dr John O'Donnell
Fr Joseph Parkinson
Sr Antoinette Baldwin, RSJ

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

Principal Activities

The principal activities of the company during the period were to promote justice and compassion in health care, influence public policy in relation to health and aged care, and strengthen the presence and influence of Catholic health and aged care within the Australasian health care system.

Short-term and Long-term Objectives

The company's short-term objectives are to advance health, social, and public welfare as the national advocate for the healing Ministry of the Catholic Church in Australia by supporting the service capacity and promoting the Catholic identity of its members, to contribute to the fulfilment of the Mission of the Catholic Church.

The company's long-term objectives are to pursue direct benevolent relief of illness, direct benevolent relief of the needs of the aged, and direct benevolent relief of poverty as a social determinant of health for the benefit of all Australians.

Strategies

The company has adopted a strategic plan to operate through the period 1 July 2012 to 30 June 2015. The three strategic priorities of that plan are:

- Advocacy: Promote Catholic health, aged and community care services' unique role and continued presence within the broader Australian health system and community.
- Relationships: Support Catholic health, aged and community care services to reflect the life of the Catholic Church.
- Capability: Build the capacities of our people in support of Catholic health, aged, and community services.

Key Performance Measures

The Board oversees the performance of the company in achieving its short-term objectives, long-term objectives, and strategic intent. The Board has used a reporting framework to assess performance of Catholic Health Australia Inc prior to its cessation and the commencement of Catholic Health Australia Limited. In the next financial year, the Board will determine a number of publicly reportable key performance measures, against which assessment will be detailed in the next year financial report.

INFORMATION ON DIRECTORS

Antoinette Baldwin	–	La Salle Health Coordinator
Qualifications	–	RN BA, MHA, EdD, MACN
Experience	–	Sister of St Joseph with experience and expertise in clinical nursing, education and administration in midwifery, women's health, paediatrics and aged care. Former Chair, Deputy Chair and Director of various Hospital and Aged Care Boards
Special Responsibilities	–	Representative of Catholic Religious Australia

Catherine Birrell	–	Group Director Nursing – St John of God Health Care
Qualifications	–	RN; Grad Dip HA; BBus (HR) development; MHSc; Graduate of the Company Directors Course
Experience	–	25 years experience in senior executive roles in health care at a national level in the not for profit, private sector
Special Responsibilities	–	Chair of Directors of Nursing Committee

Brendan Bowler AM	–	Consultant Solicitor
Qualifications	–	LLB
Experience	–	Board member of Southern Cross Care since 1984 currently Chair of Southern Cross Care (SA & NT)
Special Responsibilities	–	Represents Southern Cross Care Australia

Stephen Cornelissen	–	CEO of Mercy Health
Qualifications	–	Masters in Health Administration (UNSW); Grad Cert in Catholic Culture and Leadership; Bachelor of Nursing (Deakin University)
Experience	–	Board member of Aged and Community Services Australia; 26 years' experience in health care.
Special Responsibilities	–	Representing a Catholic health care service

Valerie Lyons	–	CEO Villa Maria Society
Qualifications	–	BBusStu-Acc; EDY; FCPA; FCSA; FIACD
Experience	–	Extensive experience and background in the health and finance sectors, with 25 years' experience in executive and governance roles within the community sector.
Special Responsibilities	–	Chair of Aged Care Policy Committee

John McAuliffe AM	–	Property/Commercial Consultant
Qualifications	–	LAPI; FAIB Chartered Builder ACTCB
Experience	–	Independent Chair of BHC, Chair of Multicap, Chair of Catholic Property, Brisbane, former Chair of Mater Health Services, Brisbane, former Chair of the Holy Spirit Private Hospital, Brisbane and former Member of the Mount Olivet Hospital Board.
Special Responsibilities	–	Represents Institute of Sisters of Mercy Australia and Papua New Guinea

Rowena McNally	–	Lawyer
Qualifications	–	LLB
Experience	–	In addition to legal and commercial experience, over 20 years' experience in the not for profit sector as a board director in health, disability and aged care as well as involvement in various Church ministries for a number of years.
Special Responsibilities	–	Represents Mary Aikenhead Ministries

John O'Donnell	–	CEO Mater Health Services - Brisbane
Qualifications	–	Master in Health Planning (UNSW); FRACMA; FACHSM; FAIM; FAICD

Experience	–	Directorships include the Mater Foundation, the Mater Medical Research Institute; Mercy Super; the Health Round Table Ltd.; Greater Metro South Brisbane Medicare Local and Mater Education Limited. Adjunct Professor, School of Medicine, University of Queensland; Adjunct Professor, School of Public Health, Queensland University of Technology, and Adjunct Professor, Griffith Business School.
Special Responsibilities	–	Chair of Health Policy Committee

Herbert O'Flynn	–	Retired
Qualifications	–	BA (Maths); FRMIT (Comm Engr)
Experience	–	Former Financial Administrator of Archdiocese of Canberra Goulburn; Archdiocesan Pastoral Planning Committee; Served as Vice Chair of Catholic Healthcare Limited
Special Responsibilities	–	Represent Catholic HealthCare Limited

Joseph Oudeman OFM Cap	–	Auxiliary Bishop of Brisbane
Qualifications	–	BA Religious Studies (QU); LTh
Experience	–	Auxiliary Bishop of Brisbane; member of the Bishops Commission for Health and Community Services
Special Responsibilities	–	Represents Australian Catholic Bishop's Conference

Joseph Parkinson	–	Director, L J Goody Bioethics Centre, Perth WA
Qualifications	–	STL (Alphonsian Academy, Rome); PhD (UNDA)
Experience	–	Priest of Archdiocese of Perth 33 years;

1988 -	Catholic Moral Theology Association of Australia & New Zealand
1989 - 1993	Committee for the Conduct of Ethical Research, Edith Cowan University
1992 - 1996	Human Rights Committee, University of Western Australia
1992 - 1994	Governor, University of Notre Dame Australia
1997 - 2006	Confidentiality of Health Information Committee, Department of Health WA

		1999 -	St John of God Health Care (Western Region) Ethics Committee
		2000 -	Reproductive Technology Council, DoH WA
		2002 - 2010	MercyCare Ethics Committee, Mt Lawley WA
		2003 - 2007	Sessional Lecturer (Moral Theology & Bioethics), Notre Dame Australia
		2006 -	Clinical Ethics Consultancy, Women and Children's Health Services WA
		2010 -	Trustee, St John of God Healthcare
		2013 -	Honorary Fellow, Australian Catholic University
Special Responsibilities	–	Provides Bio Ethical advice	

Michael Roche	–	Consultant
Qualifications	–	BA (Accounting); FCPA; MACS
Experience	–	Deputy chair, Little Company of Mary Healthcare Ltd; Member LCMHC Ltd Audit Committee; Board Member Maritime Australia Limited; Chair Aerospace, Maritime and Defence foundation of Australia Ltd Group Audit Committee; Member Audit Committee (National Blood Authority); Member Audit Committee (Civil Aviation Safety Authority) Member Audit Committee (Department of the Environment); Former Under Secretary Defence Materiel; Former Deputy Chief Executive Australian Customs Service; Former Deputy Secretary Commonwealth Department of Health
Special Responsibilities	–	Represents Calvary Ministries

Jennifer Stratton	–	Group Director of Mission for St John of God Health Care
Qualifications	–	BA; Dip Ed; Prof Dip HR; FAICD
Experience	–	Leadership experience in Catholic education and Catholic health. Board member for National Council of Caritas Australia
Special Responsibilities	–	Chair of Mission Committee

Meetings of Directors

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Ms Rowena McNally	2	2
Sr Antoinette Baldwin	2	2
Prof John McAuliffe	2	2
Rev Dr Joe Parkinson	2	2
Mr Michael Roche	2	2
A/Prof John O'Donnell	2	2
Mr Brendan Bowler	2	1
Mr Herbie O'Flynn	2	1
Bishop Joseph Oudeman	2	1
A/Prof Stephen Cornelissen	2	1
Ms Jennifer Stratton	2	0
Ms Valerie Lyons	2	1
A/Prof Kate Birrell	2	0

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 obligations of the company. At 30 June 2014, the total amount that members of the company are liable to contribute if the company is wound up is $10.

Auditor's Independence Declaration
The lead auditor's independence declaration for the period ended 30 June 2014 has been received and can be found on page 44 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director

Herbie O'Flynn

Director

Michael Roche

Dated 20th August 2014

RSM Bird Cameron
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Catholic Health Australia Limited for the period 1 March 2014 to 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

RSM BIRD CAMERON

GED STENHOUSE
Director

CANBERRA, AUSTRALIAN CAPITAL TERRITORY
Dated: 20 August 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2014

	Note	2014 $
Revenue	**2**	**646,133**
Other income	2	31,003
Employee benefits expense		(586,968)
Depreciation and amortisation expense		(4,487)
Consultancy expenses		(29,711)
Rental expenses		(23,126)
Travel expenses		(54,917)
Accounting expenses		(12,848)
Insurance expenses		(11,360)
Other expenses		(68,787)
Current period (deficit) before income tax		**(115,068)**
Tax expense		-
Net current period (deficit)		**(115,068)**
Other comprehensive income		**-**
Total other comprehensive income for the period		**-**
Total comprehensive income for the period		**(115,068)**
Net current period (deficit) attributable to members of the entity	3	(115,068)
Total comprehensive income attributable to members of the entity		(115,068)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 $
ASSETS		
CURRENT ASSETS		
Cash on hand	4	249,569
Accounts receivable and other debtors	5	77,808
Other current assets	6	112,240
Investments	7	2,301,452
TOTAL CURRENT ASSETS		**2,741,069**
NON-CURRENT ASSETS		
Property, plant and equipment	8	32,232
TOTAL NON-CURRENT ASSETS		**32,232**
TOTAL ASSETS		**2,773,301**
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and other payables	9	381,520
Employee provisions	10	284,922
TOTAL CURRENT LIABILITIES		**666,442**
NON-CURRENT LIABILITIES		
Employee provisions	10	13,213
TOTAL NON-CURRENT LIABILITIES		**13,213**
TOTAL LIABILITIES		**679,655**
NET ASSETS		**2,093,646**
EQUITY		
Capital injection from Catholic Health Australia Incorporated	16	2,208,714
Retained earnings		(115,068)
TOTAL EQUITY		**2,093,646**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2014

	Note	Retained Earnings $	Total $
Comprehensive income			
Deficit for the period attributable to members of the entity		(115,068)	(115,068)
Capital injection CHA Association	16	2,208,714	2,208,714
Total comprehensive income attributable to members of the entity		**2,093,646**	**2,093,646**
Balance at 30 June 2014		**2,093,646**	**2,093,646**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014

	Note	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from memberships, workshops and sales		216,353
Payments to suppliers and employees		(557,075)
Interest received		31,003
Net cash from operating activities	**13**	**(309,719)**
Net increase in cash held		(309,719)
Cash on hand at beginning of the financial period		559,288
Cash on hand at end of the financial period	**4**	**249,569**

The accompanying notes form part of these financial statements.

The financial statements cover Catholic Health Australia Limited as an individual entity, incorporated and domiciled in Australia. Catholic Health Australia Limited is a company limited by guarantee and commenced operating on the 1st of March 2014.

The financial statements were authorised for issue on 31st of July 2014 by the directors of the company.

NOTE 1: Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Revenue

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and 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.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the membership period.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

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

(b) Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use.

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

Class of Fixed Asset	Depreciation Rate
Motor vehicles	10 – 33%
Office equipment	10 – 33%
Furniture & Fittings	10 – 33%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(d) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss
Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) 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. Gains or losses are recognised in profit or loss through

the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets will be deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire 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 discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is 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 profit or loss.

(f) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(g) Employee Provisions

Short-term employee provisions

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) Cash on Hand

Cash on hand includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

(j) 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 Taxation Office (ATO).
Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(k) Income Tax

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

(l) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(m) Comparative Figures

There are no comparative figures as this is the first statement for Catholic Health Australia Limited.

(n) Accounts Payable and Other Payables

Accounts payable 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.

(o) 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 judgments
(i) Employee benefits
For the purpose of measurement, AASB 119: *Employee Benefits* (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

(p) New Accounting Standards for Application in Future Periods

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	*Financial Instruments*	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2015 (Changed to 1 January 2017 by AASB 2013-9C)	Minimal Impact expected
2009-11	*Amendments to Australian Accounting Standards arising from AASB 9*	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1-Jan-15	Minimal Impact expected
2010-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010	1-Jan-15	Minimal Impact expected
2013-9B	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	Part B of 2013-9 makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, and makes various editorial corrections to Australian Accounting Standards.	1-Jan-14	Minimal Impact expected
2013-9C	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	Part C of AASB 2013-9 amends AASB 9 to add Chapter 6 Hedge accounting, to permit "own credit risk" requirements to be applied without applying the other requirements of AASB 9 at the same time, to amend the mandatory effective date of AASB 9 to 1 January 2017 and to amend the reduced disclosure requirements for AASB 7 and AASB 101.	1-Jan-15	Minimal Impact expected
AASB 1031	*Materiality*	Re-issuance of AASB 1031	1-Jan-14	No expected impact

		2014 $
NOTE 2: REVENUE AND OTHER INCOME		
Revenue		
–	Membership subscription	638,454
–	Workshop and conference	2,050
–	Sale of goods	5,629
		646,133
Other revenue:		
–	Interest received	31,003
		31,003
Total revenue		**677,136**
NOTE 3: DEFICIT FOR THE PERIOD		
Deficit has been determined after		
a	**Expenses**	
–	Consultancy expenses	35,992
–	Rental expenses	23,126
–	Travel expenses	54,917
–	Accounting expenses	12,848
–	Insurance expenses	11,360
	Audit fees:	
–	audit services	5,000
Total audit remuneration		**5,000**

The minutes of the meeting of the board held on 9 April 2014 establish that the board approved unbudgeted expenditure of up to $87,000 from retained surpluses to fund the Pathways business case. This decision impacted the budgeted year end result.

		2014 $
NOTE 4: CASH ON HAND		
CURRENT		
Cash at bank – unrestricted		249,269
Cash float		300
Total cash on hand		**249,569**
NOTE 5: ACCOUNTS RECEIVABLE AND OTHER DEBTORS		
CURRENT		
Accounts receivable		77,825
Provision for doubtful debts	5a	(6,684)
		71,141
Other debtors		6,667
Total current accounts receivable and other debtors		**77,808**
a. Provision for Doubtful Debts		
Movement in the provision for doubtful debts is as follows:		
Transfer from Catholic Health Australia Incorporated		14,286
– Charge for 2014 period		-
– Written off		(7,602)
Provision for doubtful debts as at 30 June 2014		**6,684**

NOTE 5: ACCOUNTS RECEIVABLE AND OTHER DEBTORS cont.

b. Credit Risk – Accounts Receivable and Other Debtors

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 5. The main source of credit risk to the company is considered to relate to the class of assets described as "accounts receivable and other debtors".

The following table details the company's accounts receivable and other debtors exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality.

	Gross Amount	Past Due & Impaired	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms
			< 30	31–60	61–90	> 90	
	$	$	$	$	$	$	$
Accounts receivable	77,825	-	35,236	26,355	-	16,234	35,236
Total	**77,825**	**-**	**35,236**	**26,355**	**-**	**16,234**	**35,236**

	2014 $
NOTE 6: OTHER CURRENT ASSETS	
Accrued income	47,570
Prepayments	58,387
	105,957
NOTE 7: INVESTMENTS	
Investment – term deposit	2,301,452
	2,301,452
NOTE 8: PROPERTY, PLANT AND EQUIPMENT	
Motor Vehicle	
At cost	34,438
Accumulated depreciation	(30,442)
Total motor vehicle	**3,996**
Plant & Equipment	
Office furniture:	
At cost	252,096
Less accumulated depreciation	(231,197)
	20,899
Fixtures and fittings:	
At cost	30,860
Accumulated depreciation	(23,523)
	7,337
Total plant and equipment	**28,236**
Total property, plant and equipment	**32,232**

Movements in carrying amounts

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

	Motor Vehicle $	Plant & Equipment $	Furniture & Fittings $	Total $
2014				
Transfer from Catholic Health Australia Association	4,360	24,041	8,317	36,718
Additions at cost	-	-	-	-
Additions at fair value	-	-	-	-
Disposals	-	-	-	-
Revaluations	-	-	-	-
Depreciation expense	(364)	(3,142)	(980)	(4,486)
Carrying amount at the end of the period	**3,996**	**20,899**	**7,337**	**32,232**

	2014 $
NOTE 9: ACCOUNTS PAYABLE AND OTHER PAYABLES	
Accounts payable	345,301
Funds held for programs	36,219
	381,520

	2014 $
NOTE 10: EMPLOYEE PROVISIONS	
Transfer from Catholic Health Australia Incorporated	**249,912**
Additional provisions raised during period	59,175
Amounts used	(10,952)
Balance at 30 June 2014	298,135
Analysis of Employee Provisions	
Current:	
– annual leave entitlements	170,867
– long service leave entitlements	114,055
Total current employee provisions	284,922
Non-current:	
– long service leave entitlements	13,213
	13,213

Employee Provisions

Employee provisions represent amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

	2014 $
NOTE 11: CAPITAL AND LEASING COMMITMENTS	
b. Operating Lease Commitments	
Non-cancellable operating leases contracted for but not capitalised in the financial statements	
Payable – minimum lease payments:	
– not later than 12 months	8,052
– later than 12 months but not later than five years	9,394
– later than five years	-
	17,446

The photocopier lease is a non-cancellable lease with a five-year term, with lease payable monthly in advance. The lease was transferred from the old operating entity to Catholic Health Australia Limited as of 1 March 2014.

NOTE 12: RELATED PARTY TRANSACTIONS	
a. Key Management Personnel	
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.	
Key management personnel compensation:	
– short-term benefits	102,278
– post-employment benefits	6,923
– other long-term benefits	19,886
	129,087

NOTE 13: CASH FLOW INFORMATION	
Reconciliation of Cash Flow from Operating Activities with Current Period Deficit	
Profit after income tax	(115,068)
Non-cash flows:	
Depreciation and amortisation expense	4,487
Fair value gains on investments	(4,158)
Changes in assets and liabilities:	
Decrease in accounts receivable and other debtors	172,392
(Decrease) in accounts payable and other payables	(349,223)
(Increase) in accrued income	(24,177)
Increase in employee provisions	36,452
(Increase) in prepayments	(30,424)
	(309,719)

NOTE 14: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, receivables and payables, and lease liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2014 $
Financial assets		
Cash on hand	4	249,569
Accounts receivable and other debtors	5	77,808
Held-to-maturity investments:		
– investments – term deposits	7	2,301,452
Total financial assets		**2,628,829**
Financial liabilities		
Financial liabilities at amortised cost:		
– accounts payable and other payables	9	381,520
Total financial liabilities		**381,520**

Financial Risk Management Policies

The finance committee is responsible for monitoring and managing the company's compliance with its risk management strategy and consists of senior board members. The finance committee's overall risk management strategy is to assist the company in meeting its financial targets while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the board's objectives, policies and processes for managing or measuring the risks from the previous period.

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 for the company.

The company does not have any material credit risk exposures as its major source of revenue is the receipt of membership revenue.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5.

The company has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 5.

b. Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk through the following mechanisms:

– preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
– maintaining a reputable credit profile;
– managing credit risk related to financial assets;
– only investing surplus cash with major financial institutions; and
– comparing the maturity profile of financial liabilities with the realisation profile of financial assets

.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The company does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year 2014 $	1 to 5 Years 2014 $	Over 5 Years 2014 $	Total 2014 $
Financial liabilities due for payment				
Accounts payable and other payables	381,520	-	-	381,520
Total expected outflows	**381,520**	**-**	**-**	**381,520**
Financial assets – cash flows realisable				
Cash on hand	249,569	-	-	249,569
Accounts receivable and other debtors	77,808	-	-	77,808
Other financial assets	2,301,452	-	-	2,301,452
Total anticipated inflows	**2,628,829**	**-**	**-**	**2,628,829**
Net (outflow)/inflow on financial instruments	2,247,309	-	-	2,247,309

c. Market risk

(i) 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.

The financial instruments that expose the company to interest rate risk are limited to fixed interest securities and cash on hand.

The company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(ii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables

	Profit **$**	**Equity** **$**
Period ended 30 June 2014		
+/– 1% in interest rates	25,510	25,510

No sensitivity analysis has been performed on foreign exchange risk as the company has no material exposures to currency risk.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Refer to Note 15 for detailed disclosures regarding the fair value measurement of the company's financial assets and financial liabilities.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost (ie accounts receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

	Note	Carrying $	2014 $
Financial assets			
Cash on hand	4	249,569	249,569
Accounts receivable and other debtors	5	77,808	77,808
Held-to-maturity financial assets:			
– Investments – term deposits	7	2,301,452	2,301,452
Total financial assets		**2,628,829**	**2,628,829**
Financial liabilities			
Accounts payable and other payables	9	381,520	381,520
Total financial liabilities		**381,520**	**381,520**

(i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

NOTE 15: FAIR VALUE MEASUREMENTS

The company does not subsequently measure any assets and liabilities at fair value on a recurring basis after initial recognition.

NOTE 16: CAPITAL INJECTION FROM CATHOLIC HEALTH AUSTRALIA INCORPORATED

Catholic Health Australia Limited commenced operations on 1 March 2014. Prior to 1 March 2014, Catholic Health Australia Limited was operating as an incorporated association, Catholic Health Australia Incorporated. Catholic Health Australia Incorporated ceased operations on 28 February 2014. On that date, the equity in the entity was transferred to the new operating entity being Catholic Health Australia Limited as a capital injection equivalent to $2,208,714.

NOTE 17: ENTITY DETAILS

A Bank Guarantee of $42,750 is held by the National Australia Bank, equal to three months' rent for the leased property as a condition of the property lease. As at 30 June 2014 this guarantee has not been called upon.

NOTE 18: ENTITY DETAILS

The registered office of the company is:
Catholic Health Australia Limited
Level 1 Rowland House
10 Thesiger Court
DEAKIN ACT 2600

The principal place of business is:
Catholic Health Australia Limited
Level 1 Rowland House
10 Thesiger Court
DEAKIN ACT 2600

NOTE 19: 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 obligations of the entity. At 30 June 2014, the number of members was 66.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Catholic Health Australia Limited Not For Profit (Reporting) Limited, the directors declare that:

1. The financial statements and notes, as set out on pages 45 to 70, are in accordance with the *Australian Charities and Not-for profits Commission Act 2012* and:
   a. comply with Australian Accounting Standards; and
   b. give a true and fair view of the financial position of the company as at 30 June 2014 and of its performance for the period ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

   This declaration is made in accordance with a resolution of the Board of Directors.

Michael Roche, Director

Herbie O'Flynn, Director

Dated this 20th day of August 2014

RSM Bird Cameron

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

CATHOLIC HEALTH AUSTRALIA LIMITED

We have audited the accompanying financial report of Catholic Health Australia Limited ("the company"), which comprises the balance sheet as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Committees' 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 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. These Auditing 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 entity's preparation and fair presentation of the financial report 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 entity'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 professional accounting bodies.

RSM Bird Cameron

Opinion

In our opinion the financial report of Catholic Health Australia Limited is in accordance with the *Australian Charities and Not-for-profit Commission Act 2012*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the period ended on that date; and

(ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profit Regulation 2013.*

RSM BIRD CAMERON

GED STENHOUSE
Director

Canberra, Australian Capital Territory
Dated: 20 August 2014

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