DRAFT

HNECC Limited

ABN 51 604 341 362

Financial Statements

For the Year Ended 30 June 2025

HNECC Limited

ABN 51 604 341 362

Financial Statements

For the Year Ended 30 June 2025

Contents

	Page
Directors' Report	1
Auditor's Independence Declaration	12
Independent Audit Report	13
Directors' Declaration	16
Statement of Surplus or Deficit and Other Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Funds	19
Statement of Cash Flows	20
Notes to the Financial Statements	21

HNECC Limited

ABN 51 604 341 362

Directors' Report
30 June 2025

The Directors present their report on HNECC Limited ("the Company") for the financial year ended 30 June 2025.

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

Names

Ms Wendy Machin

Chairperson

Experienced non-executive Director and Chair, Wendy Machin is the Chairperson of the Hunter New England and Central Coast Primary Health Network (PHN).

Wendy currently sits on Boards in the public, private and NFP sector. She is a Director of Heritage Bank, Golf Australia, and also operates her own beef cattle property on the mid north of NSW where she was born and raised.

Wendy's early and formative years were in politics, serving 11 years in the NSW Parliament as Deputy Speaker of the House, a Minister and a Shadow Minister, along the way becoming the first Australian woman to have a baby in office as a Minister.

Prior to her Board career Wendy worked in-house as Director of Corporate Affairs in Australia's largest funeral corporation, now known as InvoCare. She has also been the Executive Director of the Urban taskforce, an advocacy body for urban developers, and consulted to a wide range of businesses.

Mrs Edwina Sharrock OAM

Deputy Chairperson

Founder and former managing director of online digital health tech company Birth Beat, Edwina Sharrock is a passionate health advocate focused on advocating for the advancement of primary healthcare.

A firm believer that high quality, sustainable primary healthcare is critical to ensuring regional communities thrive, the Tamworth-based influencer embraces technology and innovation as the keys to addressing the health challenges in regional and rural communities.

Edwina was a founding member of the PHN's Hunter New England Rural Clinical Council and then the PHN's Board representative for that group.

Edwina has a distinguished list of achievements, including being named as one of the Australian Financial Review's 100 Women of Influence and NSW Telstra Small Business Woman of the Year in 2019, and recently Australia's fellow of the Cartier Women's Initiative - an annual international entrepreneurship program.

HNECC Limited

ABN 51 604 341 362

Directors' Report
30 June 2025

Dr Anita Watts

Anita Watts is a proud Wiradjuri woman, currently working on Awabakal country in Newcastle as a General Practitioner in both a large mainstream urban general practice and for the Aboriginal Community Controlled Health Sector.

Anita is a previous Council member of the Aboriginal and Torres Strait Islander Health Council of the Royal Australian College of General Practitioners (RACGP) and was a previous board member of the Australian Indigenous Doctors Association. She previously worked for the Australian Indigenous Doctors Association in a role focused on Aboriginal and Torres Strait Islander medical specialist workforce development. From 2005 to 2019 Anita was a Senior lecturer at the University of Newcastle, teaching Aboriginal and Torres Strait Islander Health. She has an interest in the provision of health care to under serviced communities.

Mrs Tracey McCosker PSM

Tracey McCosker is Chief Executive of Hunter New England Local Health District (HNELHD). She has worked in the NSW public health system for over 30 years and previously held the positions of Director of Finance, Director of Corporate Services and Director of Clinical Services with HNELHD. She started her health career as Business Manager for the Hunter Area Pathology Service, now part of NSW Health Pathology.

Tracey was appointed Chief Executive of NSW Health Pathology in 2012 after developing a business model for an integrated statewide public pathology service. In 2018 Tracey was awarded an Australian Public Service Medal for her outstanding service to public health in NSW. She has a Bachelor of Commerce (Newcastle University) and a Master of Business Administration (University of Southern Queensland). She is a Member of the Australian Institute of Company Directors.

Tracey is committed to leading a caring, patient centred and innovative organisation that consistently models its CORE (Collaboration, Openness, Respect, Empowerment) values and makes a positive difference in people’s lives.

Mr Scott McLachlan

Retired 1/10/2024 – Re-appointed 17/03/2025

Scott McLachlan is the Chief Executive of the Central Coast Local Health District and has held leadership roles in health, both private and public health systems, for over 20 years.

Having been raised in country NSW he understands the highly complex landscape of the health care environment and the unique challenges of health care delivery in Australia. He is passionately motivated every day to head up improving health outcomes for the community through authentic engagement, strong collaboration with clinicians, strategic partnerships and fostering and leading innovation.

HNECC Limited

ABN 51 604 341 362

Directors' Report
30 June 2025

Dr Stephanie Short PhD

Stephanie Short is an honorary professor in the Faculty of Medicine and Health at the University of Sydney with a clinical and academic background, initially as a registered physiotherapist, then as an academic health sociologist and academic manager.

Stephanie has served on the Board of Directors of the Community Health Association of NSW, and as Company Director for KU Children's Services (which operates over 130 early childhood services across Australia). She currently serves on the Board of the Central Coast Community Women's Health Centre and Dying with Dignity New South Wales, and has served as a Senior Advisor on the Design, Reform and Implementation of Health Practitioner Regulation across countries to the World Health Organization in Geneva.

Stephanie has particular expertise in health policy analysis, strategic thinking, models of care and health workforce.

Mr Bradley Twynham

Brad Twynham is a Technology Entrepreneur and Innovator, Strategy Consultant and Investor/Board Director with over 25 years working and consulting in the areas of enterprise technology adoption and enterprise operating model transformation.

Brad has previously acted in roles ranging from CEO to Corporate Development to Technology Strategy Consulting and is currently an investor in a number of companies focused on preventative health care. He sits on a number of Boards and acts as a Board Advisor.

Brad is a Senior Lecturer at Western Sydney University in the Bachelor of Entrepreneurship Program and is the Entrepreneur in Residence at several high-profile Technology Startup Incubators. He is a Board Member of the Central Coast Montessori Primary School, and a Graduate of The Australian Institute of Company Directors.

Dr Rohana Wanasinghe

Rohana Wanasinghe has been a Rural Generalist for the past 10 years and has a passion for rural health care. Together with his wife, Dilini, they are the owners of the Bridge Medical Centre in Narrabri.

Rohana completed his MBBS and MS (General Surgery) in Sri Lanka followed by the completion of his FRACGP in Australia. In addition to working at his general practice, Rohana works at the Narrabri District Hospital, servicing the emergency department and general surgery, including some obstetrics.

Rohana is the chair of the Barwon Division of General Practice and has been one of the directors for the last 4 years. Rohana general practice registrar supervisor and was awarded the GP Synergy award Supervisor of the Year, for the Hunter New England/Northwest region in 2021 and RACGP Supervisor of the Year in 2022.

Rohana is dedicated to improving health care access for rural NSW, which includes increasing the rural health workforce.

Mr Richard Nankervis

Executive Director

Richard Nankervis was appointed to the Chief Executive position of the Hunter New England and Central Coast Primary Health Network commencing 1 July 2015.

Prior to this, Richard commenced in the CEO role at the Central Coast Division of General Practice in 2011, and led the organisation through its transition to a Medicare Local in 2012. He was an Executive Director on the Board of the Bridges After Hours subsidiary of the Medicare Local, and Chair of the NSW Medicare Locals CEOs group.

Richard is the National PHN CEO lead for the National PHN Commissioning Review, for Allied Health engagement, and for improving Veterans primary health care. Richard also sits on the Expert Advisory Group for the review of Aboriginal and Torres Strait Islander Mental Health and Suicide Prevention services, and the Integrated Team Care.

Richard’s university training includes a Bachelor of Science at the University of Sydney, a Bachelor of Applied Science (Physiotherapy) at the University of Sydney, and a Master of Health Administration at the University of New South Wales. He is also a Graduate of the Company Directors Course at the Australian Institute of Company Directors.

Richard initially trained and worked as a Physiotherapist, and worked in public and private settings. He was appointed the Area Physiotherapy Manager for CCLHD in 2002, and subsequently covered a range of roles including Director of Allied Health, Director of Corporate Services, and Divisional Manager for Surgery, Anaesthetics and ICU.

HNECC Limited

ABN 51 604 341 362

Directors' Report
30 June 2025

Mrs Anna Barwick OAM
.

Appointed 11/11/2024

Anna Barwick is a passionate advocate for women's and rural health. As a clinical pharmacist, she is currently pursuing her PhD at the University of Queensland, focusing on telehealth, with a goal of improving health outcomes in rural regions. She is also a senior lecturer at the University of New England, a diabetes and asthma educator, researcher, and pharmacist immuniser.

Her dedication to these areas earned her the title of Pharmaceutical Society of Australia's 2021 NSW Pharmacist of the Year, as well as the 2022 Regional Woman and NSW Premier's Woman of the Year. Anna's work and research focus on rural and women's health, and she is recognised as a consultant in these fields by the Australian and New Zealand College of Advanced Pharmacy (ANZCAP).

She is passionate about influencing her local region, helping people where she lives and works. In addition to her academic and clinical roles, Anna has supported numerous young women through the Country to Canberra leadership initiative. She has served on multiple boards and committees, often in senior leadership or Chair roles, using these platforms to advocate for improved rural health outcomes and the empowerment of women

Mr Nicholas Flood

Appointed 11/11/2024

Nicholas Flood was appointed Managing Director for IBM Australia in July 2021. Prior to this, as Director and General Manager for Federal Government, he led IBM's engagement with the Australian Federal Government supporting them toward their aspiration to be a top three (3) digital government globally by 2025.

Since joining IBM as a graduate, Nicholas has held a range of strategic client leadership roles across Federal Government and Financial Services. During this time, he played a key role in establishing IBM's Whole of Government Agreement, in particular leading establishment of the innovation agenda underpinning this agreement.

Outside of IBM, Nicholas is an active member on range of industry associations and boards, including the Australian Information Industry Association's ACT and Federal Council and also The University of Sydney's Board of Advice. In this capacity, Nicholas helps shape the role technology can play and government's response to address challenges and enable opportunities across the digital economy.

Nicholas holds an MBA from the University of Sydney completed as recipient of the Business School Business Leader Post-Graduate Scholarship and received the Gold Lion Award at graduation. He also holds an Undergraduate degree, a Master of Commerce and a Master of Business Research with Honours completed as recipient of an Australian Postgraduate Award scholarship

Dr David Lockart

Appointed 11/11/2024

David Lockart is a general practitioner passionate about improving healthcare delivery through education, leadership and advocacy.

David lives and works in Tamworth, NSW, where he was born and completed all his primary and high school education. In 2003, he moved to Sydney to study Medicine at UNSW. After completing his university education, he completed his initial hospital and GP training in the northern part of Sydney, before he returned to the New England area to complete the final part of his GP training in Tamworth in 2013.

David is a GP and director at Tallowwood Health in Tamworth, which he joined as a registrar before taking up ownership and director responsibilities in July 2018. The practice was proud to be named the RACGP national practice of the year in 2022. David is also involved in training the next generation of GPs through his role as a local Medical Educator with the RACGP.

From 2017 to 2024, David was a member and then chair of the HNECC PHN Rural Clinical Council, where David was able to provide locally relevant perspectives on community health issues to the PHN. David is also chair of the North West Health Professionals Network, an organisation of local health practitioners, aiming to improve the health of the community, and encourage networking and collaborative communication among health practitioners.

Dr Trent Watson PhD

Retired 11/11/2024

Trent Watson is CEO of Ethos Health, a multidisciplinary health and safety business based in Newcastle and the Hunter region. Trent combines this work with a number of appointments including Conjoint Senior Lecturer in the School of Health Sciences, University of Newcastle and media spokesperson with the Dietitians Association of Australia.

Trent was a former Director (2012 – 2015) and Chairperson (2014 – 2015) of the Hunter Medicare Local. Trent completed his undergraduate studies and PhD in nutrition and dietetics at the University of Newcastle, and has continued his research interests in workplace health, with a special interest in obesity, obesity-related lifestyle disease, and fatigue.

Mrs Elizabeth Christine Ward	Retired 11/11/2024 Elizabeth Ward is a Physiotherapist, AHTA Accredited Hand Therapist and Immediate Past President of the NSW Physiotherapy Council (HPCA). She has been a member of the PHN Central Coast Clinical Council, Central Coast LHD Clinical Council, and chairs the Safety Quality and Performance Committee of the PHN. Elizabeth is also a member of the PHN Allied Health Reference Group, and has been appointed Treasurer of the International Federated Societies of Hand Therapy (IFSHT) for 2023-2025. Elizabeth has completed a Bachelor of Science (UNSW), Post Graduate Diploma of Physiotherapy (USyd), Master of Public Health (USyd) majoring in health care management and health promotion, Master of Health Science (Physiotherapy) (USyd) and is a Graduate of the Australian Institute of Company Directors. Elizabeth is Practice Principal and Director of Coastal Physiotherapy Group Pty Ltd and Coastal Hand Clinic. She is also a Director of Core Health Pty Ltd.
Mrs Judith Constable	Appointed 01/10/2024 – Retired 17/03/2025 Jude Constable has worked in the health sector for more than 30 years as a registered nurse, professional leader and senior executive. With post graduate qualifications in health sciences and an MBA, she is a Graduate of the Australian Institute of Company Directors and an Associate Fellow and Certified Health Manager of the Australasian College of Health Service Management. As the Executive Director Acute Care Services, Jude is responsible for leading and managing strategic and operational healthcare delivery for Gosford, Wyong, Woy Woy Hospitals and Long Jetty Health Care Centre and district wide clinical services including medical imaging, pharmacy, patient flow and Cancer Services. She is committed to working collaboratively with staff and other stakeholders to support high quality patient care which provides excellent experiences for patients, their families and our staff.

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 financial year were focused on our purpose, as described in the Company's 2023-2028 Strategic Plan, increasing equity of access to primary care by:

- Incorporating virtual primary care services that strengthen and support the existing workforce.
- Developing digitally incorporated models of care for priority groups including localised multidisciplinary community health services.
- Developing innovative primary care roles and networked employment arrangements.

HNECC Limited

ABN 51 604 341 362

Directors' Report
30 June 2025

Principal activities

- Testing and rolling out a system to improve the visibility and entry to key primary care services.
- Demonstrating exceptional commissioning competency through international benchmarking.
- Building exceptional capability, delivery and culture, including the ability to tell our story of success.

Our key strategic challenges have included:

Primary Care Workforce

To achieve our strategic ambition for the region's Primary Care Workforce our key activities have been to:

1. Implement new rural primary care services under the Better Health for the Bush initiative.

2. Assess the viability of general practices and commence a practice sustainability program.

3. Increase the number of GPs and registrars in targeted locations through relocation incentives.

4. Increase the number of nurse practitioners working in Aged Care.

5. Develop a regional Workforce Plan with key partners, incorporating Medical, Allied Health & Nursing.

Digital Health

To achieve our strategic ambition for digitally incorporated primary care services our key activities have been to:

1. Implement incentives and support to increase telehealth utilisation by GPs and Allied Health clinicians.

2. Incentivise commissioned services to increase Digital Health utilisation.

3. Complete a consultation and scoping project on an aggregated system established for primary care clinicians, providers, and community members to freely view and book into available service appointments.

4. Complete a consultation and scoping project to test commissioned virtual services for priority key groups, incorporated into primary care.

Commissioning

To achieve our strategic ambition of demonstrating exceptional commissioning our key activities have been to:

1. Expend more than 95% of funding for commissioned services to maximise care for communities.

2. Commission Allied Health services working in Multi-Disciplinary Teams.

3. Complete a Commissioning Competency Review and develop international Commissioning benchmarks.

HNECC Limited

ABN 51 604 341 362

Directors' Report
30 June 2025

Principal activities

The Company has identified key enablers to assist it in achieving its strategic objectives. These include:

Focus on Equity (including First Nations communities)

To address the health disparities of the region and improve access to primary care services for those that need them most, the Company has built a focus on equity into the Strategic Plan. This focus will form the basis of engagement for the Company for the next five years.

First Nations people, infants and young people, people with disabilities, older people, people from rural locations and those from CALD and LGBTIQA+ backgrounds have reduced access to healthcare resulting in poorer health outcomes. The provision of culturally safe health services will improve health outcomes for Aboriginal and Torres Strait Islander people, and in 2024 we implemented our First Nations Health and Wellness Framework.

Partnerships to Strengthen Primary Care

The Company recognises the limitations of its funding and role in addressing the health needs of the region. It also respects the important roles of a range of organisations that contribute to healthcare in the region, its partnerships with Hunter New England Local Health District and Central Coast Local Health District, and its partnerships with workforce agencies (such as the NSW Rural Doctors Network), Universities and other research institutions, commissioning partners, and other primary care partners such as Aboriginal Community Controlled Health Services (ACCHS). The Company recognises that to maximise access to primary care service and health outcomes, it needs to continue to build effective partnerships, and to work collaboratively. We commit to building the diversification of Company income and partner with others for greater growth and impact in primary care.

The Company also recognises that it can maximise its benefit to primary care in the region by providing constructive advice and guidance to governments. The Company will also strengthen primary care nationally through the provision of targeted analysis and policy advice.

No significant changes in the nature of the Company's activities occurred during the financial year.

Members' guarantee

HNECC Limited is a Company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the period prior to the winding up, is limited to $20 for all members of the Company.

At 30 June 2025 the collective liability of members was $200 (2024: $200).

Operating results and review of operations for the year

The surplus of the Company for the financial year amounted to $704,592 (2024: $545,893).

Significant changes in state of affairs

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

Events after the reporting date

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

Environmental matters

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Meetings of Directors

During the financial year, 29 meetings of Directors were held. Attendances by each Director at those meetings and the sub-committee meetings were as follows:

	Directors' Meetings		Finance, Risk, Audit and Compliance		Technology, Research and Innovation		Governance, Remuneration and Culture		Safety, Quality & Performance	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ms Wendy Machin	6	6	7	6	6	5	4	4	6	5
Mrs Edwina Sharrock OAM	6	5	-	-	6	4	2	2	-	-
Dr Anita Watts	6	6	3	2	-	-	-	-	4	4
Mrs Tracey McCosker PSM	6	5	7	2	-	-	-	-	-	-
Mr Scott McLachlan	3	3	-	-	-	-	-	-	4	4
Dr Stephanie Short PHD	6	6	-	-	6	5	-	-	-	-
Mr Bradley Twynham	6	5	7	6	6	5	-	-	-	-
Dr Rohana Wanasinghe	6	6	-	-	-	-	-	-	6	3
Mr Richard Nankervis	6	6	7	3	6	4	4	4	-	-
Mrs Anna Barwick OAM	4	3	-	-	4	2	-	-	-	-
Mr Nicholas Flood	4	3	-	-	-	-	2	2	-	-
Dr David Lockart	4	4	4	4	-	-	-	-	-	-
Dr Trent Watson PhD	2	2	3	3	-	-	2	2	-	-
Mrs Elizabeth Christine Ward	2	2	-	-	-	-	-	-	2	2
Mrs Judith Constable	3	2	-	-	-	-	-	-	2	2

HNECC Limited

ABN 51 604 341 362

Directors' Report
30 June 2025

Indemnification and insurance of officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all Executive Officers of the Company against liability incurred as such as a Director, secretary, or executive officer to the extent permitted by the ACNC Act 2012. The contract of insurance prohibits disclosure of the nature of the liability and the amount of insurance.

The Company has not otherwise, during or since the end of the financial year except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred as such an officer or auditor.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2025 has been received and can be found on page 12 of the financial report.

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

Director: .....

Director: .....

Dated 13 October 2025

HNECC Limited

ABN 51 604 341 362

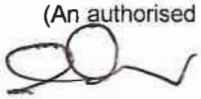
Auditor's Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2025 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)



M.J. O'Connor
Director

NEWCASTLE

6 October 2025

SYDNEY
Level 11, Suite 1102, 20 Berry Street,
North Sydney, NSW, 2059

BRISBANE
Suite 5, 36 Agnes Street,
Fortitude Valley, QLD, 4006

NEWCASTLE
Level 3, 130 Parry Street,
Newcastle West, NSW, 2302

CONTACT
PHONE 1800 988 522
EMAIL cnmail@cutcher.com.au

Liability Limited by a scheme approved under Professional Standards Legislation. Cutcher & Neale Assurance Pty Limited ABN 37 126 856 330

Providing comfort and clarity since 1953 | cutcher.com.au

Cutcher & Neale | Risk Assurance & Audit

HNECC Limited

ABN 51 604 341 362

Independent Audit Report to the members of HNECC Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of HNECC Limited (the Company), which comprises the statement of financial position as at 30 June 2025, the Statement of Surplus or Deficit and Other Comprehensive Income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the Directors' Declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australians Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2025 and of its financial performance for the year ended; and

(ii) complying with *Australian Accounting Standards* - AASB 1060: *General Purpose Financial Statements - Simplified Disclosures* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Other information

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

SYDNEY
Level 11, Suite 1102, 20 Berry Street,
North Sydney, NSW, 2059

BRISBANE
Suite 5, 36 Agnes Street,
Fortitude Valley, QLD, 4006

NEWCASTLE
Level 3, 130 Parry Street,
Newcastle West, NSW, 2302

CONTACT
PHONE 1800 988 522
EMAIL cnmail@cutcher.com.au

Liability Limited by a scheme approved under Professional Standards Legislation. Cutcher & Neale Assurance Pty Limited ABN 37 126 556 330

Independent Audit Report to the members of HNECC Limited

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with *Australian Accounting Standards* - AASB 1060: *General Purpose Financial Statements - Simplified Disclosure*s and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

SYDNEY
Level 11, Suite 1102, 20 Berry Street,
North Sydney, NSW, 2059

BRISBANE
Suite 5, 36 Agnes Street,
Fortitude Valley, QLD, 4006

NEWCASTLE
Level 3, 130 Parry Street,
Newcastle West, NSW, 2302

CONTACT
PHONE 1800 988 522
EMAIL cnmail@cutcher.com.au

Liability Limited by a scheme approved under Professional Standards Legislation. Cutcher & Neale Assurance Pty Limited ABN 37 126 556 330

Providing comfort and clarity since 1953 | cutcher.com.au

Cutcher & Neale | Risk Assurance & Audit

Independent Audit Report to the members of HNECC Limited

- Conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)



M.J. O'Connor
Director

NEWCASTLE

14 October 2025

SYDNEY
Level 11, Suite 1102, 20 Berry Street,
North Sydney, NSW, 2059

BRISBANE
Suite 5, 36 Agnes Street,
Fortitude Valley, QLD, 4006

NEWCASTLE
Level 3, 130 Parry Street,
Newcastle West, NSW, 2302

CONTACT
PHONE 1800 988 522
EMAIL cnmail@cutcher.com.au

Liability Limited by a scheme approved under Professional Standards Legislation. Cutcher & Neale Assurance Pty Limited ABN 37 126 565 330

Providing comfort and clarity since 1953 | cutcher.com.au

Cutcher & Neale | Risk Assurance & Audit

HNECC Limited

ABN 51 604 341 362

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 17 to 33, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

   (a) comply with *Australian Accounting Standards - Simplified Disclosures*; and

   (b) give a true and fair view of the financial position as at 30 June 2025 and of the performance for the year ended on that date of the Company.

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

This declaration is made pursuant to subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Act 2012* and in accordance with a resolution of the Board of Directors.

Director: .....

Director: .....

Dated 13 October 2025

HNECC Limited

ABN 51 604 341 362

Statement of Surplus or Deficit and Other Comprehensive Income
For the Year Ended 30 June 2025

	Note	2025 $	2024 $
Revenue	3	**115,117,711**	103,757,309
Other income	3	**2,597,175**	2,544,677
Program services expenses		**(93,980,414)**	(86,200,813)
Employee benefits expenses		**(16,784,413)**	(13,889,843)
Other operating expenses		**(1,995,729)**	(2,025,978)
Software expenses		**(2,020,272)**	(1,634,999)
Occupancy expenses		**(207,621)**	(273,460)
Board expenses		**(310,478)**	(297,505)
Depreciation and amortisation expense		**(844,006)**	(554,474)
Motor vehicle expenses		**(144,750)**	(120,854)
Consumable expenses		**(233,765)**	(371,773)
Travel and accommodation expenses		**(420,654)**	(350,971)
Finance costs and interest paid		**(68,192)**	(35,423)
Surplus / (deficit) before income tax		**704,592**	545,893
Income tax expense	2(a)	**-**	-
Surplus / (deficit) after income tax		**704,592**	545,893
Other comprehensive income		**-**	-
Total comprehensive income		**704,592**	545,893

The accompanying notes form part of these financial statements.

HNECC Limited

ABN 51 604 341 362

Statement of Financial Position
As at 30 June 2025

	Note	2025 $	2024 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**17,247,525**	27,036,581
Trade and other receivables - at amortised cost	6	**2,332,230**	1,212,097
Other assets	7	**4,322,469**	1,464,896
TOTAL CURRENT ASSETS		**23,902,224**	29,713,574
NON-CURRENT ASSETS			
Property, plant and equipment	8	**600,368**	333,384
Right-of-use assets	9	**1,427,898**	584,587
Other assets	7	**193,186**	226,501
TOTAL NON-CURRENT ASSETS		**2,221,452**	1,144,472
TOTAL ASSETS		**26,123,676**	30,858,046
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables - at amortised cost	10	**6,469,526**	9,575,215
Lease liabilities	11	**550,384**	463,391
Employee benefits	12	**1,813,548**	1,357,037
Contract Liabilities	13	**12,241,854**	15,705,999
TOTAL CURRENT LIABILITIES		**21,075,312**	27,101,642
NON-CURRENT LIABILITIES			
Lease liabilities	11	**903,090**	179,447
Employee benefits	12	**372,861**	509,136
TOTAL NON-CURRENT LIABILITIES		**1,275,951**	688,583
TOTAL LIABILITIES		**22,351,263**	27,790,225
NET ASSETS		**3,772,413**	3,067,821
FUNDS			
Accumulated Surplus		**3,772,413**	3,067,821
TOTAL FUNDS		**3,772,413**	3,067,821

The accompanying notes form part of these financial statements.

HNECC Limited

ABN 51 604 341 362

Statement of Changes in Funds
For the Year Ended 30 June 2025

2025

	Accumulated Surplus
	$
Balance at 1 July 2024	**3,067,821**
Total comprehensive income	**704,592**
Balance at 30 June 2025	**3,772,413**

2024

	Accumulated Surplus
	$
Balance at 1 July 2023	2,521,928
Total comprehensive income	545,893
Balance at 30 June 2024	3,067,821

The accompanying notes form part of these financial statements.

HNECC Limited

ABN 51 604 341 362

Statement of Cash Flows
For the Year Ended 30 June 2025

	Note	2025 $	2024 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from clients and funding providers		**121,400,903**	109,064,295
Payments to suppliers and employees		**(132,519,362)**	(114,386,664)
Interest received		**2,535,638**	2,517,937
Interest paid		**(62,571)**	(37,193)
Net cash provided by / (used in) operating activities	17(a)	**(8,645,392)**	(2,841,625)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(534,018)**	(256,265)
Net cash used by investing activities		**(534,018)**	(256,265)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease liabilities		**(609,646)**	(494,439)
Net cash used by financing activities		**(609,646)**	(494,439)
Net increase (decrease) in cash and cash equivalents held		**(9,789,056)**	(3,592,329)
Cash and cash equivalents at beginning of year		**27,036,581**	30,628,910
Cash and cash equivalents at end of financial year	5	**17,247,525**	27,036,581

The accompanying notes form part of these financial statements.

HNECC Limited

ABN 51 604 341 362

Notes to the Financial Statements
For the Year Ended 30 June 2025

The financial statements are for HNECC Limited (hereafter referred to as '"the Company") as an individual entity incorporated and domiciled in Australia. The Company is a not-for-profit public Company limited by guarantee.

The functional and presentation currency of the Company is Australian dollars.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Australian Accounting Standards - Simplified Disclosures*, (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

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

The financial statements are based on historical costs.

2 Material Accounting Policy Information

(a) Income Tax

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

(b) Comparative figures

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

(c) Authorisation of financial statements

The financial statements were approved and authorised for issue by the Directors on 13 October 2025.

3 Revenue and other income

	2025 $	2024 $
Revenue from contracts with customers		
- Operating grants	**112,104,662**	100,484,153
- Program partner contributions	**994,385**	1,809,999
- Service revenue	**2,018,664**	1,463,157
Total revenue from contracts with customers	**115,117,711**	103,757,309
Other income from ordinary activities		
- Interest revenue	**2,535,638**	2,517,937
- Other income	**61,537**	26,740
Total other income from ordinary activities	**2,597,175**	2,544,677
Total revenue and other income	**117,714,886**	106,301,986

Revenue from contracts with customers

Government funding and provision of services

The Company's main customers are Commonwealth Department of Health, Disability and Ageing (DHDA), followed by the New South Wales Ministry of Health.

The Company operates the Hunter New England and Central Coast Primary Health Network, one of 31 Primary Health Networks established by DHDA to drive improvements in the delivery of primary health care.

The Company is dependent on the DHDA for the majority of its revenue. At the date of this report the Directors have no reason to believe the DHDA will not continue to fund Primary Health Networks. The Company has signed an extension to the core funding contract with the DHDA to 30 June 2027.

The Company has assessed that the majority of its grant agreements are enforceable and contain sufficiently specific performance obligations. This determination was made on the basis that the funding agreements require the Company to be responsible for improving the health of the local population through coordinating the planning, designing and delivery of effective, equitable and evidence-informed primary health care.

For the majority of its contracts the Company is required to commission high quality, innovative, locally relevant and effective services, based on community needs, as identified in the latest needs assessments. Commissioning is a strategic approach to purchasing that seeks to ensure that services meet both the needs of the population and contribute towards service and system improvement and innovation.

3 Revenue and other income

Revenue from contracts with customers

Commissioning is a continuous process that requires the Company to be responsible for:

- Strategic planning - assessing the needs of the community and available health services, and determining priorities based on service analysis and professional and community input;

- Service procurement - purchasing health services in line with the outcomes of strategic planning, the Company's objectives and the identified local and national priorities for the Company; and

- Monitoring and review - assessing the efficiency and effectiveness (including value for money) of health services, and implementing strategies to address gaps and nonperformance.

The Company therefore recognises funding received under such agreements as Revenue under AASB 15.

The transaction price is determined by the approved indicative budget by the funding body in the respective financial year activity work plan.

The transaction price is represented by the costs incurred to satisfy the contracts with the funding body. Under the terms and conditions of the contracts the DHDA is able to recover the funds that have not been expensed or committed.

In allocating the transaction price to the performance obligations, the Company's reporting requirements under the contract do not necessarily reflect the "performance obligations" to the customer (DHDA). The performance obligations that have been identified are to expend the funds on the activities in accordance with the annual activity work plan. Therefore, the revenue will be recognised over time as the funding body simultaneously receives and consumes the benefits as services are provided to the community under the relevant funding schedule. Progress is measured by comparing total costs (inputs) under the activity work plan and revenue is recognised on this basis in satisfying the overall activities identified in the funding schedule. AASB 15 refers to this as an "input based" recognition method.

It has been determined that the funding body simultaneously receives and consumes the benefits as the commissioned services are provided to the community. Provided that the funds have been expended and committed in accordance with the service delivery as stated in the contract, then the revenue shall be recognised over time.

Unexpended funds will continue to be deferred as contract liabilities until they are acquitted and either returned to the funding body or approved for rollover or approved for an alternate purpose (refer to note 13 other liabilities).

Principal vs agent considerations

Under AASB 15: *Revenue from Contracts with Customers* the Company needs to determine whether it is the principal in the funding agreement (providing the services to the customer) or if it is an agent (arranging for another party to provide the services).

The Company is a principal if it controls the specified good or service before they are transferred to a customer. When acting as principal, the Company recognises revenue at the gross amount of consideration to which it is entitled, when it satisfies the related performance obligations.

3 Revenue and other income

Revenue from contracts with customers

When the Company determines that it is an agent in the funding contract (i.e. a passthrough of funding), revenue will be recognised in the amount of any funding to which it expects to be entitled to in exchange for arranging for the specified services to be provided by the other party, when it satisfies its performance obligations.

In some cases, funders may contractually pass through funding to the Company for payment to other entities already identified within the contract. In these arrangements, the Company does not control the specified services before transfer, and accordingly recognises revenue only for the portion of funding it is entitled to retain in exchange for its role as agent.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

Sponsorship and Donations

Sponsorships, donations and bequests are recognised as revenue when received.

Interest revenue

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

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

4 Auditor's Remuneration

	2025	2024
	$	$
Cutcher & Neale Assurance Pty Limited		
- Audit of the financial statements	**35,700**	34,650
- Other assurance services	**11,900**	12,350
	47,600	47,000

5 Cash and cash equivalents

Cash at bank	**17,247,525**	27,036,581

6 Trade and other receivables - at amortised cost

Trade receivables	**32,966**	759,959
GST receivable	**2,299,264**	452,138
	2,332,230	1,212,097

6 Trade and other receivables - at amortised cost

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for expected credit loss. Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

Trade and other receivables mainly relate to payments from Government Departments and have a low risk of non payment.

7 Other assets

	2025	2024
	$	$
CURRENT		
Prepayments	**4,322,469**	1,464,896
NON-CURRENT		
Bank guarantee and bonds	**193,186**	226,501

Prepaid commissioning expenses

Prepayments represent contract execution payments that the Company is contractually and irrevocably obliged to pay to a commissioned provider in respect of any part of an activity and are identified within a contractual arrangement and payment has been made prior to year end. A prepaid expense is raised when the commissioned service provider has not yet satisfied it's contracted obligations under the annual activity work plan to the Company.

Security Deposits

The Company provides security deposit guarantees in relation to office leases. At reporting date, there is no reason to believe the Company will default on the leases.

8 Property, plant and equipment

Capital works in progress	**-**	199,955
Leasehold improvements		
At cost	**1,125,805**	761,115
Accumulated depreciation	**(525,437)**	(627,686)
Total leasehold improvements	**600,368**	133,429
Office equipment		
At cost	**-**	151,223
Accumulated depreciation	**-**	(151,223)
Total office equipment	**-**	-
Total property, plant and equipment	**600,368**	333,384

8 Property, plant and equipment

Classes of property, plant and equipment are measured using the cost method.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

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

The depreciable amount of all property, plant and equipment, except for freehold land, is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Class of Fixed Asset	Depreciation rate
Plant and Equipment	30%-50%
Leasehold improvements	32%-57%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is included in the Statement of Surplus or Deficit and Other Comprehensive Income.

(a) Movements in carrying amounts of property, plant and equipment

	Capital Works in Progress	Leasehold Improvements	Total
	$	$	$
Balance at the beginning of the year	**199,955**	**133,429**	**333,384**
Additions	**-**	**534,018**	**534,018**
Transfers	**(199,955)**	**199,955**	-
Depreciation	-	**(267,034)**	**(267,034)**
Balance at the end of the year	**-**	**600,368**	**600,368**

9 Right-of-use Assets

The Company's lease portfolio includes office premises, motor vehicles and a photocopier. These lease terms range from 1 year to 5 years.

Options to extend

The option to extend is contained in the property leases of the Company. These clauses provide the Company opportunities to manage leases in order to align with its strategies. All of the extension options are only exercisable by the Company. The extension options which were probable to be exercised have been included in the calculation of the right-of-use asset.

	2025	2024
	$	$
Office premises		
At cost	**1,337,668**	1,373,374
Accumulated depreciation	**(198,821)**	(843,874)
Total office premises	**1,138,847**	529,500
Office equipment		
At cost	**17,628**	17,636
Accumulated depreciation	**(17,628)**	(17,048)
Total office equipment	**-**	588
Motor vehicles		
At cost	**441,139**	104,937
Accumulated depreciation	**(152,088)**	(50,438)
Total motor vehicles	**289,051**	54,499
Total right-of-use assets	**1,427,898**	584,587

(a) Movements in carrying amounts of right-of-use assets

	Office premises	Office equipment	Motor vehicles	Total
	$	$	$	$
Balance at the beginning of the year	**529,500**	**588**	**54,499**	**584,587**
Additions / modifications	**1,180,797**	**-**	**363,017**	**1,543,814**
Disposals	**(122,614)**	**(8)**	**(909)**	**(123,531)**
Depreciation	**(448,836)**	**(580)**	**(127,556)**	**(576,972)**
Closing value at year end	**1,138,847**	**-**	**289,051**	**1,427,898**

9 Right-of-use Assets

	2025 $	2024 $
(i) AASB 16 related amounts recognised in the Statement or Deficit and Other Comprehensive Income		
Depreciation charge related to right-of-use assets	**576,972**	488,366
Interest expense on lease liabilities	**62,571**	37,193
Short-term expense	**64,364**	262,314
(ii) Total future lease payments at the end of the reporting period		
Future lease payments are due as follows:		
Within one year	**630,232**	485,984
One to five years	**956,171**	186,294
More than five years	**-**	-
	1,586,403	672,278

10 Trade and other payables - at amortised cost

Trade payables	**504,703**	1,313,672
Accrued expenses - commissioning	**5,932,195**	7,660,169
Other payables	**32,628**	601,374
	6,469,526	9,575,215

Commissioning accruals occurs where a commissioned contracted milestone related to a funding activity has a monetary value attached to a reporting requirement. In these instances, the concept of matching the expense with the service delivery prescribes that the milestone is to be accrued once all of the contractual activities have been completed prior to year end.

11 Lease liabilities

CURRENT		
Lease liability - buildings	**404,443**	439,160
Lease liability - office equipment	**-**	746
Lease liability - motor vehicles	**145,941**	23,485
	550,384	463,391
NON-CURRENT		
Lease liability - buildings	**750,399**	144,991
Lease liability - motor vehicles	**152,691**	34,456
	903,090	179,447

12 Employee Benefits

	2025 $	2024 $
CURRENT		
Provision for employee benefits	**1,813,548**	1,357,037
NON-CURRENT		
Provision for employee benefits	**372,861**	509,136

Key estimates - long service leave provision

The liability for long service leave is recognised and measured at the present value of estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

13 Contract liabilities

CURRENT		
Unexpended government funding	**12,241,854**	15,705,999

(a) Contract liabilities

Unexpended government funding	**4,934,502**	4,327,525
Committed government funding	**2,752,456**	8,827,348
Funding received in advance	**4,554,896**	2,551,126
	12,241,854	15,705,999

The Company's main activity is to commission health services and to support primary care on behalf of DHDA.

Unexpended funding

Where funding has been received but the activities have not been delivered in accordance with a funding contract, guidelines or schedules and, is repayable to the respective funders or, is otherwise subject to the funder's approval for rollover to a subsequent period or purpose, the amounts are recorded as a contract liability, "unexpended funding".

Committed government funding

Committed funding means, at a particular date, funding that the Company is contractually and irrevocably obliged to pay to a commissioned provider in respect of any part of an activity and are identified within a contractual arrangement.

13 Contract liabilities

Where a commissioned service provider has not yet satisfied it's contracted obligations under the annual activity work plan to the Company, the recognition of the related government funding revenue is deferred and instead a contract liability is recognised and reported as, "Committed government funding". This liability represents the value of funding contracted to commissioned service providers where the activities have not yet been delivered at balance date but are expected to be delivered in a future period.

Funding received in advance

Where government funding has been received but the activities under the activity work plan are expected to be delivered in a future period, the amounts are recorded as a contract liability, "funds received in advance". This liability arises when funding was received in the current financial year in advance for operating costs or commissioned service delivery costs to be incurred in a future period and, the funding is not classified as committed government funding as described above.

14 Financial Risk Management

The main risks the Company are exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk.

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and leases.

The Company does not have any derivatives at 30 June 2025.

	2025 $	2024 $
Financial Assets		
Cash and cash equivalents	**17,247,525**	27,036,581
Trade and other receivables - at amortised cost	**2,332,230**	1,212,097
	19,579,755	28,248,678
Financial liabilities		
Trade and other payables - at amortised cost	**6,469,526**	9,575,215
Lease liabilities	**1,453,474**	642,838
	7,923,000	10,218,053

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

The Company manages credit risk by management's review of trade receivables to assess collectability and determine write-offs.

14 Financial Risk Management

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Company does not have any material credit exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available).

Liquidity risk

The Company's liquidity risk arises from the risk that it will encounter difficulty in meeting its obligations associated with financial liabilities. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises from the holding of cash and cash equivalents. The Company actively monitors interest rates for cash at bank and on deposits to maximise interest income. As at the reporting date the Company had the following variable cash rate exposure:

	2025	2024
	$	$
Cash and cash equivalents	**17,247,525**	27,036,581

The other financial assets and financial liabilities are not subject to interest rate risk as they are non-interest bearing.

15 Contingencies

Contingent Liabilities

The Company had contingent liabilities at the end of the reporting period of $59,397 (2024: $59,397).

This related to a bank guarantee held as security for the lease of the Tamworth office space.

16 Related parties

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any Director (whether executive or otherwise) of that entity are considered key management personnel.

16 Related parties

(a) Key management personnel

Key management personnel compensation:

	2025	2024
	$	$
Short-term employee benefits	**1,670,315**	1,682,695

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

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

Mrs Tracey McCosker is the Chief Executive of Hunter New England Health. The Company provided funding to Hunter New England Health to the amount of $555,898 in relation to Head to Health Adult Mental Health Services Contribution and Integrated Care Enablers. The Company also received funding from Hunter New England Health to the amount $2,589,257 mainly relating to Distress Brief Support Tool (identified as an agency relationship).

Mr Scott McLachlan is the Chief Executive of Central Coast Local Health District. The Company provided funding to Central Coast Local Health District to the amount of $4,333,426 in relation to the provision of Mental Health Services, Mobile Aged Care X-Ray service and a Diabetes Project Officer.

17 Cash Flow Information

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

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

Surplus for the year	**704,592**	545,893
Non-cash flows in profit:		
- depreciation and amortisation	**844,006**	554,474
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(1,120,134)**	(356,643)
- (increase)/decrease in other assets	**(2,824,258)**	1,442,698
- increase/(decrease) in trade and other payables	**(3,105,689)**	(1,159,450)
- increase/(decrease) in provisions	**320,236**	180,547
- increase/(decrease) in contract liabilities	**(3,464,145)**	(4,049,144)
Cashflows from operations	**(8,645,392)**	(2,841,625)

18 Events Occurring After the Reporting Date

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

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 $20 each towards meeting any outstanding obligations of the Company. At 30 June 2025, the number of members was 10 (2024: 10).

20 Company details

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

HNECC Limited
Suite 1, Level 2, 165 Lambton Road
Broadmeadow NSW 2292