

---

Bellarine Community Health Ltd.

ABN: 96 536 879 169

---

Financial Report

For the year ended 30 June 2020

# Bellarine Community Health Ltd.

30 June 2020

---

CONTENTS	Page
Directors' Report	1
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	44
Independent Auditor's Report	45

# Bellarine Community Health Ltd.

## Directors' Report

Your directors present their report of Bellarine Community Health Ltd. for the year ended 30 June 2020.

### Directors

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

Fay Agterhuis Chair	Tim Walsh Deputy Chair
Kristina Dimasi Board member	Jean Paul Board member (appointed 5 September 2019)
Virginia Dickson-Swift Board member (appointed 26 November 2019)	Robert James Board member (appointed 26 November 2019)
Rod Slattery Board member (appointed 26 September 2019)	Paul Hemming Board member (resigned 26 November 2019)
Garry Ellis Board member (appointed 26 November 2019 / resigned 24 September 2020)	

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

### Company Secretary

The following person held the position of company secretary during the year and resigned on 20 September 2020:

Shane Dawson	
Qualifications:	Master of Business Management, FIML, AFACHSM, CHM, MAICD
Experience:	Experienced Chief Executive Officer with over 30 years in the health and community sectors, particularly in primary health care. Shane has strong company and governance attributes having worked in several private and non-government Boards as CEO and as Board Director. He has also worked in leadership roles within the mental health and disability sectors.

The following person held the position of company secretary from 20 September 2020:

Garry Ellis	
Qualifications:	B Comm., MBA, Grad Cert Human Resource Management, GAICD
Experience:	Experienced Chief Executive Officer with 28 years working in the not-for-profit and health services sectors.

### Principal Activities

The principal activities of the company during the year were to provide primary health services on the Bellarine Peninsula. The company has progressively developed as a significant multifaceted health care service.

# Bellarine Community Health Ltd.

## Directors' Report

### Significant Changes

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020. To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including Bellarine Community Health Ltd.

In response, telehealth services for medical appointments and Allied Health services were introduced where possible, with limited face to face services remaining open for emergency and essential services throughout the period of restrictions. Bellarine Community Health Ltd. purchased additional protective personal equipment, performed COVID-19 testing on behalf of government and purchased additional hardware to implement work from home arrangements.

No further significant changes in the company's state of affairs occurred during the financial year.

### New Accounting Standards Implemented

The company has implemented three new Accounting Standards that are applicable for the current reporting period, which are included in the results. AASB 15: *Revenue from Contracts with Customers* and AASB 1058: *Income of Not-for-Profit Entities* have been applied using the modified retrospective method, that is, by recognising the cumulative effect of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. AASB 16: *Leases* has been applied using the simplified, modified retrospective method. The company has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition as allowed under the transition provisions.

Therefore, the comparative information has not been restated and continues to be reported under AASB 118: *Revenue*, AASB 117: *Leases* and AASB 1004: *Contributions*.

### Operating Result

The company recorded a deficit of \$3,566,286 for the year ended 30 June 2020 (2019: \$1,739,359 deficit).

### After Balance Date Events

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Bellarine Community Health Ltd. at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Bellarine Community Health Ltd., its operations, its future results and financial position. The state of emergency in Victoria was extended on 29 January 2021 until 26 February 2021 and the state of disaster ended 8 November 2020.

Further, Shane Dawson announced his retirement as Chief Executive Officer effective 20 September 2020, and was replaced by Garry Ellis as Interim Chief Executive Officer. Garry Ellis was previously a Bellarine Community Health Ltd. Board Director who resigned from the role to take up this position.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Bellarine Community Health Ltd., the results of the operations or the state of affairs in the future financial years.

### Environmental Issues

The company is not subject to any significant environmental regulation.

# Bellarine Community Health Ltd.

## Directors' Report

### Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 21 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company or related body corporate.

### Indemnification and Insurance of Directors and Officers

Since the end of the previous financial year, the company has not indemnified or made a relevant agreement for indemnifying against a liability for any person who is or has been an officer or auditor of the company.

### Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those

The company was not a party to any such proceedings during the year.

### Information on Directors

---

#### Fay Agterhuis

---

Qualifications: Bachelor of Education, Diploma of Education, Grad Dip Special Education  
Special Responsibilities: Board Chair, Member of Finance & Audit Committee

---

#### Tim Walsh

---

Qualifications: Tertiary level in Health Management  
Special Responsibilities: Deputy Chair, Member of Quality, Safety & Risk Committee

---

#### Kristina Dimasi

---

Qualifications: Bachelor of Science, Bachelor of Law  
Special Responsibilities: Member of Finance & Audit Committee

---

#### Jean Paul

---

Special Responsibilities: Member of Quality, Safety & Risk Committee

---

#### Virginia Dickson-Swift

---

Qualifications: PhD, BPubH, BHS (Hons), GradCertHE  
Special Responsibilities: Board Representative, Community Advisory Group

---

#### Robert James

---

Qualifications: M.B, B.S (Medicine), Dip.Obs.RACOG  
Special Responsibilities: Member of Quality, Safety & Risk Committee

---

# Bellarine Community Health Ltd.

## Directors' Report

### Information on Directors (continued)

#### Rod Slattery

Qualifications: Bachelor of Business, Chartered Accountant, GAICD  
 Special Responsibilities: Treasurer, Chair of Finance & Audit Committee

#### Paul Hemming

Special Responsibilities: Member of Finance & Audit Committee

#### Garry Ellis

Qualifications: B.Com, MBA, Grad Cert Human Resource Management, GAICD  
 Special Responsibilities: Member of Finance & Audit Committee

### Meeting of Directors

During the financial year, 10 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings					
	Board of Directors		Finance Committee		Quality, Safety and Risk Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Fay Agterhuis	10	10	9	7	-	-
Tim Walsh	10	9	-	-	9	9
Kristina Dimasi	10	10	9	9	-	-
Jean Paul	9	9	-	-	9	9
Virginia Dickson-Swift	6	6	-	-	-	-
Robert James	6	6	-	-	4	3
Rod Slattery	9	9	9	9	-	-
Paul Hemming	6	3	4	2	-	-
Garry Ellis	6	6	7	7	-	-

### Board Stipends

During the financial year, directors were paid the following stipends, approved in accordance with the Bellarine Community Health Board Stipend and Expenses Policy:

	2020 \$	2019 \$
Fay Agterhuis	2,500	2,500
Tim Walsh	2,000	2,000
Kristina Dimasi	1,500	2,000
Jean Paul	1,500	500
Virginia Dickson-Swift	1,500	-
Robert James	1,500	-
Rod Slattery	2,000	700
Paul Hemming	-	1,000
Garry Ellis	1,500	-

# Bellarine Community Health Ltd.

## Directors' Report

### Members' Guarantee

The company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* 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 \$2 each towards meeting any outstanding obligations of the company. At 30 June 2020 the number of members was 63 (2019: 98).

### Auditors' Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 6 of the financial report.

The directors' report is signed in accordance with a resolution of the board of directors.



Fay Agterhuis, Chair

Dated this <sup>18<sup>th</sup></sup> day of February 2021



Tim Walsh, Deputy Chair

# Bellarine Community Health Ltd.

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue	2	9,949,766	10,961,053
Other income	2	2,740,733	838,990
Employee benefits expense	3	(12,004,471)	(9,530,909)
Supplies and consumables		(337,896)	(292,020)
Depreciation and amortisation expenses	3	(831,524)	(310,714)
Administrative expenses		(680,846)	(1,592,638)
Direct care		(1,170,380)	(660,157)
Occupancy costs		(312,373)	(224,749)
Software and IT expenses		(386,232)	(381,208)
Domestic services		(29,973)	(32,527)
Motor vehicle running expenses		(63,270)	(179,042)
Repairs and maintenance		(338,309)	(292,071)
Loss on disposal of property, plant and equipment		(39,932)	(41,298)
Impairment losses		-	5,931
Audit fees		(45,000)	(8,000)
Interest expense		(16,579)	-
<b>Deficit</b>		<b>(3,566,286)</b>	<b>(1,739,359)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the year		-	-
<b>Total comprehensive income attributable to members of the company</b>		<b>(3,566,286)</b>	<b>(1,739,359)</b>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



# Bellarine Community Health Ltd.

## Statement of Financial Position

As at 30 June 2020

	Notes	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	4	2,446,419	136,508
Trade and other receivables	5	347,008	428,842
Other assets	6	80,827	95,706
Investments	7	2,118,047	2,905,849
<b>Total current assets</b>		<b>4,992,301</b>	<b>3,566,905</b>
<b>Non-current assets</b>			
Investments	7	4,991,959	6,099,593
Property, plant and equipment	8	12,588,770	13,005,705
Intangibles	9	635,493	226,767
Right of use assets	10	302,506	-
<b>Total non-current assets</b>		<b>18,518,728</b>	<b>19,332,065</b>
<b>Total assets</b>		<b>23,511,029</b>	<b>22,898,970</b>
<b>Current liabilities</b>			
Trade and other payables	11	1,041,920	693,814
Contract liabilities	12	2,744,438	88,750
Funds held in trust	13	1,184,298	768,157
Lease liabilities	14	122,543	-
Provisions	15	1,721,291	1,310,524
<b>Total current liabilities</b>		<b>6,814,490</b>	<b>2,861,245</b>
<b>Non-current liabilities</b>			
Lease liabilities	14	186,365	-
Provisions	15	558,102	417,940
<b>Total non-current liabilities</b>		<b>744,467</b>	<b>417,940</b>
<b>Total liabilities</b>		<b>7,558,957</b>	<b>3,279,185</b>
<b>Net assets</b>		<b>15,952,072</b>	<b>19,619,785</b>
<b>Equity</b>			
Retained earnings		15,952,072	19,429,608
Reserves		-	190,177
<b>Total equity</b>		<b>15,952,072</b>	<b>19,619,785</b>

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

# Bellarine Community Health Ltd.

## Statement of Changes in Equity

For the Year Ended 30 June 2020

	Retained earnings \$	Financial Specific Purpose Reserve \$	Total \$
<b>Balance at 1 July 2018</b>	<b>21,168,967</b>	<b>255,875</b>	<b>21,424,842</b>
Deficit for the year	(1,739,359)	-	(1,739,359)
Net outcome of transfers	-	(65,698)	(65,698)
Total other comprehensive income for the year	-	-	-
<b>Balance at 30 June 2019</b>	<b>19,429,608</b>	<b>190,177</b>	<b>19,619,785</b>
<b>Balance at 1 July 2019</b>	<b>19,429,608</b>	<b>190,177</b>	<b>19,619,785</b>
Impact of adopting AASB 15 and AASB 1058	88,750	-	88,750
<b>Adjusted balance at 1 July 2019</b>	<b>19,518,358</b>	<b>190,177</b>	<b>19,708,535</b>
Deficit for the year	(3,566,286)	-	(3,566,286)
Net outcome of transfers	-	(190,177)	(190,177)
Total other comprehensive income for the year	-	-	-
<b>Balance at 30 June 2020</b>	<b>15,952,072</b>	<b>-</b>	<b>15,952,072</b>

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

# Bellarine Community Health Ltd.

## Statement of Cash Flows

For the Year Ended 30 June 2020

		2020	Restated 2019
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers and government grants		16,468,905	12,778,941
Payments to suppliers and employees		(15,447,516)	(14,076,395)
Interest received		194,989	319,731
Dividends received		65,131	75,303
Other trust income received		6,390	-
Interest paid on lease liabilities		(16,579)	-
<b>Net cash provided by / (used in) operating activities</b>	16	<b>1,271,320</b>	<b>(902,420)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(272,760)	(3,599,690)
Payments for intangible assets		(441,620)	(226,767)
Proceeds from investments		1,895,436	2,874,225
<b>Net cash provided by / (used in) investing activities</b>		<b>1,181,056</b>	<b>(952,232)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(142,465)	-
<b>Net cash used in financing activities</b>		<b>(142,465)</b>	<b>-</b>
<b>Net increase / (decrease) in cash held</b>		<b>2,309,911</b>	<b>(1,854,652)</b>
Cash and cash equivalents at the beginning of the financial year		136,508	1,991,160
<b>Cash and cash equivalents at the end of the financial year</b>	4	<b>2,446,419</b>	<b>136,508</b>

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

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

### Note 1. Summary of Significant Accounting Policies

---

The financial statements cover Bellarine Community Health Ltd. as an individual entity, incorporated and domiciled in Australia. Bellarine Community Health Ltd. is a company limited by guarantee.

#### Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The company 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. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

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.

The financial statements were authorised for issue on February 2021 by the directors of the company.

#### Impact of global COVID-19 pandemic

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including Bellarine Community Health Ltd.

In response, telehealth services for medical appointments and Allied Health services were introduced where possible, with limited face to face services remaining open for emergency and essential services throughout the period of restrictions. Bellarine Community Health Ltd. has purchased additional protective personal equipment, performed COVID-19 testing on behalf of government and purchased additional hardware to implement work from home arrangements.

For further details refer to Note 1(b) Revenue and Note 20 Events After the Reporting Period.

#### (a) New and amended accounting policies adopted during the reporting period

##### Initial application of AASB 16

The company has applied AASB 16: *Leases* using the simplified, modified retrospective method. The company has elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition as allowed under the transition provisions. As a result, there was no impact on retained earnings. The comparative information has not been restated and continues to be reported under AASB 117: *Leases*.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

### Note 1. Summary of Significant Accounting Policies (continued)

---

#### (a) New and amended accounting policies adopted during the reporting period (continued)

Prior to 1 July 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The company has recognised a lease liability and right-of-use asset for all leases recognised as operating leases under AASB 117: *Leases* where the company is the lessee.

The lease liabilities are measured at the present value of the lease payments. The company's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets were measured and recognised in the Statement of Financial Position as at 1 July 2019 by taking into account the lease liability and prepaid and accrued lease payments previously recognised at 1 July (that are related to the lease).

#### Practical expedients applied

The following practical expedients have been used by the company in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate
- applying AASB 16 to leases previously identified as leases under AASB 117 and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application
- not applying AASB 16 to leases not previously identified as containing a lease under AASB 117 and Interpretation 4.

#### Measurement of lease liabilities at 1 July 2019

The company measured lease liabilities at 1 July 2019 as follows:

Description	2019 \$
Operating lease commitments disclosed as at 30 June 2019	582,990
Restatement due to error which included 2018/19 commitments at 30 June 2019	<u>(126,790)</u>
Restated operating lease commitments disclosed as at 30 June 2019	<u>456,200</u>
Less:	
- discounting using the lessee's incremental borrowing rate at the date of initial application	(48,038)
Lease liability recognised as at 1 July 2019	<u><u>408,162</u></u>

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 1. Summary of Significant Accounting Policies (continued)

#### (a) New and amended accounting policies adopted during the reporting period (continued)

The operating lease commitments disclosed at 30 June 2019 were restated as the disclosure incorrectly included the lease repayments paid during the year ended 30 June 2019.

The company's weighted average incremental borrowing rate on 1 July 2019 applied to the restated lease liabilities was 4.52%. The difference between the restated operating lease commitments of \$456,200 disclosed at 30 June 2019 and the discounted operating lease commitments as at 1 July 2019 of \$408,162 was \$48,038. This is due to discounting the operating lease commitments at the company's incremental borrowing rate as at 1 July 2019.

#### Measurement of right-of-use assets at 1 July 2019

The company measured right-of use assets at 1 July 2019 as follows:

Description	2019 \$
Right-of-use assets	(408,162)
Lease Liabilities	408,162
Net adjustment recorded to retained earnings on 1 July 2019	<u>          -</u>
<b>Impact on the Statement of Financial Position as at 30 June 2020</b>	
<b>Right-of-use assets:</b>	
Initial recognition on adoption	408,162
Add:	
- additional right-of-use assets recognised	43,211
Less:	
- depreciation expense	(148,867)
Right-of-use assets as at 30 June 2020	<u>          302,506</u>
<b>Lease Liabilities:</b>	
Initial recognition on adoption	408,162
Add:	
- additional lease liabilities	43,211
- interest expense	16,579
Less:	
- lease repayments	(159,044)
Lease liabilities as at 30 June 2020	<u>          308,908</u>

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 1. Summary of Significant Accounting Policies (continued)

#### (a) New and amended accounting policies adopted during the reporting period (continued)

##### Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

##### Revenue and expenditure:

Decrease in operating lease expense	(159,044)
Increase in borrowing costs on lease liabilities	16,579
Increase in right-of-use asset depreciation expense	148,867

##### Surplus:

Decrease in deficit	<u>6,402</u>
---------------------	--------------

#### Initial application of AASB 115 and AASB 1058

##### Initial application

The company has applied AASB 15: *Revenue from Contracts with Customers* and AASB 1058: *Income of Not-for-profit Entities* using the modified retrospective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore the comparative information has not been restated and continues to be presented under AASB 118: *Revenue* and AASB 1004: *Contributions*.

The company has elected to apply AASB 1058 retrospectively only to contracts that are not completed contracts at the date of initial application. The adjustment to opening retained earnings on 1 July 2019 was an increase of \$88,750 with a corresponding decrease in contract liabilities.

##### Practical expedients applied

The company has elected to apply AASB 15 only to contracts that are not complete contracts at the date of initial application, being 1 July 2019. Not complete contracts are those:

- where all goods/services have not been transferred; or
- where revenue has not previously all been recognised.

##### Impact of adoption at 1 July 2019

The table below provides details of the significant changes and quantitative impact of these changes on the initial date of application, being 1 July 2019:

Statement of Financial Position	Presented on 30 June 2019 \$	Application Impact \$	Recorded as at 1 July 2019 \$
<b>Liabilities</b>			
<i>CURRENT</i>			
Contract liabilities	88,750	(88,750)	-
<b>Equity</b>			
Retained earnings	19,429,608	88,750	19,518,358

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 1. Summary of Significant Accounting Policies (continued)

#### (a) New and amended accounting policies adopted during the reporting period (continued)

The impact of transition was an increase of \$88,750 to retained earnings. This was because the company's deferred income at 30 June 2019 did not contain sufficiently specific and enforceable performance obligations under AASB 15 and was therefore required to be adjusted for against retained earnings (\$88,750) on 1 July 2019.

#### Impact of adoption for the year ended 30 June 2020

The table below provides details of the significant changes and quantitative impact of the changes as discussed above for the year ended 30 June 2020:

	Presented under previous accounting standards \$	Application Impact \$	Presented under current accounting standards \$
<b>Statement of Profit or Loss and Other Comprehensive Income</b>			
Revenue	15,205,670	(2,515,171)	12,690,499
<b>Statement of Financial Position</b>			
Contract liabilities	127,689	2,616,749	2,744,438

#### (b) Revenue

##### In the current reporting period

The company has adopted AASB 15: *Revenue from Contracts with Customers* and AASB 1058: *Income of Not-for-profit Entities* which came into effect from 1 July 2019, using the modified retrospective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: *Revenue* and AASB 1058: *Contributions*.

When the company receives revenue it assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15. When both these conditions are satisfied, the company:

- identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the time of which services are rendered.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the company:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.



# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

### Note 1. Summary of Significant Accounting Policies (continued)

---

#### (b) Revenue (continued)

The company recognises income in profit or loss when or as the company satisfies its obligations under the terms of the grant.

During the year ended 30 June 2020, COVID-19 has impacted revenue recognition. The Department of Health and Human Services (DHHS) provided a waiver of the outstanding performance obligations related to the year ended 30 June 2020. This resulted in \$677,872 of DHHS funding being recognised as revenue, that would otherwise have been recognised as a contract liability until subsequent years as the performance obligations were fulfilled.

Customer	Significant program or activity
Department of Health	CHSP Allied Health and Therapy Services
Department of Health	CHSP - Nursing
Department of Health	CHSP - Social Support Group
Department of Health and Human Services	Community Health
Dental Health Services Victoria	State Dental Health and National Partnership Program

The performance obligations for each of these government grants are:

- CHSP Allied Health and Therapy Services This program includes the provision of allied health services that restore, improve or maintain frail, older people's health, wellbeing and independence. Bellarine Community Health Ltd. are required to provide a set number of hours of service delivery. Revenue is recognised over time, as and when the services are provided.
- CHSP - Nursing This program involves the provision of short-term or episodic treatment and monitoring of medically diagnosed clinical conditions to support eligible frail, older people to remain living at home. Bellarine Community Health Ltd. are required to provide a set number of hours of service delivery. Revenue is recognised over time, as and when the services are provided.
- CHSP - Social Support Group This program involves the provision of services to assist frail older people participate in community life and feel socially included through structured, group based activities that develop, maintain or support independent living and social interaction. Bellarine Community Health Ltd. are required to provide a set number of hours of service delivery. Revenue is recognised over time, as and when the services are provided.
- Community Health This program includes the provision of general counselling, allied health and nursing services. Bellarine Community Health Ltd. are required to provide a set number of hours of service delivery. Revenue is recognised over time, as and when the services are provided.
- State Dental Health and National Partnership Program This program includes the provision dental services to eligible Victorians with a targeted number of people to be given oral health care at a total cost measured in Dental Weighted Activity Units (DWAU). Bellarine Community Health Ltd. are required to deliver a set number of DWAs. Revenue is recognised over time, as and when the services are provided.

For other grants with performance obligations, Bellarine Community Health Ltd. exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

**Note 1. Summary of Significant Accounting Policies (continued)**

---

**(b) Revenue (continued)****Wage Recoveries**

Wage recoveries represent reimbursement of salaries and wages for services provided to clients under the Doctors in Secondary Schools (DISS) program and other services such as Barwon Post-Acute Care and Hospital in the Home. The company recognises this revenue at a point in time, as and when the services are provided.

**National Disability Insurance Scheme**

This activity includes the provision of individualised support and services to people with a disability. The company's performance obligation is to deliver services in accordance with each participant's approved plan, which is developed based on the participant's needs and requirements. Revenue is recognised over time as the individual simultaneously receives and consumes the benefits provided by the company as it performs. The company uses the output method to measure its progress in satisfying its performance obligations.

**Home Care Packages**

Bellarine Community Health Ltd are a registered Home Care Package provider. Funding is received to assist with the provision of services including personal care, nursing services, allied health, cleaning and home maintenance for registered participants. Revenue is recognised over time, as the service is provided and unspent funds are held in trust.

**Medicare Rebates**

The company is a registered Medicare service provider. The Australian Government pay a Medicare rebate to provide patients with financial assistance towards the cost of their Medicare services. The rebate does not cover the full cost of Medicare services, with medical practitioners being able to set their own fee for service. Fee for service revenue and Medicare rebates are recognised at a point in time, as and when the service is provided.

**Capital Grants**

When the company receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards. Income is then recognised progressively as the asset is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are completed.

**Interest income**

Interest income is recognised using the effective interest method.

**Donations**

Donations are recognised when the payment is received.

**Contributed assets**

The company may receive assets from the government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable Accounting Standards (for example AASB 9, AASB 16, AASB 116 and AASB 138).

On initial recognition of an asset, the company recognises related amounts being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

**Note 1. Summary of Significant Accounting Policies (continued)**

---

**(b) Revenue (continued)**

The company recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amounts.

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

**In the comparative reporting period**

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

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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

When grant revenue is received whereby the company 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 statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

The company receives non reciprocal contributions of assets from the Government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

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.

Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

**(c) Expenses**

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

**Employee benefits expense**

Employee benefits expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- On-costs
- WorkCover premium

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

**Note 1. Summary of Significant Accounting Policies (continued)**

---

**(c) Expenses (continued)****Administrative expenses**

Administrative expenditure includes expenses relating to staff training and development, legal fees, independent consulting, printing and stationery and other minor day to day expenditure incurred by the Company.

**Direct Care**

Direct care expenses are incurred in the direct provision of client services.

**Software and IT expenses**

Software and IT expenses include IT support, software, licensing and hardware.

**Other operating expenses and administrative costs**

Other operating expenses and administrative costs include:

- supplies and consumables
- occupancy costs
- motor vehicle expenditure
- losses on sale of financial assets
- audit fees
- depreciation and amortisation expenses
- domestic services expenditure
- repairs and maintenance
- impairment losses
- discount expenses

**(d) Income tax**

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

**(e) Cash and Cash Equivalents**

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

**(f) Trade and Other Receivables**

Trade and other receivables includes amounts due from customers for services performed 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.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses (Note 1(k)).

**(g) Contract Assets**

Contract assets represent Bellarine Community Health Ltd.'s right to consideration in exchange for goods or services that Bellarine Community Health Ltd. has transferred to a customer when that right is conditional on something other than the passage of time. Bellarine Community Health Ltd. recognises contract assets mainly from the contracts in which services are delivered at a point in time and customers are invoiced subsequently to this.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

### Note 1. Summary of Significant Accounting Policies (continued)

---

#### (h) Property, Plant and Equipment

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

##### Property

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Freehold land and buildings 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 (deemed cost).

##### 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 its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(l) for details of impairment).

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.

##### Depreciation

The depreciable amount of all fixed assets, excluding freehold land, are depreciated on either a straight line basis or diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates are consistent with the prior period. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5 - 10%
Plant and Equipment	5 - 20%
Furniture and Fittings	5 - 20%
Motor Vehicles	12.5%
Right of Use Assets - Motor Vehicles	25 - 100%
Right of Use Assets - Laptops	33%
Right of Use Assets - Photocopiers	23%

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 included in the Statement of Profit or Loss and Other Comprehensive Income.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

### Note 1. Summary of Significant Accounting Policies (continued)

---

#### (i) Right of Use Assets

A right of use asset is recognised at the commencement date of the lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date, net of any lease incentives received, any direct costs incurred and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

Right of use assets are depreciated on a straight line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

#### (j) Intangible Assets

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

#### (k) Financial Instruments

##### Initial Recognition and Measurement

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

Financial instruments (except for trade receivables) 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

##### Classification and Subsequent Measurement

###### *Financial liabilities*

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

Bellarine Community Health Ltd. recognise trade and other payables, lease liabilities and accommodation bonds in this category.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

### Note 1. Summary of Significant Accounting Policies (continued)

---

#### (k) Financial Instruments (continued)

##### *Financial assets*

Financial assets are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

By default, all other financial assets that do not meet the measurement conditions of amortised cost are subsequently measured at fair value through profit or loss.

The company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method less any impairment.

Bellarine Community Health Ltd. recognise cash and cash equivalents and trade and other receivables are recognised at amortised cost and investments are recognised at fair value through profit or loss.

#### **Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the Statement of Financial Position.

##### *Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

### Note 1. Summary of Significant Accounting Policies (continued)

---

#### (k) Financial Instruments (continued)

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### *Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the company no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### **Recognition of expected credit losses in financial statements**

The company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. The approach is applicable to trade receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

At each reporting date, the company recognises the movement in the loss allowance as an impairment gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

#### (l) Impairment of Assets

At the end of each reporting period, the company 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 of disposal 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 assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

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



# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

**Note 1. Summary of Significant Accounting Policies (continued)**

---

**(m) Employee Benefits***Short term employee benefits*

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 within 12 months after the end of the annual reporting period in which the employees render the related service, including salaries, wages, ADOs, annual leave and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the Statement of Financial Position.

*Long term employee benefits*

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are 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. Provision is made for the company's obligation for other long-term employee benefits, which 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 high quality government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current liabilities 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 liabilities.

**(n) Trade and Other Payables**

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

**(o) Contract Liabilities**

Contract liabilities represent Bellarine Community Health Ltd.'s obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when Bellarine Community Health Ltd. recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before Bellarine Community Health Ltd. has transferred the goods or services to the customer.

**(p) Provisions**

Provisions are recognised when the company 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 are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

**Note 1. Summary of Significant Accounting Policies (continued)**

---

**(q) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (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 are presented as operating cash flows included in receipts from customers or payments to suppliers.

Cash flows are presented in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and 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.

**(r) Comparative Figures**

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

**(s) Critical Accounting Estimates and Judgements**

The director's evaluate 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 company.

**Key Estimates***Impairment of assets*

The company assesses impairment at each reporting period by evaluating the conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amount of the relevant assets are reassessed using the value-in-use calculation which incorporates various key assumptions.

*Useful lives of property, plant and equipment*

The company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

**Key Judgements***Identifying performance obligations under AASB 15*

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/-type, cost/-value, quantity and the period of transfer related to the goods or services promised.

*Determination and timing of revenue recognition under AASB 15*

For each revenue stream, the company applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

**Note 1. Summary of Significant Accounting Policies (continued)**

---

**(s) Critical Accounting Estimates and Judgements (continued)***Borrowing rate under AASB 16*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the company's leases, the company's incremental borrowing rate is used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, eg term, country, currency and security.

*Annual leave*

For the purpose of measurement, AASB 119: *Employee Benefits* 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 service. 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.

*Long service leave calculation*

The company assesses the long service leave liability in accordance with the requirements of AASB 119: *Employee Benefits* and applies probability factors reducing the balance of the liability on employees' balances that have not reached their vesting period, i.e. not entitled to be paid out as at 30 June 2020. The probability factors are increased as the respective employees' years of service increase and are provided for at 100% probability at vesting period (in accordance with employment conditions).

The probability rates have been determined based on past retention data.

**(t) Economic Dependence**

Bellarine Community Health Ltd. is dependent upon the State of Victoria, via the Department of Health & Human Services, and the Commonwealth, via the Department of Health, for the funding of a significant proportion of its operations. At the date of this report the Board of Directors has no reason to believe the Departments will not continue to support Bellarine Community Health Ltd.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

**Note 1. Summary of Significant Accounting Policies (continued)**

---

**(u) Fair Value of Assets and Liabilities**

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

"Fair value" is the price the company would sell an asset or would have to pay to transfer a liability in an orderly (i.e. 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 information.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the company at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset and 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.

**(v) New Standards Applicable to Future Periods**

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Bellarine Community Health Ltd. and their potential impact when adopted in future periods is discussed below:

- AASB 1060: *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-profit Tier 2 Entities* and associated amending Standards (applicable for annual reporting periods commencing on or after 1 January 2021). Early adoption is permitted.
- When effective, this Standard, which is a stand alone disclosure standard, will replace the current Reduced Disclosure Requirements (RDR) Framework. Adoption is expected to result in more simplified disclosures compared to the current RDR Framework.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatory to the company in future periods.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 1. Summary of Significant Accounting Policies (continued)

#### (w) Correction of Prior Period Error

In the prior period the Statement of Cash Flows and Cash Flow Reconciliation were found to be incorrect, with the deficit being recorded in the cash flow reconciliation incorrectly by \$472,239 and a number of cash flow movements also being incorrect. Given the material nature of the error, the financial statements for the year ended 30 June 2019 have been restated in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors*. The financial statements have been amended and certain comparative figures have been restated as follows.

	Previous 2019 disclosure	Restatement	Current 2019 disclosure
<b>Cash Flow Statement</b>			
<b>Cash flows from operating activities</b>			
Receipts from customers and government grants	12,154,768	624,173	12,778,941
Payments to suppliers and employees	(13,750,988)	(325,407)	(14,076,395)
Interest received	-	319,731	319,731
Dividends received	-	75,303	75,303
Cash flow relating to specific purpose funds	(65,698)	65,698	-
<b>Net cash provided by/(used in) operating activities</b>	<b>(1,661,918)</b>	<b>759,498</b>	<b>(902,420)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	(3,620,690)	21,000	(3,599,690)
Payments for intangible assets	(164,468)	(62,299)	(226,767)
Proceeds from investments	2,909,592	(35,367)	2,874,225
Investment interest	406,541	(406,541)	-
<b>Net cash provided by/(used in) investing activities</b>	<b>(469,025)</b>	<b>(483,207)</b>	<b>(952,232)</b>
<b>Cash flows from financing activities</b>			
Receipts from/(payments of) monies held in trust/bonds	276,290	(276,290)	-
<b>Net cash provided by/(used in) financing activities</b>	<b>276,290</b>	<b>(276,290)</b>	<b>-</b>
<b>Net increase/(decrease) in cash held</b>	<b>(1,854,652)</b>	<b>-</b>	<b>(1,854,652)</b>
Cash and cash equivalents at beginning of the financial year	1,991,160	-	1,991,160
<b>Cash and cash equivalents at the end of the financial year</b>	<b>136,508</b>	<b>-</b>	<b>136,508</b>

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 1. Summary of Significant Accounting Policies (continued)

#### (w) Correction of Prior Period Error (continued)

	Previous 2019 disclosure	Restatement	Current 2019 disclosure
Reconciliation of surplus to net cash provided by operating activities			
Deficit	(2,211,599)	472,240	(1,739,359)
Non cash items:			
Depreciation	310,714	-	310,714
Loss on disposal of assets	(35,367)	76,665	41,298
Movement in reserves	-	(65,698)	(65,698)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables	(31,223)	(355,338)	(386,561)
(Increase)/decrease in other assets	-	355,338	355,338
Increase/(decrease) in trade and other payables	(415,811)	45,489	(370,322)
Increase/(decrease) in contract liabilities	-	276,291	276,291
Increase/(decrease) in funds held in trust	-	88,750	88,750
Increase/(decrease) in provisions	721,368	(134,239)	587,129
Net cash flows (used in) provided by operating activities	(1,661,918)	759,498	(902,420)

#### (x) Going concern

During the year ended 30 June 2020, Bellarine Community Health Ltd. recorded a deficit of \$3.5m, (2019: deficit of \$1.8m), and an operating cash flow deficit (excluding capital grants) of \$1.2m (2019: \$1.7m). The operating result excluding capital grants and depreciation for 2018-2019 was \$2.3m and for 2019-20 \$2.8m.

Bellarine Community Health Ltd. is currently reviewing all aspects of its business operations with a view to improving operating results with the aim of returning to surplus within 2 years. There are cost reduction strategies in place which will improve results in 2020-2021 with further improvements in 2021-22 and beyond. Cost reduction will remain a focus at all times.

The strategies to be implemented in the short term to reduce cost and generate revenue have been endorsed by the Board of Directors.

Revenue generating opportunities will be identified and implemented where appropriate, with only those activities generating a surplus to be considered. Funding has been approved for at least 2 new programs which will commence during the first and second quarters of calendar year 2021, both of which will provide small surpluses, but also provide a base for additional funding in these program areas.

Bellarine Community Health Ltd.'s ability to remain a going concern and to discharge its liabilities in the ordinary course of business is dependent upon the continuing financial support of the Commonwealth Government and Department of Health & Human Services via government subsidies. The Board believes that this revenue will continue to be available to Bellarine Community Health Ltd. for the foreseeable future.

Bellarine Community Health Ltd. will implement current strategies and continue to review the business. On consideration of the above factors, the financial statements have been prepared on the going concern basis.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

<b>Note 2.</b>	<b>Revenue and Other Income</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
			<b>\$</b>	<b>\$</b>
	Revenue from contracts with customers	2(a)	9,949,766	-
	Funding and fee revenue	2(b)	-	10,961,053
	Other sources of revenue	2(c)	2,740,733	838,990
	<b>Total Revenue and Other Income</b>		<b>12,690,499</b>	<b>11,800,043</b>
<b>(a)</b>	<b>Disaggregated revenue</b>			
	The Company has disaggregated revenue by the nature of revenue and timing of revenue recognition.			
	<b>Categories of disaggregation</b>			
	State/Commonwealth government funding		7,713,397	-
	Fees for service		2,236,369	-
	<b>Total disaggregated revenue from contracts with customers under AASB 15</b>		<b>9,949,766</b>	<b>-</b>
	<b>Timing of revenue recognition</b>			
	Services transferred to customers:			
	- at a point in time		4,196,802	-
	- over time		5,752,964	-
			<b>9,949,766</b>	<b>-</b>
<b>(b)</b>	<b>Funding and fee revenue</b>			
	State/Commonwealth government funding		-	8,235,560
	Capital grants		-	888,165
	Service fees and charges		-	1,837,328
	<b>Total funding and fee revenue</b>		<b>-</b>	<b>10,961,053</b>
<b>(c)</b>	<b>Other sources of revenue</b>			
	State/Commonwealth government funding		2,040,932	-
	Capital grants		100,326	-
	Rental Income		81,981	76,913
	Interest received		188,599	319,731
	Dividend income		65,131	75,303
	Other trust income		6,390	-
	Bequests and donations received		40,811	54,153
	Other income		216,563	312,890
	<b>Total other sources of revenue</b>		<b>2,740,733</b>	<b>838,990</b>

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

<b>Note 3.</b>	<b>Material Profit or Loss Items</b>	<b>Notes</b>	<b>2020</b>	<b>2019</b>
			<b>\$</b>	<b>\$</b>
<p>The company has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the company's financial performance.</p>				
<b>(a) Employee benefits expense</b>				
-	Employment expenses		10,913,804	8,703,809
-	Contributions to defined contribution superannuation funds		972,517	760,402
-	WorkCover premium		118,150	66,698
	Total employee benefits expense		<u>12,004,471</u>	<u>9,530,909</u>
<b>(b) Depreciation and amortisation expense</b>				
	Property, plant and equipment			
-	Buildings		515,425	181,132
-	Plant, furniture and equipment		108,078	110,934
-	Motor vehicles		26,371	18,648
			<u>649,874</u>	<u>310,714</u>
	Right-of-use assets			
-	Motor vehicles		82,782	-
-	Laptops		31,706	-
-	Photocopiers		34,379	-
			<u>148,867</u>	<u>-</u>
	Intangible Assets			
-	Computer software		32,783	-
	Total depreciation and amortisation of non-current assets		<u>831,524</u>	<u>310,714</u>
<b>Note 4. Cash and Cash Equivalents</b>				
	Cash on hand		1,040	1,340
	Cash at bank		2,445,379	135,168
	Total Cash and Cash Equivalents	18	<u>2,446,419</u>	<u>136,508</u>
<i>Represented by:</i>				
	Operational funds		1,262,121	(631,649)
	Monies held in trust		1,184,298	768,157
			<u>2,446,419</u>	<u>136,508</u>



# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

<b>Note 5.</b>	<b>Trade and Other Receivables</b>	<b>Notes</b>	<b>2020</b>	<b>2019</b>
			<b>\$</b>	<b>\$</b>
	Trade receivables		48,471	154,447
	Contract assets		298,537	-
	Sundry debtors		-	274,395
	<b>Total Trade and Other Receivables</b>	<b>18</b>	<b>347,008</b>	<b>428,842</b>

### (a) Credit Risk

The company has no significant concentration of credit risk with respect to any single counterparty or entity of counterparties other than those receivables specifically provided for and mentioned within this note. The main source of credit risk to the company is considered to relate to the class of assets described as trade and other receivables.

The company always measures the loss allowance for accounts receivables at an amount equal to lifetime expected credit loss. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The company writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (eg when the debtor has been placed under liquidation or has entered into bankruptcy proceedings) or when the trade receivables are over two years past due, whichever occurs earlier. None of the accounts receivable that have been written off are subject to enforcement activities.

<b>Note 6.</b>	<b>Other Assets</b>	<b>Notes</b>	<b>2020</b>	<b>2019</b>
			<b>\$</b>	<b>\$</b>
	<i>Current</i>			
	Prepayments		31,544	33,886
	Accrued income		49,283	61,820
	<b>Total Other Assets</b>		<b>80,827</b>	<b>95,706</b>
	<i>(a) Financial assets classified as other assets (note 18)</i>			
	Total other assets		80,827	95,706
	Prepayments		(31,544)	(33,886)
	<b>Total financial assets classified as other assets</b>	<b>18</b>	<b>49,283</b>	<b>61,820</b>

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

<b>Note 7.</b>	<b>Investments</b>	<b>Notes</b>	<b>2020</b>	<b>2019</b>
			<b>\$</b>	<b>\$</b>
<i>Current</i>				
	Term deposits		110,967	610,789
	Financial assets at fair value through profit or loss:			
	- Managed funds		2,007,080	2,295,060
	<b>Total current</b>		<b>2,118,047</b>	<b>2,905,849</b>
<i>Non-Current</i>				
	Financial assets at fair value through profit or loss:			
	- Managed funds		4,991,959	6,099,593
	<b>Total non-current</b>		<b>4,991,959</b>	<b>6,099,593</b>
	<b>Total investments</b>	18	<b>7,110,006</b>	<b>9,005,442</b>
<b>Note 8. Property, Plant and Equipment</b>				
<b>Land and Buildings</b>				
Freehold land:				
	At cost		320,000	320,000
Buildings				
	At cost		15,404,513	15,008,728
	Less accumulated depreciation		(3,742,964)	(3,240,590)
			11,661,549	11,768,138
	Work in progress		138,787	357,568
	<b>Total Land and Buildings</b>		<b>12,120,336</b>	<b>12,445,706</b>
<b>Plant, furniture and equipment</b>				
	At cost		1,904,587	1,950,772
	Less accumulated depreciation		(1,514,713)	(1,488,264)
			389,874	462,508
<b>Motor Vehicles</b>				
	At cost		259,495	293,510
	Less accumulated depreciation		(180,935)	(196,019)
			78,560	97,491
	<b>Total Property, Plant and Equipment</b>		<b>12,588,770</b>	<b>13,005,705</b>

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 8. Property, Plant and Equipment (continued)

Movements in carrying amounts:

	Freehold land	Buildings	Work in progress	Plant, furniture & equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	320,000	5,253,291	3,789,696	389,520	19,425	9,771,932
Additions	-	-	3,263,851	183,922	96,714	3,544,487
Disposals	-	-	-	-	-	-
Depreciation expense	-	(181,132)	-	(110,934)	(18,648)	(310,714)
Transfers	-	6,695,979	(6,695,979)	-	-	-
Balance at 1 July 2019	320,000	11,768,138	357,568	462,508	97,491	13,005,705
Additions	-	2,030	203,104	59,053	8,573	272,760
Disposals	-	(15,190)	-	(23,609)	(1,133)	(39,932)
Depreciation expense	-	(515,314)	-	(108,078)	(26,371)	(649,763)
Transfers	-	421,885	(421,885)	-	-	-
Balance at 30 June 2020	320,000	11,661,549	138,787	389,874	78,560	12,588,770

	2020	2019
	\$	\$
<b>Note 9. Intangible assets</b>		
Computer Software		
At cost	247,613	164,468
Works in progress	420,774	62,299
Less accumulated amortisation and impairment	(32,894)	-
Total Intangible Assets	635,493	226,767
Balance at beginning of the year	226,767	-
Additions	441,620	226,767
Amortisation expense	(32,894)	-
Balance at end of financial year	635,493	226,767

### Note 10. Right of Use Assets

The company's lease portfolio includes motor vehicle, photocopier and laptop leases. The lease terms for each type of lease arrangement are:

Class of lease	Lease term
Motor vehicles	4 years
Laptops	3 years
Photocopiers	5 years

#### Options to extend or terminate

There were no extension options for motor vehicle leases. These clauses provide the company opportunities to manage leases in order to align with its strategies. All of the termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

Note 10. Right of Use Assets (continued)	2020	2019
	\$	\$
<b>Leased Motor Vehicles</b>		
Leased motor vehicles	210,146	-
Accumulated depreciation	(82,782)	-
	<u>127,364</u>	<u>-</u>
<b>Leased Laptops</b>		
Leased laptops	95,117	-
Accumulated depreciation	(31,706)	-
	<u>63,411</u>	<u>-</u>
<b>Leased Photocopiers</b>		
Leased photocopiers	146,110	-
Accumulated depreciation	(34,379)	-
	<u>111,731</u>	<u>-</u>
Total Right of Use Assets	<u>302,506</u>	<u>-</u>

**(a) Movements in carrying amounts**

Movements in carrying amounts for each class of right of use asset between the beginning and the end of the current financial year.

	Leased motor vehicles	Leased laptops	Leased photocopiers	Total
Initial application of AASB 16	166,935	95,117	146,110	408,162
Additions to right-of-use asset	43,211	-	-	43,211
Depreciation expense	(82,782)	(31,706)	(34,379)	(148,867)
Carrying amount at the end of the year	<u>127,364</u>	<u>63,411</u>	<u>111,731</u>	<u>302,506</u>

**(b) AASB 16 related amounts recognised in the statement of profit or loss**

	2020	2019
	\$	\$
Depreciation charge related to right-of-use assets	148,867	-
Interest expense on lease liabilities	16,579	-
	<u>165,446</u>	<u>-</u>

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

<b>Note 11.</b>	<b>Trade and Other Payables</b>	<b>Notes</b>	<b>2020</b>	<b>2019</b>
			<b>\$</b>	<b>\$</b>
	Trade payables		198,678	174,592
	Accrued expenses		245,244	136,726
	Net GST payable		308,838	61,518
	Accrued wages		287,731	181,769
	Accrued backpay		-	134,239
	Credit cards		1,429	4,970
	<b>Total Trade and Other Payables</b>		<b>1,041,920</b>	<b>693,814</b>
(a) Financial liabilities classified as trade and other payables (note 18)				
	Total trade and other payables		1,041,920	693,814
	Net GST payable		(308,838)	(61,518)
	<b>Total financial liabilities classified as trade and other payables</b>	<b>18</b>	<b>733,082</b>	<b>632,296</b>
<b>Note 12.</b>	<b>Contract Liabilities</b>			
	Contract liabilities		312,245	-
	Unspent capital grants		2,432,193	-
	Grants received in advance		-	88,750
	<b>Total Other Liabilities</b>		<b>2,744,438</b>	<b>88,750</b>
<b>Note 13.</b>	<b>Funds Held in Trust</b>			
	Accommodation bonds		94,946	94,946
	Unspent consumer direct packages (CDC/HCP) funds		1,089,352	673,211
	<b>Total Funds Held in Trust</b>		<b>1,184,298</b>	<b>768,157</b>
(a) Financial liabilities classified as funds held in trust (note 18)				
	Total funds held in trust		1,184,298	768,157
	Unspent consumer direct packages (HCP) funds		(1,089,352)	(673,211)
	<b>Total financial liabilities classified as funds held in trust</b>	<b>18</b>	<b>94,946</b>	<b>94,946</b>

Bellarine Community Health has a Liquidity Management Strategy embedded within the Investment Policy, to ensure there are sufficient funds to refund deposits. A designated Eric Tolliday Units deposit has been set aside to cover the amount of accommodation bonds held in respect of the Eric Tolliday Units.

Further to this, Bellarine Community Health Ltd. holds Commonwealth funded Home Care Packages which are held on behalf of individual recipients. Home Care Package funding is recognised as revenue as and when services are provided to the recipient. The balance of unspent of funding is retained as funds held in trust on behalf of the recipient, as Home Care Packages are consumer directed, which gives the recipient the ability to choose their service provider. Should an individual recipient select another service provider, the balance of unspent funds is transferred to the new service provider.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

<b>Note 14. Lease Liabilities</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Lease liability	122,543	-
	<u>122,543</u>	<u>-</u>
<i>Non Current</i>		
Lease liability	186,365	-
	<u>186,365</u>	<u>-</u>
Total Lease Liabilities	18	<u>308,908</u>

The leases for motor vehicles, laptops and photocopiers have terms of three to five years, and do not include optional terms or purchase options.

<b>Note 15. Provisions</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Provision for annual leave	798,549	575,787
Provision for long service leave	864,775	693,392
Provision for accrued days off	57,967	41,345
	<u>1,721,291</u>	<u>1,310,524</u>
<i>Non Current</i>		
Provision for long service leave	558,102	417,940
	<u>558,102</u>	<u>417,940</u>
Total Provisions	<u>2,279,393</u>	<u>1,728,464</u>

### Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave and redundancy.

The current portion for this provision includes the total amount accrued for annual leave entitlements, redundancy 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.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(m).

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

<b>Note 16.</b>	<b>Cash flow Information</b>	<b>Note</b>	<b>2020</b>	<b>Restated 2019</b>
			<b>\$</b>	<b>\$</b>
	Reconciliation of surplus to net cash provided by operating activities			
	Deficit		(3,566,286)	(1,739,359)
	Non cash items:			
	- depreciation and amortisation		831,524	310,714
	- loss on disposal of assets		39,932	41,298
	- impact of adopting AASB 15 and AASB 1058		88,750	-
	- movement in reserves		(190,177)	(65,698)
	Changes in assets and liabilities:			
	- (Increase)/Decrease in trade and other receivables		81,834	(386,561)
	- (Increase)/Decrease in other assets		14,879	355,338
	- Increase/(Decrease) in trade and other payables		348,106	(370,322)
	- Increase/(Decrease) in contract liabilities		2,655,688	88,750
	- Increase/(Decrease) in funds held in trust		416,141	276,291
	- Increase/(Decrease) in provisions		550,929	587,129
	Net cash flows provided by/(used in) operating activities	1(t)	<u>1,271,320</u>	<u>(902,420)</u>

### **Note 17. Capital and Leasing Commitments**

Following the company's adoption of AASB 16: *Leases* on 1 July 2019, the company no longer distinguishes its lease arrangements between operating and finance leases.

The company's lease commitments, which are captured under AASB 16, are disclosed at Note 14.

Lease commitments measured under either previous Accounting Standards or those commitments which may meet an exemption under AASB 16, including their relevant commitments, are disclosed as follows.

<b>(a) Operating Lease Commitments</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable - minimum lease payments		
- no later than 12 months	-	126,790
- between 12 months and 5 years	-	456,200
	<u>-</u>	<u>582,990</u>

### **(b) Capital Expenditure Commitments**

At 30 June 2020 Bellarine Community Health Ltd. have recognised unspent capital funding totalling \$2,432,193 as a contract liability (Note 12) which will be expended in future periods. At 30 June 2020 no tender for construction had been released in relation to the unspent capital funding and therefore no capital commitment has been disclosed, however all unspent capital funding will be used on capital expenditure in future periods.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 18. Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, leases and funds held in trust. The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 \$	2019 \$
<b>Financial assets</b>			
Cash and cash equivalents	4	2,446,419	136,508
Trade and other receivables	5	347,008	428,842
Other assets	6a	49,283	61,820
Investments	7	7,110,006	9,005,442
<b>Total financial assets</b>		<b>9,952,716</b>	<b>9,632,612</b>
<b>Financial liabilities</b>			
Trade and other payables	11a	733,082	632,296
Funds held in trust	13	94,946	94,946
Lease liabilities	14	308,908	-
<b>Total financial liabilities</b>		<b>1,136,936</b>	<b>727,242</b>

#### Financial risk management objectives and policies

Bellarine Community Health Ltd.'s activities expose itself to some financial risks which need to be actively managed.

##### Market risk

Bellarine Community Health Ltd.'s exposure to market risk is primarily through interest rate risk and equity price risk.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Bellarine Community Health Ltd. has some exposure to cash flow interest rate risks through cash and deposits that are at floating rates. Bellarine Community Health Ltd. manages this risk by mainly undertaking fixed rate or non interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate.

Bellarine Community Health Ltd. is exposed to equity price risk through its managed fund, which primarily holds domestic fixed interest investments. Bellarine Community Health Ltd. work closely with JB Were to assist with the management of its investment portfolio in accordance with the Investment Policy approved by the Board. The fund manager, on behalf of Bellarine Community Health Ltd. closely monitors performance and manages the equity price risk through diversification of its investment portfolio and provides updates to the Board on a timely basis.

##### Interest rate risk

Changes in interest rates effects the ability for Bellarine Community Health Ltd. to earn returns on investment. Management negotiates with banking institutions to get the best available rates. On this basis, Bellarine Community Health Ltd. Is exposed to interest rate risk however this risk is mitigated where possible.

##### Liquidity risk

Vigilant liquidity risk management requires Bellarine Community Health Ltd. to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they fall due. Bellarine Community Health Ltd. manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.



# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

### Note 18. Financial Risk Management (continued)

---

#### *Credit risk*

Bellarine Community Health Ltd. is not exposed to any significant credit risk.

#### *Foreign currency risk*

Bellarine Community Health Ltd. is not exposed to any significant foreign currency risk.

#### *Price risk*

Bellarine Community Health Ltd. is not exposed to any significant price risk.

<b>Note 19. Contingent Liabilities and Contingent Assets</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Contingent liabilities	10,000	-
Total contingent liabilities	<u>10,000</u>	<u>-</u>

There is a contingent liability as at 30 June 2020 in respect of a bank guarantee associated with the Point Lonsdale redevelopment. As a result Bellarine Community Health Ltd. have a contingent liability of \$10,000 as at 30 June 2020.

There are no further known contingent liabilities or contingent assets for Bellarine Community Health Ltd. as at 30 June 2020.

---

### Note 20. Events after the Reporting Period

---

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Bellarine Community Health Ltd. at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Bellarine Community Health Ltd., its operations, its future results and financial position. The state of emergency in Victoria was extended on 29 January 2021 until 26 February 2021 and the state of disaster ended 8 November 2020.

Further, Shane Dawson announced his retirement as Chief Executive Officer effective 20 September 2020, and was replaced by Garry Ellis as Interim Chief Executive Officer. Garry Ellis was previously a Bellarine Community Health Ltd. Board Director who resigned from the role to take up this position.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Bellarine Community Health Ltd., the results of the operations or the state of affairs in the future financial years.

---

### Note 21. Key Management Personnel Compensation

---

Key Management Personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Bellarine Community Health Ltd., directly or indirectly.

The KMP of Bellarine Community Health Ltd. are deemed to be the:

- Board of Directors
- Chief Executive Officer
- Chief Operating Officer
- Executive Director, Adult & Aged Services
- Executive Director, Child Youth & Families
- Executive Director, Service Development

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 21. Key Management Personnel Compensation (continued)

The totals of remuneration paid to KMP of the company during the year are as follows:

	2020	2019
	\$	\$
Short-term employee benefits	789,958	675,026
Post-employee benefits	65,641	56,468
Other long-term benefits	20,176	17,347
	<u>875,775</u>	<u>748,841</u>

Outside of normal citizen type transactions with the company, there were no related party transactions that involved key management personnel, their close family members and their personal business interests.

### Note 22. Fair Value Hierarchy

The company measures and recognises investments at fair value through profit or loss on a recurring basis after initial recognition.

The company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

#### Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the

#### Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

#### Level 3

Measurements based on unobservable inputs for the 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. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

#### Valuation Techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach* uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach* converts estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach* reflects the current replacement cost of an asset at its current service capacity.

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 22. Fair Value Hierarchy (Continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	30 June 2020			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
<b>Recurring fair value measurements</b>				
<i>Financial assets recognised at fair value through profit or loss</i>				
Managed funds	6,999,039	-	-	6,999,039
<b>Total non-financial assets recognised at fair value on a recurring basis</b>	<b>6,999,039</b>	<b>-</b>	<b>-</b>	<b>6,999,039</b>

### Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value	Fair Value	Valuation Technique(s)
	30 June 2020	30 June 2019	
<i>Financial assets recognised at fair value through profit or loss</i>			
Managed funds	6,999,039	8,394,653	Market/direct comparison approach

Note 23. Auditor's Remuneration	2020	2019
	\$	\$
Remuneration of Auditor's, VAGO (2019: LBW Chartered Accountants) for:		
- auditing the financial report	45,000	8,000
Total Auditor's Remuneration	<b>45,000</b>	<b>8,000</b>

### Note 24. Members' Guarantee

The company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* 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 \$2 each towards meeting any outstanding obligations of the company. At 30 June 2020 the number of members was 63 (2019: 98).

# Bellarine Community Health Ltd.

## Notes to the Financial Statements

For the Year Ended 30 June 2020

---

**Note 25. Registered Office/Principal Place of Business**

---

**The registered office of the company is:**

Bellarine Community Health Ltd.  
2-16 Nelson Road  
Point Lonsdale VICTORIA 3225

**The principal place of business is:**

Bellarine Community Health Ltd.  
2-16 Nelson Road  
Point Lonsdale VICTORIA 3225

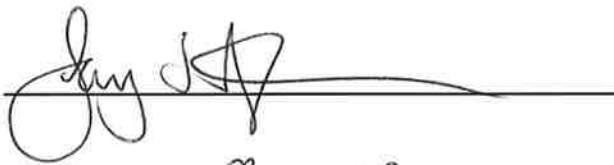
# Bellarine Community Health Ltd. Directors' Declaration

In accordance with a resolution of the directors of Bellarine Community Health Ltd., the directors of the company declare that:

- 1 The financial statements and notes, as set out on pages 7 to 43, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year 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 signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Fay Agterhuis, Chair

A handwritten signature in black ink, appearing to read 'Fay Agterhuis', is written over a horizontal line.

Tim Walsh, Deputy Chair

A handwritten signature in black ink, appearing to read 'Tim Walsh', is written over a horizontal line.

Dated this 18<sup>th</sup> day of February 2021

## Independent Auditor's Report

### To the Directors of Bellarine Community Health Ltd

<b>Opinion</b>	<p>I have audited the financial report of Bellarine Community Health Ltd (the company) which comprises the:</p> <ul style="list-style-type: none"><li>• statement of financial position as at 30 June 2020</li><li>• statement of profit or loss and other comprehensive income for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• statement of cash flows for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• directors' declaration.</li></ul> <p>In my opinion the financial report is in accordance with Division 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, including:</p> <ul style="list-style-type: none"><li>• giving a true and fair view of the financial position of the company as at 30 June 2020 and of its financial performance and its cash flows for the year then ended</li><li>• complying with Australian Accounting Standards and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2013</i>.</li></ul>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Directors' responsibilities for the financial report</b>	<p>The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>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 it is inappropriate to do so.</p>

**Other Information**

The Directors of the company are responsible for the Other Information, which comprises the information in the company's annual report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

**Auditor's  
responsibilities  
for the audit of  
the financial  
report  
(continued)**

I 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 I identify during my audit.

I also provide the Directors with a statement that I 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 my independence, and where applicable, related safeguards.



MELBOURNE  
19 February 2021

Travis Derricott  
*as delegate for the Auditor-General of Victoria*



## Auditor-General's Independence Declaration

### To the Board of Directors, Bellarine Community Health Ltd

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

### *Independence Declaration*

As auditor for Bellarine Community Health Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.



MELBOURNE  
19 February 2021

Travis Derricott  
*as delegate for the Auditor-General of Victoria*