# Bellarine Community Health Ltd.

ABN: 96 536 879 169

# Financial Report

For the year ended 30 June 2022

# Contents

# Directors Report

The directors present their report of Bellarine Community Health Ltd. (the "Company") for the year ended 30 June 2022.

## 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

**Lucy Simms**

Board member

**Robert James**

Board member

**Rod Slattery**

Treasurer

**Mark Harris**

Board member

**John Lesser**

Board member (appointed 16th December 2021)

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 for the year ended 30 June 2022:

**Garry Ellis**

**Qualifications**: B Com., MBA, Grad Cert Human Resource Management, GAICD

**Experience**: Experienced Chief Executive Officer with 32 years working in the not-for-profit and health service sectors.

## Principal Activities

The principal activities of the Company during the year were to provide a range of primary health care services and health promotion activities for people of all ages on the Bellarine Peninsula. The Company is committed to making positive contributions to primary health care and delivering quality services to the communities of the Bellarine.

Challenges overcome during the year include the ongoing impact of COVID-19 on recruitment and service delivery. A record low unemployment rate, and greater flexibility in workplaces has made recruitment very competitive. Despite this challenge, Bellarine Community Health Ltd. has welcomed some remarkably skilled and knowledgeable people to the team over the past year. Employees have adapted to the changing work environment well, with many staff now balancing a work week split between home and office.

The Company's capital works projects continue to be impacted by COVID-19 and the more than 20% increase in construction costs that have occurred because of the pandemic. Building tenders for the redevelopment of the Portarlington site came in significantly higher than expected, forcing time delays and the scope of the work to be stripped back. A builder was appointed in November 2021 with demolition of the northern section of the building occurring in March 2022.

Highlights of the year include development of a new Strategic Plan 2022-2025 for the Company. Extensive consultation was conducted with community, staff, volunteers and other stakeholders to develop a plan that will respond to the growing population and changes to the health and social needs across the Bellarine. The Company also partnered with Retirement Village operator Sirovilla to renovate and reopen the Eric Tolliday independent living units at the Point Lonsdale site.

## Performance Measures

The Company measures performance using both qualitative and quantitative methodologies.

As an organisation funded by both the State and Commonwealth governments, the Company is required to report performance outcomes at intervals as specified in the funding and service agreements. Reporting to funders can be in the form of qualitative reports as well as against predetermined activity targets.

Strategically, Bellarine Community Health Ltd. is required to measure and report on performance as it pertains to the legislative and regulatory frameworks that govern service delivery. Each area is accredited and assessed periodically against the standards set by the funding body.

Internally the Company has three board subcommittees that measure performance through an annual work plan. These subcommittees are the Quality, Safety and Risk Committee, the Finance and Audit Committee and the Board Governance Committee. Reporting processes ensure the Company reports on its annual operational plan and the overall operational performance to the Bellarine Community Health Ltd. Board of Directors monthly.

## Operating Result

The Company recorded an operating surplus of $632,895 (2020-2021: deficit of $1,376,068) and total comprehensive income of $632,895 for the year ended 30 June 2022 (2020-2021: $75,833 surplus).

## After Balance Date Events

The impact of the COVID-19 pandemic is ongoing for Bellarine Community Health Ltd. At the date of this report, it is not practicable to estimate the potential impact after the reporting date. The situation continues to develop and is dependent on further outbreaks and measures imposed by the Commonwealth and State Governments.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations.

## Environmental Issues

The Company is not subject to any significant environmental regulation.

## Directors' Benefits

No director has received or become entitled to receive, during the financial year or since, a benefit because of a contract made by the Company or related body corporate with a director, a firm of 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 proceedings.

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

## Information on Directors

**Fay Agterhuis** - *appointed 28th of November 2017*

**Qualifications**: Bachelor of Education, Diploma of Education, Grad Dip Special Education
**Special Responsibilities**: Board Chair; Member of Finance and Audit Committee; Chair of Governance Committee

**Tim Walsh** - *appointed 16th of December 2021*

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

**Kristina Dimasi** - *appointed 31st of May 2012*

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

**Jean Paul** - *appointed 5th of September 2019*
**Special Responsibilities**: Member of Quality, Safety & Risk Committee; Member of Governance Committee

**Rod Slattery** - *appointed 26th of September 2019*

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

**Robert James** - *appointed 26th of November 2019*

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

**Lucy Simms** - *appointed 23rd of June 2021*

**Qualifications**: Bachelor of Civil Engineer (Hons.), GAICD
**Special Responsibilities**: Member of Finance & Audit Committee

**Mark Harris** - *appointed 23rd of June 2021*

**Qualifications**: BSc Applied Science (Hons), BSc Physiotherapy (Hons), MBA, Grad Dip Project Management
**Special Responsibilities**: Member of Quality, Safety & Risk Committee

**John Lesser** - *appointed 16th of December 2021*

**Qualifications**: BA, LLB, Dip Ed, Grad Ed (Tesol). Barrister and Solicitor of the Supreme Court of Victoria. Victorian Reserve Magistrate.
**Special Responsibilities**: Member of Governance 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 & Audit Committee | | Quality, Safety & Risk Committee | | Governance Committee | |
|---|---|---|---|---|---|---|---|---|
| | Eligible | Attended | Eligible | Attended | Eligible | Attended | Eligible | Attended |
| Fay Agterhuis | 10 | 10 | 10 | 8 | | | 8 | 8 |
| Tim Walsh | 9 | 9 | | | 9 | 8 | | |
| Kristina Dimasi | 10 | 9 | 10 | 7 | | | | |
| Jean Paul | 10 | 9 | | | 9 | 8 | 8 | 8 |
| Lucy Simms | 10 | 10 | 10 | 10 | | | | |
| Robert James | 10 | 10 | | | 9 | 8 | 8 | 6 |
| Rod Slattery | 10 | 9 | 10 | 10 | | | | |
| Mark Harris | 10 | 8 | | | 9 | 6 | | |
| John Lesser | 5 | 5 | | | | | 3 | 2 |

## Members' Guarantee

The Company is registered with 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 $10 each towards meeting any outstanding obligations of the Company. At 30 June 2022 the number of members was 74 (2021: 98).

## Auditors' Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found immediately after this director' report.

Signed in accordance with a resolution of the Board of directors.

Fay Agterhuis, Chair

Tim Walsh, Deputy Chair

Dated this 17th day of November 2022

Victorian Auditor-General's Office

# 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 2022, 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
28 November 2022

Sanchu Chummar
*as delegate for the Auditor-General of Victoria*

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

| | Notes | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| Revenue | 2 | 11,579,044 | 9,388,371 |
| Other income | 2 | 4,404,208 | 4,095,472 |
| Employee benefits expense | 3 | (10,415,199) | (10,569,522) |
| Supplies and consumables | | (370,543) | (373,814) |
| Depreciation and amortisation expenses | 3 | (867,670) | (770,462) |
| Administrative expenses | | (520,714) | (428,291) |
| Direct care | | (2,044,204) | (1,377,936) |
| Occupancy costs | | (159,046) | (205,577) |
| Software and IT expenses | | (534,212) | (416,254) |
| Domestic services | | (20,314) | (19,441) |
| Motor vehicle | | (55,286) | (51,777) |
| Repairs and maintenance | | (306,910) | (254,189) |
| Interest expense | | (10,392) | (10,325) |
| Audit fees | | (61,515) | (73,000) |
| Net gain/(loss) on disposal of property, plant and equipment | | 15,649 | (309,323) |
| **Surplus/(Deficit)** | | **632,895** | **(1,376,068)** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Gain on the revaluation of land and buildings at fair value | | - | 1,451,901 |
| **Other comprehensive income for the year** | | **-** | **1,451,901** |
| **Total comprehensive income attributable to members of the company** | | **632,895** | **75,833** |

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

# Statement of Financial Position

As at 30 June 2022

| | Notes | 2022 $ | 2021 $ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 4 | 7,073,327 | 7,497,570 |
| Trade and other receivables | 5 | 657,204 | 521,396 |
| Other assets | 6 | 73,693 | 92,813 |
| Investments - current | 7 | 1,600,357 | 105,001 |
| **Total current assets** | | **9,404,581** | **8,216,780** |
| **Non-current assets** | | | |
| Investments - non-current | 7 | 2,517,088 | 5,090,963 |
| Property, plant and equipment | 8 | 13,895,470 | 13,511,440 |
| Intangibles | 9 | 802,914 | 1,017,742 |
| Right of use assets | 10 | 199,293 | 229,649 |
| **Total non-current assets** | | **17,414,766** | **19,849,794** |
| **Total assets** | | **26,819,347** | **28,066,574** |
| **Current liabilities** | | | |
| Trade and other payables | 11 | 939,844 | 1,314,167 |
| Contract liabilities and deferred grants | 12 | 2,818,021 | 3,101,076 |
| Funds held in trust | 13 | 304,337 | 1,433,075 |
| Lease liabilities - current | 14 | 116,715 | 121,757 |
| Employee benefit provisions - current | 15 | 1,791,849 | 1,513,286 |
| **Total current liabilities** | | **5,970,766** | **7,483,361** |
| **Non-current liabilities** | | | |
| Contract liabilities and deferred grants | 12 | 3,751,261 | 3,896,697 |
| Lease liabilities -non-current | 14 | 89,886 | 107,189 |
| Employee benefit provisions - non-current | 15 | 346,634 | 551,422 |
| **Total non-current liabilities** | | **4,187,781** | **4,555,308** |
| **Total liabilities** | | **10,158,547** | **12,038,669** |
| **Net assets** | | **16,660,800** | **16,027,905** |
| **Equity** | | | |
| Retained earnings | | 15,208,899 | 14,576,004 |
| Property, plant and equipment revaluation reserve | 8 | 1,451,901 | 1,451,901 |
| **Total equity** | | **16,660,800** | **16,027,905** |

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

# Statement of Changes in Equity

As at 30 June 2022

| | Retained Earnings $ | Financial Specific Purpose Reserve $ | Property, Plant and Equipment Revaluation Reserve $ | Total $ |
|---|---|---|---|---|
| **Balance at 1 July 2020** | **15,952,072** | **-** | **-** | **15,952,072** |
| Revaluation surplus | | | 1,451,901 | 1,451,901 |
| Surplus/(Deficit) | (1,376,068) | - | - | (1,376,068) |
| **Balance at 30 June 2021** | **14,576,004** | **-** | **1,451,901** | **16,027,905** |
| Surplus/(Deficit) | 632,895 | - | - | 632,895 |
| **Balance at 30 June 2022** | **15,208,899** | **-** | **1,451,901** | **16,660,800** |

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

# Statement of Cash Flows

As at 30 June 2022

| | Notes | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers and government grants (including GST) | | 13,868,075 | 18,922,513 |
| Payments to suppliers and employees (including GST) | | (14,409,676) | (15,113,441) |
| Interest received | | 86,074 | 138,952 |
| Dividends received | | 54,887 | 54,802 |
| Other trust Income received | | - | 1,996 |
| Interest paid on lease liabilities | | (10,392) | (10,325) |
| **Net cash provided by operating activities** | **16** | **(411,032)** | **3,994,497** |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | (894,580) | (287,527) |
| Payments for intangible assets | | (21,250) | (509,276) |
| Proceeds from investments | | 814,471 | 1,996,564 |
| **Net cash provided by investing activities** | | **101,359** | **1,199,761** |
| **Cash flows from financing activities** | | | |
| Repayment of lease liabilities | | (114,570) | (143,107) |
| **Net cash used in financing activities** | | **(114,570)** | **(143,107)** |
| **Net increase (decrease) in cash held** | | (424,243) | 5,051,151 |
| Cash and cash equivalents at the beginning of the financial year | 4 | 7,497,570 | 2,446,419 |
| **Cash and cash equivalents at the end of the financial year** | **4** | **7,073,327** | **7,497,570** |

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

# Notes to the Financial Statements

## Note 1. Summary of Significant Accounting Policies

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

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

### New or amended Accounting Standards and Interpretations Adopted

Bellarine Community Health Ltd. has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

### Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with *AASB1060 General Purpose Financial Statements –Simplified Disclosures for For-Profit and Not-for-Profit Entities* of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and associated regulations. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements have been prepared on a going concern basis (refer to Note 1(v)).

#### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the relevant notes.

### (a) Company Details

The registered office and principal place of business is:

Bellarine Community Health Ltd
2 Nelson Road, Point Lonsdale VIC 3225

### (b) Revenue and Income

The Company's overall objective is the delivery of health treatment and support services, and health promotion and prevention programs to members of the Bellarine Peninsula communities in accordance with identified community needs and the formal objectives of the Company. To enable the Company to fulfil its objective it receives income primarily from government. Bellarine Community Health Ltd. also receives income from the supply of services. All revenue is stated net of goods and services tax (GST).

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

### Grant funding and economic dependence

The Company is dependent upon both State and Federal Governments for the majority of its revenue, which constitutes approximately 80% in 2022 (2021: 77%) of the Company's total revenue. At the date of this report the Board of Directors has no reason to believe the relevant government department will not continue to support the Company.

When the Company obtains control of a government grant, it recognises the associated asset in accordance with the applicable Australian Accounting Standard. In addition, the Company recognises the following 'related amounts', when applicable:

- any related contributions by owners, customer contract liabilities, financial liabilities and other liabilities and revenue, measured in accordance with the applicable Australian Accounting Standards;
- any liabilities for obligations arising from transfers to enable the Company to acquire or construct non-financial assets to be controlled by the Company; and
- donation income, representing the residual amount of the resources received.

As per AASB 1058, a related amount is accounted for as a customer contract liability in line with AASB 15 when, and only when, the associated agreement with the grantor:

- creates enforceable rights and obligations between the parties; and
- includes a promise by the Company to transfer a good or service that is sufficiently specific for the Company to determine when the obligation is satisfied.

For contracts without enforceable right obligations and not sufficiently specific to enable the Company to determine when they have been satisfied, income is recognised immediately under AASB 1058.

If an agreement is classified as a contract with a customer, it is accounted for in accordance with *AASB 15*, which requires the Company to:

- identify the performance obligation(s) under the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligation(s) under the contract; and
- recognise revenue when (or as) the Company satisfies the performance obligation(s).

For contracts with customers that comprise a donation component, the Company treats such components as part of the performance obligation(s) unless the Company can demonstrate that component is not related to the promised goods or services.

Revenue from government grants meets the necessary criteria to be accounted for as revenue from contracts with customers under AASB 15. Performance obligations arising from contracts for government grants are generally satisfied over time, as the Company meets the performance obligations included within the contract. The methods used to measure the Company's progress towards achieving its performance obligations arising from its contracts for government grants are either input or output based (*note 2*).

The types of government grants recognised under *AASB 15: Revenue from Contracts with Customers* includes:

- **CHSP Allied Health and Therapy Service:** this program includes the provision of allied health services that restore, improve or maintain frail, older people's health, wellbeing and independence. The Company is 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. The Company is 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. The Company is required to provide a set number of hours-of-service delivery. Revenue is recognised over time, as and when the services are provided.

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

- **Community Health:** This program includes the provision of general counselling, allied health and nursing services. The Company is 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 of 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). The Company is required to deliver a set number of DWAUs. Revenue is recognised over time, as and when the services are provided.

For other grants with performance obligations, the Company exercises judgement over whether the performance obligations have been met, on a grant-by-grant basis.

### 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

The Company is 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 pays 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.

### Interest Income

Interest income is recognised using the effective interest method.

### Donations

Donations are recognised when the payment is received.

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

### Contributed Assets

The Company may receive assets from 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 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.

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.

## (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)
- Superannuation
- WorkCover premiums

### 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

Other operating expenses represent the day to day running costs incurred in normal operations of the Company's activity and include costs relating to:

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

## (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.*

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

### (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 include 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 (refer to Note 1(k) for details of credit losses).

### (g) Contract Assets

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

### (h) Property, Plant and Equipment

#### Bases of measurement of carrying amount

Land and buildings is carried at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

#### Property

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses. The last valuation took place on the 30th of June 2021 by Ridge Valuers on the basis of fair value. The revaluation was processed to the asset revaluation reserve.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of asset revaluation reserve. All other decreases are recognised in the statement of profit or loss.

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).

Leasehold improvements are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

#### Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

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

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

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 either in the statement of comprehensive income or as a revaluation decrease if the impairment losses relate to a revalued asset. Refer to Note 1(l) for details of impairment.

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

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, including leasehold improvements but excluding freehold land, is calculated 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.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements. Depreciation rates are consistent with the prior period. Depreciation rates used for each class of depreciable asset are:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Buildings | 2% |
| Leasehold Improvements | 2.5% |
| Plant and Equipment | 5% -20% |
| Furniture and Fittings | 5% - 10% |
| Motor Vehicles | 12.5% |
| Right of Use Assets – Motor Vehicles | 25%-100% |
| Right of Use Assets – Laptops | 33% |
| Right of Use Assets – Photocopiers | 20% |

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

Gains and losses on disposal 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.

### (i) 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.

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

### (j) 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 of the 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 measurement of lease liabilities.

### (k) Financial Instruments

Financial instruments arise out of agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company applies AASB 9 and classifies all its financial assets based on the business model for managing assets and the assets contractual terms.

#### Categories of financial assets

Financial assets are recognised when Bellarine Community Health Ltd becomes party to the contractual provisions to the instrument. For financial assets, this is at the date 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 net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the 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 or if the practical expedient was applied as specified in AASB 15 para 63.

#### Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met, and the assets are not designated as fair value through net result:

- the assets are held by Bellarine Community Health Ltd solely to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

Bellarine Community Health Ltd recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits.

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

### Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss.

Typically, such financial assets will be either:

- held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- designated as such upon initial recognition where permitted.

Fair value movements are recognised in profit or loss.

Bellarine Community Health Ltd recognises the JB Were investment portfolio in this category.

### Categories of financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

### Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Bellarine community Health Ltd recognises the following liabilities in this category:

- payables;
- lease liabilities; and
- other liabilities.

### Derecognition of financial assets and financial liabilities

*Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either:
    - has transferred substantially all the risks and rewards of the asset; or
    - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where Bellarine Community Health Ltd has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Company's continuing involvement in the asset.

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

*Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

**Reclassification of financial instruments**

A financial asset is required to be reclassified between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, the Company's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

**Recognition of Expected Credit Losses in the 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.

### (m) 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.

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

### (n) 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 and annual 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.

### (o) Contract Liabilities

Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer under *AASB 15*.

### (p) 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 is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the Statement of Cash Flows 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.

### (q) 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.

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

### (r) 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 is 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 (*note 1(h)*).

*Fair value measurement of land and buildings*

Fair value determination requires judgement and the use of assumptions. The Company has engaged external valuers to value land and buildings as at 30 June 2021. Changes to assumptions could have a material impact on the results and financial position of the Company. Further information is included in note 1(h), note 1(s) and note 22.

#### 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.

*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 2022. 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.

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

### (s) 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 (note 22).

### (t) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when:

- it is either expected to be realised or intended to be sold or consumed in the Company’s normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within 12 months after the reporting period; and
- or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is either expected to be settled in the Company’s normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; and
- or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

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

### (u) Issued but not yet effective Australian accounting and reporting pronouncements

| Standard | Impact | Effective date |
|---|---|---|
| AASB 17: Insurance Contracts | Adoption of this standard is not expected to have a material impact. | Reporting periods on or after 1 January 2023. |
| AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates. | Adoption of this standard is not expected to have a material impact. | Reporting periods on or after 1 January 2023. |
| AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction | Adoption of this standard is not expected to have a material impact. | Reporting periods on or after 1 January 2023. |
| AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards | Adoption of this standard is not expected to have a material impact. | Reporting periods on or after 1 January 2023. |
| AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections | Adoption of this standard is not expected to have a material impact. | Reporting periods on or after 1 January 2023. |

### (v) Going concern

During the year ended 30 June 2022, the Company recorded a surplus of $0.6m (2021: deficit of $1.4m). The operating result excluding capital items and depreciation for 2021-2022 was a surplus of $0.6m (2021: deficit of $0.9m).

The Company continues to review all aspects of its business operations with a view to improving operating results. There are cost reduction strategies that have improved results in 2021-2022 with further improvements expected in 2022-2023 and beyond. Cost reduction will remain a focus at all times. In addition, significant focus is on increasing revenue from non-capped sources.

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

Other revenue generating opportunities will be identified and implemented where appropriate, with only those activities generating a surplus to be considered.

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 and State Governments. 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 business. On consideration of the above factors, the financial statements have been prepared on the going concern basis.

## Note 2. Revenue and Other Income

| | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| Revenue from contracts with customers | 2(a) | 11,579,044 | 9,388,371 |
| Other sources of income | 2(b) | 4,404,208 | 4,095,472 |
| **Total Revenue and Other Income** | | **15,983,252** | **13,483,843** |
| **(a) Disaggregated Revenue** | | | |
| The Company has disaggregated revenue by the nature of revenue and timing of revenue recognition. | | | |
| State/Commonwealth government grants | | 9,244,248 | 7,238,513 |
| Fees for service | | 2,334,796 | 2,149,858 |
| **Total Disaggregated Revenue From Contracts With Customers Under AASB 15** | | **11,579,044** | **9,388,371** |
| **Timing of Revenue Recognition Transferred to Customers** | | | |
| - at a point in time | | 2,542,741 | 2,403,255 |
| - over time | | 9,036,303 | 6,985,116 |
| **Total Disaggregated Revenue Based on Timing** | | **11,579,044** | **9,388,371** |
| **(b) Other Sources of Income** | | | |
| State/Commonwealth government funding | | 3,240,739 | 3,176,900 |
| Capital grants | | 869,352 | 288,664 |
| Rental Income | | 194,284 | 195,896 |
| Interest received | | 86,074 | 102,012 |
| Dividend income | | 54,921 | 54,802 |
| Fair value movement on investments at FVTPL | | (78,518) | 82,521 |
| Other trust income | | - | 1,996 |
| Bequests and donations received | | 17,949 | 134,720 |
| Other income | | 19,407 | 57,961 |
| **Total Other Sources of income** | | **4,404,208** | **4,095,472** |

## Note 3. Material Profit or Loss Items

| | 2022 $ | 2021 $ |
|---|---|---|
| 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. | | |
| **(a) Employee Benefits Expense** | | |
| - Employment expenses | 9,411,049 | 9,597,932 |
| - Contributions to defined contribution superannuation funds | 886,594 | 891,747 |
| - WorkCover premium | 117,556 | 79,843 |
| **Total Employee Benefits Expense** | **10,415,199** | **10,569,522** |
| **(b) Depreciation and Amortisation Expenses Property, Plant and Equipment** | | |
| - Buildings | 363,118 | 377,986 |
| - Leasehold improvements | - | 7,938 |
| - Plant, furniture and equipment | 91,026 | 98,839 |
| - Owned motor vehicles | 10,177 | 22,670 |
| | **464,321** | **507,433** |
| **Right of Use Assets** | | |
| - Leased motor vehicles | 80,298 | 79,409 |
| - Laptops | 51,807 | 29,256 |
| - Photocopiers | 35,166 | 27,337 |
| | **167,271** | **136,002** |
| **Intangible Assets** | | |
| - Computer software | 236,078 | 127,027 |
| **Total Depreciation and Amortisation Expenses** | **867,670** | **770,462** |

## Note 4. Cash and Cash Equivalents

| | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| **Current** | | | |
| Cash on hand | | - | 502 |
| Cash at bank | | 7,073,327 | 7,497,068 |
| **Total Cash and Cash Equivalents** | **18** | **7,073,327** | **7,497,570** |
| Represented by: | | | |
| Operational funds | | 6,768,990 | 6,064,495 |
| Monies held in trust | | 304,337 | 1,433,075 |
| | | **7,073,327** | **7,497,570** |

## Note 5. Trade and Other Receivables

| | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| **Current** | | | |
| Trade receivables | | 544,561 | 134,764 |
| Contract assets | | 96,169 | 370,190 |
| Sundry debtors | | 16,474 | 16,442 |
| **Total Trade and Other Receivables** | **18** | **657,204** | **521,396** |

### 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 (e.g. 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.

## Note 6. Other Assets

| | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| **Current** | | | |
| Prepayments | | 52,995 | 80,470 |
| Accrued Income | | 20,698 | 12,343 |
| **Total Other Assets** | | **73,693** | **92,813** |
| | | | |
| (a) Financial assets classified as other assets | | | |
| Total other assets | | 73,693 | 92,813 |
| Prepayments | | (52,995) | (80,470) |
| **Total Financial Assets Classified as Other Assets** | **18** | **20,698** | **12,343** |

## Note 7. Investments

| | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| **Current** | | | |
| **At amortised cost:** | | | |
| Term deposits | | 105,000 | 105,001 |
| **Financial assets at fair value through profit or loss:** | | | |
| - Managed funds | | 1,495,357 | - |
| **Total Current** | | **1,600,357** | **105,001** |
| **Non-Current** | | | |
| **Financial assets at fair value through profit or loss:** | | | |
| - Managed funds | | 2,517,088 | 5,090,963 |
| **Total Non-Current** | | **2,517,088** | **5,090,963** |
| **Total Investments** | **18** | **4,117,445** | **5,195,964** |

## Note 8. Property, Plant and Equipment

| | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| **Non-Current** | | | |
| **Land and Buildings** | | | |
| **Freehold land**: at valuation (2021) | | 1,517,753 | 1,517,753 |
| | | **1,517,753** | **1,517,753** |
| **Buildings**: at valuation (2021) | | 11,276,020 | 11,287,242 |
| Less accumulated depreciation | | (362,947) | - |
| | | **10,913,073** | **11,287,242** |
| **Leasehold improvements**: at cost | | 31,242 | 20,020 |
| Less accumulated depreciation | | (8,625) | (7,938) |
| | | **22,617** | **12,082** |
| Work in progress | | **1,198,994** | **343,426** |
| **Total Land and Buildings** | | **13,652,437** | **13,160,503** |
| **Plant, Furniture and Equipment: at cost** | | 612,336 | 573,324 |
| Less accumulated depreciation | | (369,303) | (278,277) |
| | | **243,033** | **295,047** |
| **Motor Vehicles: at cost** | | 156,794 | 259,495 |
| Less accumulated depreciation | | (156,794) | (203,605) |
| | | **-** | **55,890** |
| **Total Property, Plant and Equipment** | | **13,895,470** | **13,511,440** |

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

*Movements in carrying amounts:*

| | Freehold land | Buildings | Leasehold improvements | Works in progress | Plant, furniture & equipment | Motor vehicles | Total |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| **Balance at 1 July 2020** | **320,000** | **11,661,549** | **-** | **138,787** | **389,874** | **78,560** | **12,588,770** |
| Additions | - | 10,772 | - | 239,691 | 37,062 | - | 287,525 |
| Disposals | (270,000) | (4,271) | - | (35,052) | - | - | (309,323) |
| Depreciation | - | (377,986) | (7,938) | - | (98,839) | (22,669) | (507,432) |
| Revaluation | 1,467,753 | (15,852) | - | - | - | - | 1,451,901 |
| Transfers | - | 13,030 | 20,020 | - | (33,050) | - | - |
| **Balance at 30 June 2021** | **1,517,753** | **11,287,242** | **12,082** | **343,426** | **295,047** | **55,890** | **13,511,440** |
| Additions | - | - | - | 855,568 | 39,012 | - | 894,580 |
| Disposals | - | - | - | - | - | (45,714) | (45,714) |
| Depreciation | - | (362,947) | (687) | - | (91,026) | (10,176) | (464,836) |
| Transfers | - | (11,222) | 11,222 | - | - | - | - |
| **Balance at 30 June 2022** | **1,517,753** | **10,913,073** | **22,617** | **1,198,994** | **243,033** | **-** | **13,895,470** |

## Note 9. Intangible Assets

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| **Non-Current** | | |
| **Computer Software** | | |
| At cost | 1,198,912 | 1,177,662 |
| Less accumulated amortisation and impairment | (395,998) | (159,920) |
| **Total Intangible Assets** | **802,914** | **1,017,742** |
| | | |
| **Balance at beginning of the year** | 1,017,742 | 635,493 |
| Additions | 21,250 | 509,276 |
| Amortisation expense | (236,078) | (127,027) |
| **Balance at end of financial year** | **802,914** | **1,017,742** |

## 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 |

## Note 10. Right of Use Assets (continued)

### 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

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Leased motor vehicles** | 293,956 | 273,291 |
| Accumulated depreciation | (216,695) | (162,192) |
| | **77,261** | **111,099** |
| **Leased Laptops** | 185,572 | 95,117 |
| Accumulated depreciation | (112,769) | (60,962) |
| | **72,803** | **34,155** |
| **Leased Photocopiers** | 146,110 | 146,110 |
| Accumulated depreciation | (96,881) | (61,715) |
| | **49,229** | **84,395** |
| **Total Right of Use Assets** | **199,293** | **229,649** |

### (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<br>$ | Leased laptops<br>$ | Leased photocopiers<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Balance at 1 July 2020** | **127,364** | **63,411** | **111,731** | **302,506** |
| Additions to right-of-use asset | 63,145 | - | - | 63,145 |
| Depreciation expense | (79,410) | (29,256) | (27,336) | (136,002) |
| **Balance at 30 June 2021** | **111,099** | **34,155** | **84,395** | **229,649** |
| Additions to right-of-use asset | 20,665 | 90,455 | - | 111,120 |
| Depreciation expense | (54,503) | (51,807) | (35,166) | (141,476) |
| **Balance at 30 June 2022** | **77,261** | **72,803** | **49,229** | **199,293** |

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

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Depreciation charge related to right-of-use assets | 167,271 | 136,002 |
| Interest expense on lease liabilities | 10,392 | 10,325 |
| | **177,663** | **146,327** |

## Note 11. Trade and Other Payables

| | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| **Current** | | | |
| Trade payables | | 266,442 | 153,699 |
| Accrued expenses | | 115,804 | 296,130 |
| Net GST payable | | 80,992 | 574,600 |
| Accrued wages | | 474,017 | 285,958 |
| Credit cards | | 2,589 | 3,780 |
| **Total Trade and Other Payables** | | **939,844** | **1,314,167** |
| **(a) Financial liabilities classified as trade and other payables** | | | |
| Total trade and other payables | | 939,844 | 1,314,167 |
| Net GST payable | | (80,992) | (574,600) |
| **Total financial liabilities classified as trade and other payables** | **18** | **858,852** | **739,567** |

## Note 12. Contract Liabilities and Deferred Grants

| | 2022 $ | 2021 $ |
|---|---|---|
| **Current** | | |
| Contract liabilities | 1,434,659 | 956,545 |
| Unspent capital grants | 1,383,362 | 2,144,531 |
| **Total Current Contract Liabilities and Deferred Grants** | **2,818,021** | **3,101,076** |
| **Non-Current** | | |
| Unspent capital grants | 3,751,261 | 3,896,697 |
| **Total Contract Liabilities and Deferred Grants** | **6,569,282** | **6,997,773** |

## Note 13. Funds Held in Trust

| | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| **Current** | | | |
| Accommodation bonds | | 94,946 | 94,946 |
| Unspent home care packages (HCP) funds | | 209,391 | 1,338,129 |
| **Total Funds Held in Trust** | | **304,337** | **1,433,075** |
| **(a) Financial liabilities classified as funds held in trust** | | | |
| Total funds held in trust | | 304,337 | 1,433,075 |
| Unspent home care packages (HCP) funds | | (209,391) | (1,338,129) |
| **Total financial liabilities classified as funds held in trust** | **18** | **94,946** | **94,946** |

## Note 13. Funds Held in Trust (continued)

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

Further to this, the Company 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 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.

## Note 14. Lease Liabilities

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| **Current** | | | |
| Lease liability | | 116,715 | 121,757 |
| | | **116,715** | **121,757** |
| **Non-Current** | | | |
| Lease liability | | 89,886 | 107,189 |
| | | **89,886** | **107,189** |
| **Total Lease Liabilities** | **18** | **206,601** | **228,946** |

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

## Note 15. Employee Benefit Provisions

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Current** | | |
| Provision for annual leave | 850,660 | 710,540 |
| Provision for long service leave | 875,403 | 753,482 |
| Provision for accrued days off | 65,786 | 49,264 |
| | **1,791,849** | **1,513,286** |
| **Non-Current** | | |
| Provision for long service leave | 346,634 | 551,422 |
| | **346,634** | **551,422** |
| **Total Employee Benefit Provisions** | **2,138,483** | **2,064,708** |

### Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave, long service leave and accrued days off.

## Note 15. Employee Benefit Provisions (continued)

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

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

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(n).

## Note 16. Cash flow Information

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| **Reconciliation of results to net cash provided by operating activities** | | | |
| Surplus/(Deficit) | | 632,895 | (1,376,068) |
| **Non cash items:** | | | |
| - depreciation | 3 | 867,670 | 770,462 |
| - gain/(loss) on disposal of assets | | (15,649) | 309,323 |
| - fair value movement on investments at FVTPL | | 78,518 | (82,521) |
| **Changes in assets and liabilities:** | | | |
| - (Increase)/Decrease in trade and other receivables | | (135,808) | (174,388) |
| - (Increase)/Decrease in other assets | | 19,120 | (11,986) |
| - Increase/(Decrease) in trade and other payables | | (374,323) | 272,238 |
| - Increase/(Decrease) in contract liabilities | | (428,491) | 4,253,345 |
| - Increase/(Decrease) in funds held in trust | | (1,128,738) | 248,777 |
| - Increase/(Decrease) in employee benefit provisions | | 73,774 | (214,685) |
| **Net cash flows provided by operating activities** | | **(411,032)** | **3,994,497** |

## Note 17. Capital Expenditure Commitments

At 30 June 2022 the Company has recognised unspent capital funding of $5,134,623 which will be expended in future periods. In December 2021, Bellarine Community Health Ltd entered into a contract with Loaram Constructions for the Portarlington redevelopment at a total contract value of $1.61m. Works are expected to be complete in 2023.

| | Portarlington Development<br>$ | Total<br>$ |
|---|---|---|
| **Loaram Constructions Contract** | **1,606,579** | **1,606,579** |
| Works completed during year | (358,592) | (358,592) |
| Variations | 14,927 | 14,927 |
| **Remaining contract to be expended in future periods** | **1,247,987** | **1,247,987** |

## 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 | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | 4 | 7,073,327 | 7,497,570 |
| Trade and other receivables | 5 | 657,204 | 521,396 |
| Other assets | 6(a) | 20,698 | 12,343 |
| Investments | 7 | 4,117,445 | 5,195,963 |
| **Total financial assets** | | **11,868,674** | **13,227,272** |
| **Financial liabilities** | | | |
| Trade and other payables | 11(a) | 858,852 | 739,566 |
| Funds held in trust | 13(a) | 94,946 | 94,946 |
| Lease liabilities | 14 | 206,601 | 228,945 |
| **Total financial liabilities** | | **1,160,399** | **1,063,457** |

### Financial risk management objectives and policies

The Company's activities expose itself to some financial risks which need to be actively managed.

*Market risk*

The Company'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. The Company has some exposure to cash flow interest rate risks through cash and deposits that are at floating rates. The Company 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.

The Company is exposed to equity price risk through its managed fund, which primarily holds domestic fixed interest investments. The Company works 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 the Company 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.

## Note 18. Financial Risk Management (continued)

*Interest rate risk*

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

*Liquidity risk*

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they fall due. The Company 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. Further information is located in note 1(v).

*Credit risk*

The Company is not exposed to any significant credit risk.

*Foreign currency risk*

The Company is not exposed to any significant foreign currency risk.

*Price risk*

The Company is not exposed to any significant price risk.

## Note 19. Contingent Liabilities and Contingent Assets

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Contingent liabilities | 10,000 | 10,000 |
| **Total contingent liabilities** | **10,000** | **10,000** |

There is a contingent liability as at 30 June 2022 and 30 June 2021 in respect to a bank guarantee associated with the Point Lonsdale redevelopment. There are no further known contingent liabilities or contingent assets for the Company.

## Note 20. Events occurring after balance sheet date

The impact of the Coronavirus (COVID-19) pandemic is ongoing for the Company. At the date of this report, it is not practicable to estimate the potential impact after the reporting date. The situation continues to develop and is dependent on measures imposed by the Commonwealth and State Governments.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or the results of those operations.

## 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 the Company, directly or indirectly.

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

- Board of Directors
- Chief Executive Officer – *Garry Ellis (commenced 14th September 2020)*
- Chief Financial Officer – *Kathy Russell (commenced 20th April 2020)*
- Executive Director, Adult & Aged Services - *Julie Scheuber (commenced 4th August 2018)*
- Executive Director, Child Youth & Families - *Elizabeth Womersley (commenced 18th September 1995)*

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

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Short-term employee benefits | 681,143 | 871,666 |
| Post-employee benefits | 60,614 | 74,555 |
| Termination benefits | 86,776 | 177,121 |
| Other long-term benefits | 31,712 | (26,002) |
| | **860,245** | **1,097,340** |

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.

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

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Fay Agterhuis | 5,000 | 5,000 |
| Tim Walsh | 3,667 | 4,000 |
| Kristina Dimasi | 3,000 | 3,000 |
| Jean Paul | 3,000 | 3,000 |
| Robert James | 3,000 | 3,000 |
| Rod Slattery | 4,000 | 4,000 |
| Mark Harris | 3,000 | - |
| Lucy Simms | 3,000 | - |
| Virginia Dickson-Swift | 1,250 | 3,000 |
| John Lesser | 1,500 | - |
| Garry Ellis | - | 500 |
| | **30,417** | **25,500** |

Other than compensation of KMP, there were no material transactions or loans to or from related parties during the current and previous financial year.

## Note 22. Fair Value Hierarchy

The Company measures and recognises investments at fair value through profit or loss and land and buildings 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 at the measurement date.

**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.

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.

## Note 22. Fair Value Hierarchy (continued)

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:

| 2022 | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| **Recurring fair value measurements** | | | | |
| Land | - | 1,517,753 | - | 1,517,753 |
| Buildings | - | - | 10,913,073 | 10,913,073 |
| Leasehold improvements | - | - | 22,616 | 22,616 |
| Managed funds | 4,012,445 | - | - | 4,012,445 |
| **Total assets recognised at fair value on a recurring basis** | **4,012,445** | **1,517,753** | **10,935,689** | **16,465,887** |

| 2021 | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| **Recurring fair value measurements** | | | | |
| Land | - | 1,517,753 | - | 1,517,753 |
| Buildings | - | - | 11,287,242 | 11,287,242 |
| Managed funds | 5,090,963 | - | - | 5,090,963 |
| **Total assets recognised at fair value on a recurring basis** | **5,090,963** | **1,517,753** | **11,287,242** | **17,895,958** |

## Note 23. Auditor's Remuneration

| | 2022 $ | 2021 $ |
|---|---|---|
| **Remuneration of Auditor's, Victorian Auditor General's Office for:** | | |
| Audit of the financial statements | 61,515 | 71,000 |
| **Total Auditor's Remuneration** | **61,515** | **71,000** |

## Note 24. Members' Guarantee

The Company is registered with 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 $10 each towards meeting any outstanding obligations of the Company. At 30 June 2022 the number of members was 74 (2021: 98).

# 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 9 to 39, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
   a. comply with *AASB1060 General Purpose Financial Statements –Simplified Disclosures for For-Profit and Not-for-Profit Entities* and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
   b. give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance and cashflows 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

Tim Walsh, Deputy Chair

Dated this 17th day of November 2022

# Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

***To the Directors of Bellarine Community Health Ltd***

| | |
|---|---|
| **Opinion** | I have audited the financial report of Bellarine Community Health Ltd (the company) which comprises the:<br>• statement of financial position as at 30 June 2022<br>• statement of profit or loss and other comprehensive income for the year then ended<br>• statement of changes in equity for the year then ended<br>• statement of cash flows for the year then ended<br>• notes to the financial statements, including significant accounting policies<br>• directors' declaration.<br><br>In my opinion the financial report is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012,* including:<br>• giving a true and fair view of the financial position of the company as at 30 June 2022 and of its financial performance and its cash flows for the year then ended<br>• complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013.* |
| **Basis for Opinion** | I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.<br><br>My independence is established by the Constitution Act 1975. My staff and I are independent of the company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.<br><br>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. |
| **Directors' responsibilities for the financial report** | The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.<br><br>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. |

| | |
|---|---|
| **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.<br><br>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:<br><br>• 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.<br>• 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<br>• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors<br>• 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.<br>• 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.<br><br>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.<br><br>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
28 November 2022

Sanchu Chummar
*as delegate for the Auditor-General of Victoria*