COBAW COMMUNITY HEALTH SERVICES LIMITED
ABN 35 823 252 867
[A company limited by guarantee]

FINANCIAL REPORTS

FOR THE YEAR ENDED 30TH JUNE 2020

COBAW COMMUNITY HEALTH SERVICES LIMITED
ABN 35 823 252 867

[A company limited by guarantee]

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DIRECTORS' REPORT

The Directors of Cobaw Community Health Services Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Information about the Directors

The names and particulars of the Directors of the company during or since the end of the financial year are:

Name:	**Particulars:**
Ms Riwka Hagen	GAICD; B.App.Sc (MLS); Fellow – Australian Association of Practice Management; Certified Practice Manager - Australian Association of Practice Managers. Principal Consultant of Medical Business Services. Ms Hagen was appointed a Director on 20 February 2014 and was Deputy Chair until 26 February 2017 after which time she became Chair. Ms Hagen is Chair of the Nominations and Governance Committee, and was previously on the Healthy Community Access Hub Project Control Group.
Dr Ian Colclough	MB, BS. Dr Colclough has an extensive background in medical practice, hospital administration, health information technology, health industry sales unit management and strategic marketing. He joined the Board of Management in 2007 and became a Director on 31 March 2009. Dr Colclough was Chair of the Healthy Community Access Hub Project Control Group and is now on the Finance and Risk Committee.
Mr Simon Meadows	BBus; BA; graduate of the Australian Institute of Company Directors. Currently CEO of Barkers Trailers and Director of Selkirk Group and Tennis Victoria. Mr Meadows has a background in governance, strategic leadership, culture development, and organisational change. He was appointed a Director on 18 November 2015 and is a member of the Nominations and Governance Committee.
Ms Samantha Read	BEng (Hons); graduate of the Australian Institute of Company Directors. CEO of a major national industry association. Ms Read was appointed a Director on 18 November 2015 and has been Deputy Chair since 27 February 2017. She has been Chair of the Governance Committee and is currently on the Finance and Risk Committee.
Dr Priscilla Seyfort	B Ed; M Ed; PhD (University of Melbourne). Worked in the area of family and children's services for over 30 years and has extensive experience both as a service provider and in policy formulation, analysis and evaluation. Ms Seyfort was appointed a Director on 18 November 2015. She was previously on the Compliance and Risk Committee as well as a member of the Governance Committee and the Healthy Community Access Hub Project Control Group. Ms Seyfort is now on the Nominations and Governance Committee.
Ms Melva Ryan	Associate Diploma in Civil Engineering. Ms Ryan joined the board on 13 November 2019. She has been a member of the Finance and Risk Committee since January 2020.

Mr Bryan Smith	BBus (Accounting); GradDip (Applied Corporate Governance). General Manager of Shared Services for CommUnity+. Mr Smith re-joined the Board on 15 November 2017 and has been Treasurer since February 2019 and is Chair of the Finance and Risk Committee, formerly the Finance and Audit Committee.
Ms Clare Sauro	BA/LLB (Hons). Principal Lawyer at Loddon Campapse Community Legal Centre. Ms Clare Sauro joined the board on 14 November 2018. She has been a member of the Compliance and Risk Committee, the Finance and Audit Committee and is now on the Nomination and Governance Committee.
A/Prof Rosemary Ffrench	BSc (Hons), PhD, GCHEd. Principal Scientist of the National Serology Reference Laboratory; Principal Fellow, Burnet Institute; and A/Prof Department of Immunology and Pathology, Faculty of Medicine, Monash University. Ms Ffrench has experience in health research, diagnostics development, human research ethics, risk assessments, compliance and governance. She joined the Board on 14 November 2018, has been a member of the Compliance and Risk Committee and is now on the Nominations and Governance Committee.

The above named Directors held office during the whole of the financial year and since the end of the financial year except where stated.

Directors' Meetings
The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee member). During the financial year there were 8 Board meetings, 4 Finance and Audit Committee meetings, 5 Finance and Risk Committee meetings, 1 Compliance and Risk Committee meeting, 3 Governance Committee meetings, 2 Nominations and Governance meetings and 11 RHIF Project Control Group meetings.

	Board Meetings		**Finance and Audit**		**Finance and Risk**		**Compliance and Risk**		**Governance Committee**		**Nominations and Governance**		**RHIF PCG**	
	E	A	E	A	E	A	E	A	E	A	E	A	E	A
I Colclough	8	8	1	1	2	2	-	-	-	-	-	-	11	10
R Hagen	8	6	1	1	-	-	1	1	3	3	1	1	11	7
S Read	8	5	4	3	5	4	-	-	3	3	-	-	-	-
P Seyfort	8	8	1	1	-	-	1	0	3	2	1	0	11	10
S Meadows	8	5	1	1	-	-	-	-	3	0	2	2	-	-
B Smith	8	8	4	4	5	5	-	-	-	-	-	-	-	-
C Sauro	8	7	4	3	-	-	1	1	-	-	2	2	-	-
R Ffrench	8	6	1	1	-	-	1	0	-	-	2	1	-	-
M Ryan	6	6	1	1	5	5	-	-	-	-	-	-	-	-

Key: E = Eligible to attend; A = Attended

DIRECTORS' REPORT

Principal Activities
The principal activities of the organisation during the financial year were the provision of health, wellbeing and community services across Central Victoria, predominantly in the Macedon Ranges Shire.

The company's short-term objectives are to deliver to the community:
1. Grow community health services to meet community expectations and demand
2. Expand NDIS, aged care services and products for customers/participants
3. Increase accessibility to the whole community
4. Delivering excellence in health and wellbeing services through a culture of quality and innovation
5. Ensure financial viability in a changing competitive market.

The company's long-term objectives are to:
1. Maintain successful business operations through efficient and effective practices and systems
2. Developing capabilities that allow us and the communities we serve to continue to thrive
3. Ensuring our financial viability in a changing competitive environment for the next thirty years.

Strategies
To achieve its stated objectives, the company has adopted the following strategies in the five areas of:

1. Grow community health services to meet community expectations and demand
    - Respond to market opportunities and tenders, including with valued partners across the state
    - Explore opportunities for innovation, partnerships and product/service expansion assisted by the design of the Healthy Community Access Hub in Kyneton
    - Ensure excellence in all community engagement and services provision activities enabled by thriving organisational capability and capacity.

2. Expand NDIS, aged care services and products for customers/participants
    - Assess new opportunities for profitability
    - Deliver sustainable business models to support new services
    - Deliver ICT systems efficiencies that support staff productivity and community access
    - Tailor marketing segmentation to ensure Cobaw services are recognised as being for everyone in the community regardless of socioeconomic, demographic characteristics.

3. Increase accessibility to the whole community
    - Support consumer access through collaborative partnerships
    - Expand telehealth capability to enable flexible access to services
    - Embrace innovation and new technologies to deliver new models of care.

4. Deliver excellence in health and wellbeing services through a culture of quality and innovation
    - Develop services with consumer input, community voice and responsive to service experience feedback
    - Support an inspired and engaged workforce through professional development, building peer support opportunities.

5. Ensure financial viability in a changing competitive market
    - Ensure effective business modelling to support expansion
    - Maintain successful business operations through efficient and effective practices and systems.

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute to a maximum of $1 each towards meeting any outstanding's and obligations of the company. At 30 June 2020 the number of members was 87.

New Accounting Standards Implemented
The Company has implemented three new Accounting Standards that are applicable for the current reporting period. AASB 15: Revenue from Contracts with Customers, AASB 1058: Income of Not-for-Profit Entities and AASB 16: Leases have been applied using the cumulative effective method; that is, by recognising the cumulative effect of initially applying AASB 15, AASB 1058 and AASB 16 as an adjustment to the opening balance of equity at 1 July 2019.Therefore, the comparative information has not been restated and continues to be reported under AASB 118 Revenue, AASB 117: Leases and AASB 1004: Contributions. Further information is provided in Note 1.

Key Performance Measures
The company measures its own performance through the use of benchmarks and the Directors assess the financial sustainability using these as a guide and to determine whether short-term and long-term objectives are being achieved.

Auditor's Independence Declaration
The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 5 of the financial report.

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

R.Hag

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Riwka Hagen
Director, Cobaw Community Health
2 / 11 /2020

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
THE DIRECTORS OF COBAW COMMUNITY HEALTH SERVICES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been:

i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii) No contraventions of any applicable code of professional conduct in relation to the audit.

RSD Audit
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated this 2nd November 2020

rsd Audit

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COBAW COMMUNITY HEALTH SERVICES LIMITED ABN 35 823 252 867

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COBAW COMMUNITY HEALTH SERVICES LIMITED

Opinion

We have audited the financial report of Cobaw Community Health Services Limited which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Cobaw Community Health Services Limited has been prepared in accordance with Div 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the registered entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and Div 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the registered company's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the registered company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

RSD Audit
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated this 2nd November 2020

Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

To the Directors of Cobaw Community Health Services Limited

Opinion	I have audited the financial report of Cobaw Community Health Services Limited (the company) which comprises the: • statement of financial position as at 30 June 2020 • statement of profit or loss and other comprehensive income for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including significant accounting policies • director's declaration. In my opinion the financial report is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012,* including: • giving a true and fair view of the financial position of the company as at 30 June 2020 and of its financial performance and its cash flows for the year then ended • complying with Australian Accounting Standards 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. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the company in accordance with 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. 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 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. 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.

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Other Information	The Directors of the company are responsible for the Other Information, which comprises the information in the company's annual report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.
Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors • conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Auditor's responsibilities for the audit of the financial report (continued)	I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
2 November 2020

Travis Derricott
as delegate for the Auditor-General of Victoria

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

	Notes	2020 $	2019 $
Revenue	2	15,974,453	8,364,281
Employee benefits expense	3	(6,000,374)	(5,620,566)
Depreciation expense	3	(335,327)	(193,928)
Operating lease expense		(15,385)	(109,776)
Interest expense		(2,487)	(2,592)
Administration and other expenses	3	(1,559,976)	(1,396,955)
Net current year surplus/(deficit)		8,060,904	1,040,464
Other comprehensive income			
Gain on revaluation of non-current assets	15	-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		8,060,904	1,040,464
Net comprehensive income attributable to members of the entity		8,060,904	1,040,464

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2020

	Notes	2020 $	2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,273,656	5,801,653
Accounts receivable and other debtors	6	216,642	252,927
Other current assets	7	103,968	85,553
Financial assets	8	-	841,915
Assets held for sale	9	-	883,150
Total Current Assets		3,594,266	7,865,198
Non-Current Assets			
Property, plant and equipment	10	10,884,083	3,295,884
Total Non-Current Assets		10,884,083	3,295,884
Total Assets		14,478,349	11,161,082
LIABILITIES			
Current Liabilities			
Accounts payable and other payables	12	1,859,364	7,057,912
Employee provisions	13	969,686	484,827
Lease liabilities	14	107,213	-
Total Current Liabilities		2,936,263	7,542,739
Non-Current Liabilities			
Employee provisions	13	107,787	327,306
Lease liabilities	14	82,357	-
Total Non-Current Liabilities		190,144	327,306
Total Liabilities		3,126,408	7,870,045
Net Assets		11,351,941	3,291,037
EQUITY			
Property revaluation reserve	15	-	918,990
Retained surplus	15	11,351,941	2,372,047
Total Equity		11,351,941	3,291,037

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2020

	Notes	Retained Surplus $	Property Revaluation Reserve $	Total Equity $
Balance at 1 July 2018		1,331,583	918,990	2,250,573
Comprehensive Income				
Surplus for the year attributable to members of the entity		1,040,464	-	1,040,464
Balance at 30 June 2019		2,372,047	918,990	3,291,037
Balance at 1 July 2019		2,372,047	918,990	3,291,037
Comprehensive Income				
Release of Revaluation Reserve on Sale of Asset		918,990	(918,990)	-
Surplus for the year attributable to members of the entity		8,060,904	-	8,060,904
Balance at 30 June 2020		11,351,941	-	11,351,941

The accompanying notes form part of these financial statements

Statement of Cash Flows for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash Flows From Operating Activities			
Receipts from customers and operating grants		12,317,964	6,834,887
Receipts from capital grants		3,420,000	1,180,705
Payments to suppliers and employees		(12,268,176)	(4,134,848)
Interest received		80,284	98,026
Interest paid		(2,487)	(2,592)
Net cash flow from operating activities	16(b)	3,547,585	3,976,178
Cash Flows From Investing Activities			
Payment for property, plant and equipment		(7,608,049)	(1,974,228)
Proceeds from sale of property, plant and equipment	2(a)	712,363	-
Redemption of Investments		841,915	1,720,311
Net cash flow from / (used in) investing activities		(6,053,771)	(253,917)
Cash Flows From Financing Activities			
Repayment of lease liabilities		(161,772)	-
Net cash flow from / (used in) financing activities		(161,772)	-
Net increase / (decrease) in cash held		(2,667,958)	3,722,261
Cash and cash equivalents at beginning of the financial year		5,778,567	2,056,306
Cash and cash equivalents at end of the financial year	16(a)	3,110,609	5,778,567

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the year ended 30 June 2020

The financial statements cover Cobaw Community Health Services Limited as an individual Company, incorporated and domiciled in Australia. Cobaw Community Health Services Limited is a company limited by guarantee.

Note 1: Summary of Significant Accounting Policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profit Commission Act 2012*. The company is a not for profit Company for financial reporting purposes under Australian Accounting Standards.

The financial statements are prepared on a going concern basis. The financial statements are presented in Australian Dollars, the functional and presentation currency of Cobaw Community Health Services Limited.

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

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 29 October 2020 by the directors of the company.

Accounting Policies

a. Revenue

Impact of COVID-19 on revenue and income

Cobaw Community Health Service's response to the pandemic included introduction of restrictions for entry and reduced activity. This resulted in Cobaw Community Health incurring lost revenue as well as direct and indirect COVID-19 costs. Cobaw Community Health Service also received essential personal protective equipment free of charge under the state supply arrangement.

Revenue Recognition

The Company has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed in Note 1.

In the current year

Contributed Assets

The company receives assets from the government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards (e.g. 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 amount.

Notes to the Financial Statements for the year ended 30 June 2020

Note 1: Summary of Significant Accounting Policies (continued)

a. Revenue (continued)

Operating Grants, Donations and Bequests
When the company receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15. When both these conditions are satisfied, the Company:

- Identifies each performance obligation relating to the grant
- Recognises a contract liability for its obligations under the agreement
- Recognises a revenue as it satisfies its performance obligations.

When the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:

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

If a contract liability is recognised as a related amount above, the Company recognises income in profit or loss when or as it satisfies its obligations under the contract.

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

Interest Income
Interest income is recognised using the effective interest method. All revenue is stated net of the amount of goods and services tax.

Performance Obligations
The types of government grants recognised under AASB15 Revenue from contracts with Customers includes contracts for client services and capital grants.

For contracts for client services, revenue is recognised as service delivery targets are met. Cobaw Community Health Service exercises judgement over whether performance obligations related to contracts for client services are met. This is measured by monitoring performance against targets.

For capital grants, revenue is recognised as key milestones are met, less planned capital expenditure. Cobaw Community Health Service exercises judgement over estimates of planned capital expenditure. This is measured based on planning from the Project Control Group.

Notes to the Financial Statements for the year ended 30 June 2020

Note 1: Summary of Significant Accounting Policies (continued)

a. Revenue (continued)

In the comparative period

The company receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the Company to treat grants monies as unexpended grants in the statement of financial position where the Company is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

This approach is not in accordance with AASB 1004 Contributions which would require the monies be recognised when controlled.

Donations and bequests are recognised as revenue when received. Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Revenue for the rendering of a service is recognised upon the delivery of the service to the customers.

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

b. Fair Value of Assets and Liabilities

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

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (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 value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

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

Notes to the Financial Statements for the year ended 30 June 2020

Note 1: Summary of Significant Accounting Policies (continued)

c. Property, Plant and Equipment

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

Property

Freehold land and buildings are measured initially at cost and subsequently revalued at fair value less accumulated depreciation.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. 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.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by management 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. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the profit or loss in the financial period in which they are incurred. Plant and equipment that have been contributed at no cost or for nominal cost are 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 buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line 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 lives of the improvements.

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

Class of Fixed Assets	**Depreciation Rate**
Buildings	5%
Plant & Equipment	5% to 33%
Vehicles	12.5%
Leasehold Improvements	3.33% to 3.85%

There has been no change in depreciation rates from the prior year. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Notes to the Financial Statements for the year ended 30 June 2020

Note 1: Summary of Significant Accounting Policies (continued)

c. Property, Plant and Equipment (continued)

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained surplus.

d. Employee Expenses

Employee expenses include:
- Salaries and wages (including leave entitlements and termination payments)
- On-costs
- Work cover premium

e. Leases

The Company as Lessee

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

f. Financial Instruments

Initial recognition and measurement

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

Financial instruments (except trade receivables) are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Notes to the Financial Statements for the year ended 30 June 2020

Note 1: Summary of Significant Accounting Policies (continued)

f. Financial Instruments (continued)

Classification and subsequent measurement

Financial liabilities
Financial liabilities are subsequently measured at amortised cost. A financial liability cannot be reclassified.

Financial asset
Financial assets are subsequently measured at amortised cost on the basis of the two primary criteria, being:
– the contractual cash flow characteristics of the financial asset; and
– the business model for managing the financial assets.

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

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

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

All of the following criteria need to be satisfied for derecognition of a financial asset:
– the right to receive cash flows from the asset has expired or been transferred;
– all risk and rewards of ownership of the asset have been substantially transferred; and
– the company no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.
On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

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

Notes to the Financial Statements for the year ended 30 June 2020

Note 1: Summary of Significant Accounting Policies (continued)

f. Financial Instruments (continued)

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 used the following approaches to impairment, as applicable under AASB 9:
– the simplified approach;

Simplified approach
The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to trade receivables

In measuring the expected credit loss, a provision matrix for trade receivables was 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.).

Recognition of expected credit losses in financial statements
At each reporting date, the company recognised 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.

g. Impairment of Assets

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

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

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

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

h. Employee Benefits

Short-term 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 before 12 months after the end of the annual reporting period in which the employees render the related service, including annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Notes to the Financial Statements for the year ended 30 June 2020

Note 1: Summary of Significant Accounting Policies (continued)

h. Employee Benefits (continued)

The Company's obligations for unpaid short-term employee benefits at year end such as wages, salaries and sick leave are recognised as a part of employee benefits in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

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

i. Cash and cash equivalents

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

j. Accounts Receivable and other payables

Trade and other receivables include amounts due from customers for goods sold and 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 impairment. Refer to Note 6 for further discussion on the determination of impairment losses.

k. Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from or payable to the Australian Tax Office is included in the Statement of Financial Position.

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

l. 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*.

Notes to the Financial Statements for the year ended 30 June 2020

Note 1: Summary of Significant Accounting Policies (continued)

m. Provisions

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

n. Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year. When a Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

o. Accounts Payable and other payables

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

p. Critical Accounting Estimates and Judgements

The directors 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
All non-financial assets are assessed annually for indications of impairment.

Useful lives of property, plant and equipment
As described in Note 1(c), the company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Key Judgements
Employee Benefits
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 services. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

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.

Notes to the Financial Statements for the year ended 30 June 2020

Note 1: Summary of Significant Accounting Policies (continued)

p. Critical Accounting Estimates and Judgements (continued)

Lease Term and Option to Extend under AASB 16
The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the Company will make. The Company determines the likeliness to exercise the options on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to future strategy of the Company.

Covid-19
The global health pandemic Covid-19, has impacted Australia and the World in a significant manner. Victoria was originally declared a State of Emergency and subsequently moved to a State of Disaster prior to the signing of these financial statements. The impact on communities and businesses has been varied, with Government policies put in place to support those who are most in need. State Government entities have also been instructed to provide 100% rent relief to tenants and to ensure creditor payments are made more regularly, with a target of net 5 days from invoice.

Regional areas have generally been less impacted by the pandemic, however the changed conditions continue to provide uncertainty and reluctance from the community to engage with the Health sector.

From a financial perspective, the Health Service expects there will be a negative impact in the following areas:

- Reduced client fee revenue due to restrictions on appointments
- Additional costs incurred in hygiene control

The following areas have been considered by management and we remain satisfied that Covid-19 has not required a change to the judgement and/or assumptions in the disclosure of any balances.

- Fair value of receivables
- Fair value of non-financial assets
- Impairment of non-financial assets
- Going Concern

q. Economic Dependence

Cobaw Community Health Services Limited is dependent on various Australian Government Departments for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Departments will not continue to support Cobaw Community Health Services Limited.

r. Joint Ventures

Interests in jointly controlled assets are accounted for by recognising in the Cobaw Community Health Services Limited's financial statements, its share of assets, liabilities and any revenue and expenses of such joint ventures. Details of the joint venture are set out in note 17.

Notes to the Financial Statements for the year ended 30 June 2020

Note 1: Summary of Significant Accounting Policies (continued)

s. New and Amended Accounting Policies Adopted by the Company

Initial application of AASB 16

The Company has adopted AASB 16 Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2019 reporting period have not been restated.

The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of short term and low value leases) recognised as operating leases under AASB 117 Leases where the Company is the lessee.

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

The right of use assets for equipment was measured at its carrying amount as if AASB 16: Leases had been applied since the commencement date, but discounted using the Company's incremental borrowing rate per lease term on 1 July 2019.

The right of use assets for the remaining leases was measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability, prepaid- and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

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

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same was as short-term leases
- The use of hindsight to determine lease terms on contracts that have options to extend or terminate
- applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The Company’s weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 3.4%. The difference between the undiscounted amount of operating lease commitments at 30 June 2019 of $351,343 and the discounted operating lease commitments as at 1 July 2019 of $331,586 was $19,757 which is due to discounting the operating lease commitments at the Company's incremental borrowing rate.

Initial application of AASB 15 and AASB 1058

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

The Company has elected to apply AASB 1058 retrospectively only to contracts that are not completed contracts at the date of initial application. There was no adjustment to opening retained surplus on 1 July 2019 or corresponding decrease in contract liabilities. A classification change occurred which resulted in the deferred income now being classified as contract liability in line with wording used in AASB 15.

Notes to the Financial Statements for the year ended 30 June 2020

2. Revenue	**2020** **$**	**2019** **$**
Operating Revenue from government grants and other grants:		
- Operating grants	5,121,611	4,886,772
- Other grants	1,173,538	835,512
	6,295,149	5,722,284
Other operating revenue:		
- Donations	5,537	15,801
- Fees & charges	1,351,605	1,119,465
- Rental income	24,883	21,434
- Sundry other income	65,574	5,663
- Reimbursements	11,958	34,439
	1,459,557	1,196,802
Non-operating activities:		
- Interest received	80,284	98,026
- Profit/(loss) on disposal of non current assets (refer note 2(a) below)	(206,653)	(50)
- Share of Joint Venture revenues (refer Note 16)	224,455	161,977
- Share of Joint Venture capital income (refer Note 16)	13,634	4,536
- Capital Grants	8,108,027	1,180,705
	8,219,747	1,445,195
	15,974,453	8,364,281

2(a) Profit/(loss) on disposal of non current assets:

	2020	2019
Proceeds on disposal	712,363	-
Disposals at written down value		
- Asset held for Sale	883,150	-
- Plant & equipment	28,078	50
- Motor vehicles	3,897	-
- Leasehold Improvements	3,891	-
Net gain/(loss) on disposal	(206,653)	(50)

3. Expenses

	2020	2019
Employee benefits expense		
Salaries & wages	5,368,044	5,039,532
Sub-contractors	54,106	45,554
Superannuation	478,094	429,292
WorkCover	51,272	37,502
Other employment related expenses	48,858	68,686
	6,000,374	5,620,566
Depreciation of non-current assets		
- Buildings at valuation	18,150	29,212
- Leasehold improvements	60,524	60,466
- Freehold improvements	-	6,936
- Plant and equipment	75,932	79,768
- Motor vehicles	13,626	14,999
- Right of Use Assets	164,766	-
- Depreciation - share of Joint Venture (refer Note 16)	2,329	2,547
	335,327	193,928
Administration and other expenses		
- Program delivery & other expenses	257,717	369,018
- Motor vehicle expenses	57,106	66,590
- Occupancy costs	377,947	216,694
- Other administration costs	626,439	584,260
- Share of Joint Venture operating expenses (refer Note 16)	240,767	160,393
	1,559,976	1,396,955

Impact of COVID-19 on Expenses

As indicated in Note 1, Cobaw Community Health Service's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as additional hygiene services and supplies and acquisition of minor equipment.

Notes to the Financial Statements for the year ended 30 June 2020

	2020 $	2019 $
4. Auditors' Remuneration		
Remuneration of the auditor of the company for:		
- Auditing or reviewing the financial report	8,500	8,560
	8,500	8,560
5. Cash and Cash Equivalents		
Current		
Cash at bank	2,908,296	978,064
Cash on hand	1,451	1,451
Short-term bank deposits	200,862	4,799,052
Cash - Share of Joint Venture (refer Note 16)	163,047	23,086
	3,273,656	5,801,653
6. Accounts Receivable and Other Debtors		
Current		
Accounts receivable	188,188	66,927
Accrued revenue	22,576	85,049
GST receivable	-	100,253
Trade debtors - Share of Joint Venture (refer Note 16)	1,633	10,971
GST receivable - Share of Joint Venture (refer Note 16)	8,606	1,683
Total	221,003	264,883
Less: Provision for impairment	(4,361)	(11,956)
	216,642	252,927

The following table shows the movement in lifetime expected credit loss that has been recognised for accounts receivable and other debtors in accordance with the simplified approach set out in AASB9.

2020	Current $	>30 days past due $	>60 days past due $	>90 days past due $	Total $
Expected loss rate	0%	0%	0%	100%	
Gross Carrying Amount	168,506	12,749	2,572	4,361	188,188
Loss allowing provision	-	-	-	4,361	4,361

2019	Current $	>30 days past due $	>60 days past due $	>90 days past due $	Total $
Expected loss rate	0%	25%	50%	75%	
Gross Carrying Amount	45,722	5,208	2,064	13,934	66,927
Loss allowing provision	-	667	826	10,464	11,956

Lifetime Expected Credit Loss: Credit Impaired

	Opening Balance 1 July 2018	Net Measurement of Loss Allowance	Amounts Written Off	Closing Balance 30 June 2019
Accounts Receivable	2,600	25,315	(15,958)	11,956
Other Debtors	-	-	-	-

	Opening Balance 1 July 2019	Net Measurement of Loss Allowance	Amounts Written Off	Closing Balance 30 June 2020
Accounts Receivable	11,956	6,564	(14,159)	4,361
Other Debtors	-	-	-	-

Notes to the Financial Statements for the year ended 30 June 2020

6. Accounts Receivable and Other Debtors (continued)

Credit Risk

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2020 is determined as follows; the expected credit losses also incorporate forward-looking information.

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

The company writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery or when the trade receivables are over six months past due, whichever occurs earlier. None of the accounts receivable that have been written off are subject to enforcement activities.

	2020	2019
7. Other Current Assets	$	$
Prepayments	48,480	57,979
Prepayments - Share of Joint Venture (refer Note 16)	29,858	27,574
Inventory - Share of Joint Venture (refer Note 16)	25,630	-
	103,968	85,553
8. Financial Assets		
Investments in fixed interest securities	-	739,158
Deposits at call - Share of Joint Venture (refer Note 16)	-	102,757
	-	841,915
9. Assets Held for Sale		
Freehold Land and Buildings	-	883,150
	-	883,150

In December 2018 the premises at 47 High Street was placed on the market for sale ahead of the move to a new building in 2020. Assets held for sale are recorded at the lower of carrying amount and fair value less costs to sell.

10. Property, Plant and Equipment

	2020	2019
Capital Works in Progress		
Capital Works in Progress at cost	56,045	1,130,204
	56,045	1,130,204
Land		
Land at cost	830,000	830,000
	830,000	830,000
Buildings		
Buildings at cost	8,303,465	-
Less accumulated depreciation	(18,150)	-
	8,285,315	-
Leasehold Improvements		
Leasehold Improvements at cost	1,391,936	1,404,551
Less accumulated depreciation	(328,169)	(277,641)
	1,063,767	1,126,910
Plant and equipment		
Plant and Equipment at cost	574,678	449,023
Less accumulated depreciation	(133,694)	(271,333)
Plant and Equipment - share of Joint Venture (refer Note 16)	38,535	28,788
Less accumulated depreciation - share of Joint Venture (refer Note 16)	(18,239)	(16,330)
	461,280	190,148
Motor vehicles		
Motor vehicles at cost	111,402	118,902
Less accumulated depreciation	(110,303)	(100,280)
	1,099	18,622
Right of Use Assets		
Right of Use Assets at valuation	351,343	-
Less accumulated depreciation	(164,766)	-
	186,577	-
Total Property, Plant and Equipment	10,884,083	3,295,884

Notes to the Financial Statements for the year ended 30 June 2020

10. Property, Plant and Equipment (continued)

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

2019	**Capital Works in Progress**	**Land** $	**Buildings at Valuation** $	**Leasehold Improvements** $	**Freehold Improvements** $	**Plant & Equipment** $	**Motor Vehicles** $	**Right of Use Assets** $	**Total** $
Balance at the beginning of the year	946,944	415,000	452,796	355,625	51,502	143,296	33,621	-	2,398,784
Additions	1,059,007	830,000	-	-	-	85,221	-	-	1,974,228
Transfer between classes	(875,747)	-	-	831,751	-	43,996	-	-	-
Disposals	-	-	-		-	(50)	-	-	(50)
Depreciation Expense	-	-	(29,212)	(60,466)	(6,936)	(82,315)	(14,999)	-	(193,928)
Reclassified as held for sale	-	(415,000)	(423,584)	-	(44,566)	-	-	-	(883,150)
Carrying amount at the end of the year	1,130,204	830,000	-	1,126,910	-	190,148	18,622	-	3,295,884

2020	**Capital Works in Progress**	**Land** $	**Buildings at Cost** $	**Leasehold Improvements** $	**Freehold Improvements** $	**Plant & Equipment** $	**Motor Vehicles** $	**Right of Use Assets** $	**Total** $
Balance at the beginning of the year	1,130,204	830,000	-	1,126,910	-	190,148	18,622	-	3,295,884
Additions	7,229,306	-	-	1,272	-	377,471	-	-	7,608,049
Initial Application of AASB 16	-	-	-	-	-	-	-	351,343	351,343
Transfer between classes	(8,303,465)	-	8,303,465	-	-	-	-	-	-
Disposals	-	-	-	(3,891)	-	(28,078)	(3,897)	-	(35,866)
Depreciation Expense	-	-	(18,150)	(60,524)	-	(78,261)	(13,626)	(164,766)	(335,327)
Carrying amount at the end of the year	56,045	830,000	8,285,315	1,063,767	-	461,280	1,099	186,577	10,884,083

Notes to the Financial Statements for the year ended 30 June 2020

11. Right of Use Assets

The Company's lease portfolio includes motor vehicles, equipment and buildings. These leases have an average 3 years as their lease term.

The option to extend or terminate are contained in several of the property, equipment and vehicle leases, of the Company. These clauses provide the Company opportunities to manage leases in order to align with its strategies. All of the extension or 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.

i) AASB 16 related amounts recognised in the Balance Sheet

Right of Use Assets

	2020
	$
Leased Buildings	94,231
Accumulated Depreciation	(56,131)
Leased Equipment	36,009
Accumulated Depreciation	(8,958)
Leased Motor Vehicles	221,103
Accumulated Depreciation	(99,677)
Total Right of Use Asset	186,577

Movement in Carrying Amounts

	2020
Leased Buildings:	
Recognised on initial application of AASB 16	94,231
(previously classified as operating leases under AASB 117)	
Depreciation Expense	(56,131)
Net Carrying Amount	38,100
Leased Equipment:	
Recognised on initial application of AASB 16	36,009
(previously classified as operating leases under AASB 117)	
Depreciation Expense	(8,958)
Net Carrying Amount	27,051
Leased Motor Vehicles:	
Recognised on initial application of AASB 16	221,103
(previously classified as operating leases under AASB 117)	
Depreciation Expense	(99,677)
Net Carrying Amount	121,426

ii) AASB 16 related amounts recognised in the statement of profit or loss

	2020
	$
Depreciation charge related to right-of-use assets	164,766
Interest expense on lease liabilities	6,263
Short-term leases expense	15,385

12. Accounts Payable and other payables	**2020**	**2019**
Current	$	$
Trade creditors	89,935	479,565
Accrued Expenses	788,581	844,477
Accrued Audit Fees	4,280	4,280
PAYG payable	92,023	79,373
GST Payable	150,592	-
Accrued salaries and wages	42,423	206,522
Employee related expenses	59,793	42,568
Funds in Trust	7,633	8,790
Grants in advance (a)	508,726	5,352,206
Credit Cards	5,578	5,878
Trade creditors - Share of Joint Venture (refer Note 16)	87,773	3,220
Accrued expenses - Share of Joint Venture (refer Note 16)	22,028	31,033
	1,859,365	7,057,912

Notes to the Financial Statements for the year ended 30 June 2020

12. Accounts Payable and other payables (continued)

Financial liabilities at amortised cost classified as accounts payable and other payables

Accounts payable and other payables:		
- total current	1,859,365	7,057,912
- total non-current	-	-
	1,859,365	7,057,912
Less deferred income	(508,726)	(5,352,206)
Less net amount of GST payable	-	(100,253)
Financial liabilities as accounts payable and other payables	1,350,639	1,605,453

Borrowings	**2020**	**2019**
	$	$
Total Current Borrowings	5,578	5,878

(a) Grants in Advance

Grants received in advance include:

- $422,058 RHIF Funding from Department of Health Victoria for the development of a community health community health hub facility. Total funding over three years will be $9,771,000.

- $86,668 Department of Health and other funding agencies for programs which will be run in 2020-21 and where the expenditure will be incurred in the next financial year

13. Employee Provisions	**2020**	**2019**
	$	$
Current		
Annual leave entitlements	446,337	324,110
Unconditional Long Service Leave entitlement	523,349	160,717
Total Current Employee Provisions	969,686	484,827
Non-Current		
Conditional Long service leave entitlements (present value)	107,787	327,306
Total Employee Provisions	1,077,473	812,133
Employee Provisions		
Opening Balance as at 1 July	812,133	794,222
Additional provisions accrued in the year	771,470	500,024
Amounts used	(506,130)	(482,113)
Balance as at 30 June	1,077,473	812,133

A provision has been recognised for employee entitlements relating to annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements 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.

Notes to the Financial Statements for the year ended 30 June 2020

14. Lease Liabilities

	2020 $	2019 $
Current		
Leased Premises	26,158	-
Leased Motor Vehicles	73,576	-
Leased Equipment	7,479	-
	107,213	-
Non-current		
Leased Premises	12,489	-
Leased Motor Vehicles	49,773	-
Leased Equipment	20,095	-
	82,357	-

15. Equity

	2020 $	2019 $
(a) Reserves		
Property Revaluation Reserve		
Balance at beginning of reporting period	918,990	918,990
Transferred to retained earnings on sale of asset		
- Land	(387,000)	-
- Buildings	(531,990)	-
Balance at end of reporting period	-	918,990
Represented by:		
- Land	-	387,000
- Buildings	-	531,990
	-	918,990
(b) Accumulated Surpluses		
Balance at beginning of reporting period	2,389,635	1,349,171
Net Result for the year	8,060,904	1,040,464
Release of Revaluation Reserve on Sale of Asset	918,990	-
Balance at end of reporting period	11,369,529	2,389,635
Total Equity at end of financial year	11,369,529	3,308,625

16. Cash Flow Information

(a) *Reconciliation of cash*

	2020 $	2019 $
Operating accounts	2,908,296	978,064
Cash on hand	1,451	1,451
Short-term bank deposits	200,862	4,799,052
	3,110,609	5,778,567

The company holds some term deposit accounts that are classified as a Financial Asset rather than cash (see Note 8).

(b) *Reconciliation of cash flow from operating activities with net current year surplus*

	2020 $	2019 $
Net current year surplus	8,060,904	1,040,464
Non cash flows		
- Depreciation	335,327	193,928
- Increase/(decrease) in Provision for Doubtful Debts	(7,595)	9,356
- (Profit)/Loss on disposal of asset	206,653	50
Movement in:		
- Joint Venture cash assets	(139,961)	(1,732)
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	43,880	(131,032)
- Increase/(decrease) in trade and other payables	(5,198,548)	2,818,631
- (Increase)/decrease in prepayments	(18,415)	28,602
- Increase/(decrease) in provisions	265,340	17,911
Net cash flows from operating activities	3,547,585	3,976,178

Notes to the Financial Statements for the year ended 30 June 2020

17. Capital and Leasing Commitments

a). Operating lease commitments

Non cancellable operating leases contracted for but not recognised in the financial statements

Motor vehicles			
	Payable:		
	No later than 1 year	-	91,660
	Later than 1 year & not later than 5 years	-	99,189
		-	190,849
Equipment			
	Payable:		
	No later than 1 year	-	9,496
	Later than 1 year & not later than 5 years	-	29,591
		-	39,087
Buildings			
	Payable:		
	No later than 1 year	-	57,410
	Later than 1 year & not later than 5 years	-	31,101
	Later than 5 years	-	13,139
		-	101,650

b) Capital Expenditure Commitments

	Building contract - new premises	-	7,092,290
		-	7,092,290

18. Jointly Controlled Operations and Assets

Name of company	**Principal Activity**	**Ownership Interest 2020**	**Ownership Interest 2019**
		%	**%**
Loddon Mallee Rural Health Alliance	Information Systems	2.31	2.23

Cobaw Community Health Services Ltd's interest in assets and liabilities employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements under their respective asset categories:

	2020	2019
Current Assets	**$**	**$**
Cash and Cash Equivalents	163,047	23,086
Investments	-	102,757
Debtors	1,633	10,971
GST Receivable	8,606	1,683
Inventory	25,630	-
Prepayments	29,858	27,574
Total Current Assets	**228,774**	**166,071**
Non Current Assets		
Plant and Equipment	38,535	28,788
- Less Accumulated Depreciation	(18,239)	(16,330)
Total Non Current Assets	**20,296**	**12,458**
Total Assets	**249,070**	**178,529**
Current Liabilities		
Creditors	87,773	3,220
Accrued Expenses	22,028	31,033
Total Current Liabilities	**109,801**	**34,253**
Total Liabilities	**109,801**	**34,253**
NET ASSETS	**139,269**	**144,276**

Notes to the Financial Statements for the year ended 30 June 2020

18. Jointly Controlled Operations and Assets (continued)

Cobaw Community Health Services interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2020 $	2019 $
Revenue from Operating Activities	224,455	161,977
Expenditure from Operating Activities	(240,767)	(160,393)
Net Result Before Capital & Specific Items	**(16,312)**	**1,584**
Capital Purpose Income	-	4,536
Depreciation	(2,329)	(2,547)
Capital Expenditure/Income	13,365	(50)
Proceeds from Sale of Assets	269	-
Net Result for the period	**(5,007)**	**3,524**

19. Key Management Personnel Compensation

(a) Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

Key Management Personnel are: Chief Executive Officer, General Manager Communty Services and General Manager Business Operations

	2020 $	2019 $
Short-term benefits	513,682	477,189
Post employment benefits	39,668	35,178
Other long term benefits	17,869	13,824
	571,219	**526,191**

20. Related Party Disclosures

There were no loans to, or transactions with Directors or their immediate family members during the year.
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

The directors of the board did not receive any remuneration for their services in the year ending 30 June 2020 (2019:nil)

21. Contingent Liabilities and Contingent Assets

A complaint was received from the Health Complaints Commissioner in July 2019 relating to an incident in April 2019.
This was settled in June 2020 but still pending notification of insurance costs which could be up to a maximum of $5,000.
There are no other contingent assets or liabilities. (2019: nil)

22. Segment Reporting

The Company operates in the Community Health service sector in the Macedon Ranges region.

23. Registered office/Principal place of business

The registered office and principal place of business is 47 High Street Kyneton VIC 3444.

24. Member's Guarantee

The company is incorporated under the Corporations Act 2001 and is an company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute to a maximum of $1 each towards meeting any outstandings and obligations of the company. At 30 June 2020 the number of members was 87.

25. Events after the Balance Sheet Date

The Directors are not aware of any significant events since the end of the reporting period other than as disclosed below:

On 3rd August 2020 Cobaw Community Health Service announced an intention to merge with Sunbury Community Health, effective 1 January 2021.
On 23rd September 2020, Cobaw members passed a special resolution to approve the merger. The merger is still subject to approval by the Department of Health and Human Services. The assets and liabilities of Cobaw Community Health Service will be transferred to Sunbury Community Health which, if approved, will operate under the name of Sunbury and Cobaw Community Health.

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Cobaw Community Health Service at the reporting date. As responses by government continue to evolve, management recognises it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Cobaw Community Health Service, its operations, its future results and financial position. The state of emergency in Victoria was extended on 11 October 2020 until 8 November 2020 and the state of disaster remains in place.

Notes to the Financial Statements for the year ended 30 June 2020

26. Financial Instruments

a. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable (excluding statutory receivables, payables and lease liabilities). The company does not have any derivate instruments at 30 June 2020.

The totals for each category of financial instruments, measured in accordance with AASB9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 $	2019 $
Financial Assets			
Cash and cash equivalents	5	3,273,656	5,801,653
Accounts receivable and other debtors	6	216,642	252,927
Investments	8	-	841,915
Financial Liabilities			
Accounts payable and other payables	12	1,859,364	7,057,912
Lease liabilities	14	189,570	-

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis.
These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures & Management

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

Liquidity risk	Liquidity risk is monitored by forecasting cash flows and review of any borrowing facilities.
Credit risk	The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements. There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the company.
Price risk	The company is not exposed to any material price risks.

Notes to the Financial Statements for the year ended 30 June 2020

26. Financial Instruments (continued)

b. Financial Liability and financial asset maturity analysis

	Within 1 Year		1 Year to 5 Years		Over 5 Years		Total	
	2020 $	2019 $	2020 $	2019 $	2020 $	2019 $	2020 $	2019 $
Financial liabilities due for payment								
Trade and other Payables	1,859,364	7,057,912	-	-	-	-	1,859,364	7,057,912
Lease liabilites	107,213	-	71,756	-	10,601	-	189,570	-
Total Expected Outflows	1,966,577	7,057,912	71,756	-	10,601	-	2,048,935	7,057,912
Financial assets - cash flows realisable								
Cash and cash equivalents	3,273,656	5,801,653	-	-	-	-	3,273,656	5,801,653
Trade term and loans receivables	216,642	252,927	-	-	-	-	216,642	252,927
Investments	-	841,915	-	-	-	-	-	841,915
Total anticipated inflows	3,490,298	6,896,496	-	-	-	-	3,490,298	6,896,496
Net (outflows)/inflows on **financial instruments**	1,523,721	(161,417)	(71,756)	-	(10,601)	-	1,441,363	(161,417)

Notes to the Financial Statements for the year ended 30 June 2020

26. Financial Instruments (continued)

c. Net Fair Values

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Areas of judgement and the assumptions used have been detailed below.

Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

	2020		2019	
	Carrying Value	Net Fair Value	Carrying Value	Net Fair Value
Financial Assets	$	$	$	$
Cash and cash equivalents	3,273,656	3,273,656	5,801,653	5,801,653
Trade receivables	216,642	216,642	252,927	252,927
Investments	-	-	-	-
	3,490,298	3,490,298	6,054,580	6,054,580
Financial Liabilities				
Trade and other payables (excl. GST payable)	1,859,364	1,859,364	4,239,281	4,239,281
Lease liabilities	189,570	189,570	-	-
	2,048,935	2,048,935	4,239,281	4,239,281
Net Financial Assets	1,630,934	1,630,934	1,815,299	1,815,299

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

i. Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value.

d. Sensitivity Analysis

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

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

	Profit	Equity
Year ended 30 June 2020	$	$
+/- 0.5% in interest rates	16,368	16,368
Year ended 30 June 2019		
+/- 0.5% in interest rates	29,008	29,008

Notes to the Financial Statements for the year ended 30 June 2020

27. Fair value measurements

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- freehold land and buildings

The company subsequently measures some items of freehold land and buildings at fair value on a non-recurring basis.

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

a. Fair value hierarchy

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	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

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.

Notes to the Financial Statements for the year ended 30 June 2020

27. Fair value measurements (continued)

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:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect 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.

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:

Notes to the Financial Statements for the year ended 30 June 2020

27. Fair value measurements (continued)

a. Fair value hierarchy (continued)

	30 June 2020			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	-	-	-
Freehold buildings	-	-	-	-
Total non-financial assets recognised at fair value on a recurring basis	-	-	-	-
Non-recurring fair value measurements	-	-	-	-

	30 June 2019			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Non-financial assets				
Assets held for sale	-	883,150	-	883,150
Total non-financial assets recognised at fair value on a	-	883,150	-	883,150
Non-recurring fair value measurements	-	-	-	-

COBAW COMMUNITY HEALTH SERVICES LIMITED
ABN 35 823 252 867

The directors, in accordance with a resolution of the directors of Cobaw Community Health Services Limited, declare that:

1. The financial statements and notes set out on pages 8 to 37 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012,
   a) including complying with Australian Accounting Standards and
   b) give a true and fair view of the Company's financial position as at 30th June 2020 and of its performance for the financial year ended on that date.

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

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

R. Hag

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Riwka Hagen
Director, Cobaw Community Health

Dated at this 2nd day of November 2020.