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# Sunbury Community Health Centre Ltd

Trading as:

- Sunbury Community Health
  - Sunbury Lions Community Aged Care
  - Our Village Family Childcare
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ABN: 32 084 682 579

## Financial Report

For the year ended 30 June 2020

# Sunbury Community Health Centre Ltd

30 June 2020

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# Sunbury Community Health Centre Ltd

## Directors' Report

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

### Directors

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

Peter Donlon (Chairperson)  
Janelle Parry (Deputy Chairperson)  
Mary Rush  
Matthew Stewart  
Bruce Marshall  
Rachel Strevens  
Georgina Dougall

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

### Principal Activities

The principal activities of the company during the course of the financial year were in providing health and welfare services to the communities within the Hume and surrounding local government areas.

### Business Objectives

The company's short term objectives are to provide high quality and sustainable health and community services to the local community. The company's long term objectives are to build the social fabric of the community through programs that help people support themselves and each other.

### Review of Operations

The surplus of the company from continuing operations for the financial year ended 30 June 2020 after provision for income tax was:

Year ended 30 June 2020	Year ended 30 June 2019
\$ 975,813	\$ 30,518

Due to the spread of the novel coronavirus (COVID-19) and the introduction of social isolation measures in Victoria throughout the reporting period in response to the pandemic, the company was unable to meet a number of performance obligations under its funding agreements. During the year ended 30 June 2020, the company received indications from its funding bodies that it would be supported throughout the pandemic and that there would be no obligation to return funds to each relevant funding body where performance obligations had not been satisfied.

Subsequent to year-end, the company was successful in obtaining confirmation from key funding bodies including the Department of Health and Human Services (DHHS), the Department of Health (DoH) and Dental Health Services Victoria (DHSV), waiving any unfulfilled performance obligations for relevant programs for the 2019/20 financial year due to the challenges presented by COVID-19. This resulted in approximately \$857,000 being recognised as revenue for the year ended 30 June 2020, which would have otherwise been recognised as deferred income in the statement of financial position until subsequent years when underlying performance obligations were fulfilled.

# Sunbury Community Health Centre Ltd

## Directors' Report

### Review of Operations (continued)

Following the closure of the company's Sunbury Lions Community Aged Care facility in March 2020, the surplus/(deficit) of the company from discontinued operations for the financial year ended 30 June 2020 was:

Year ended 30 June 2020	Year ended 30 June 2019
\$ (1,698,143)	\$ 61,219

The deficit from discontinued operations for the 2019/20 financial year was consistent with board expectations following its decision to close the facility.

The total deficit attributable to members from continuing and discontinued operations for the year ended 30 June 2020 was \$722,330 (2019: \$91,737 surplus).

Refer to Significant Changes in the State of Affairs for further information regarding discontinued operations.

### New and Amended Accounting Standards Adopted by the Company

The company has adopted three new Accounting Standards that are applicable for the current reporting period and have come into effect, which are included in the results. AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* have been applied using the modified retrospective 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 retained earnings 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*. In the transition to AASB 16, the company has also applied the temporary relief available for peppercorn leases under AASB 2018-8 *Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit Entities* to measure the right-of-use assets at cost on initial recognition. Refer to Note 1(a) for further information.

### Performance Measurement

The company measures its own performance through the use of quantitative and qualitative objectives. The achievement of objectives are used by the directors to assess the financial and service provision performance of the company and whether the company's short-term and long-term objectives are being achieved.

### Significant Changes in the State of Affairs

The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by Governments, regulators and industry sectors.

The Australian Commonwealth Government enacted its emergency plan on 29 February 2020 which has seen the closure of Australian borders from 20 March, an increasing level of restrictions on corporate Australia's ability to operate, significant volatility and instability in financial markets and the release of a number of government stimulus packages to support individuals and business as the Australian and global economies face significant slowdowns and uncertainties.

Whilst this has impacted on the company's ability to deliver services and meet targets under its funding agreements, the company is an essential service and has continued to provide services to clients where possible throughout this period of time, within the social distancing requirements imposed by the Commonwealth and State Government. Where possible, the company has limited face to face services to emergency and essential services throughout the period of restrictions.

# Sunbury Community Health Centre Ltd

## Directors' Report

### **Significant Changes in the State of Affairs (continued)**

The company has purchased additional personal protective equipment, facilitated COVID-19 testing on behalf of the Victorian Government and has purchased additional hardware to assist employees in their transition to working from home arrangements.

In February 2020, the company announced its decision to close the Sunbury Lions Community Aged Care facility in Timins Street, Sunbury, from 13 March 2020. The decision to close was made after much consideration of all possible alternatives.

Quality care and the safety of all residents and staff has always been of paramount concern for the company. The facility was originally designed as an accommodation hostel but had been operated as a fully-fledged nursing home for almost 30 years. The age of the buildings, small scale of the facility, increasingly complex care needs of residents and limited government funding meant the company could no longer safely sustain the service.

The facility's 29 residents were informed of the closure, with the company making significant efforts to ensure all residents were supported while they make the move to a new facility of their choice.

The closure of the facility has been disclosed as a discontinued operation in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

For the year ended 30 June 2020, the company recorded a deficit from discontinued operations of \$1,698,143 (2019: \$61,219 surplus), with further information disclosed at Note 4.

Following the closure, in May 2020, the company entered into a Transfer of Places Agreement to sell its 33 approved residential bed licences. The contract is subject to various terms and conditions, with settlement expected to occur in November 2020.

The company acquired the licences for nil consideration, which the company measures at cost (nil) in the statement of financial position.

Should the sale proceed as planned, the company expects to record a material gain on disposal of its bed licences which will be disclosed as a gain from discontinued operations for the year ended 30 June 2021. The sale of the bed licences has been disclosed as a contingent asset at 30 June 2020. Refer to Note 18 of the financial report for further information.

In the opinion of the directors, there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

### **Events Subsequent to the End of the Reporting Period**

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the company at the reporting date. As responses by Commonwealth and State Governments continue to evolve, the board recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the company, 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 is still in place.

Due to social isolation measures introduced by the Commonwealth and State Governments, throughout the reporting period in response to the pandemic, the company was unable to meet a number of performance obligations under its funding agreements. During the year ended 30 June 2020, the company received indications from its funding bodies that it would be supported throughout the pandemic and that there would be no obligation to return funds to each relevant funding body where performance obligations had not been satisfied.

# Sunbury Community Health Centre Ltd

## Directors' Report

### **Events Subsequent to the End of the Reporting Period (continued)**

Subsequent to year-end, the company was successful in obtaining confirmation from key funding bodies including the Department of Health and Human Services (DHHS), the Department of Health (DoH) and Dental Health Services Victoria (DHSV), waiving any unfulfilled performance obligations for relevant programs for the 2019/20 financial year due to the challenges presented by COVID-19.

Whilst the board acknowledge such confirmation occurred subsequent to year-end, it has been treated as an adjusting subsequent event as it provided additional information about pre-existing conditions and expectations that existed on balance date. This resulted in approximately \$857,000 being recognised as revenue for the year ended 30 June 2020, which would have otherwise been recognised as deferred income in the statement of financial position until subsequent years when underlying performance obligations were fulfilled or no longer required to be delivered.

On 3 August 2020, the company informed staff and members it's intention to merge with Cobaw Community Health Services Ltd, following endorsement from the company's directors on 25 June 2020 in accordance with the company's constitution. The merger was subsequently approved via a vote by Cobaw Community Health Services Ltd members at a Special General Meeting scheduled on 23 September 2020. The merger, which will be effective from 1 January 2021, is expected to expand opportunities for health and community services across Sunbury and the Macedon Ranges. The company will remain the entity to continue on and will change its trading name to Sunbury and Cobaw Community Health.

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

### **Environmental Issues**

The company is not subject to any significant environmental regulation.

### **Directors' Benefits**

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in Note 20 to the financial statements.

### **Indemnification and Insurance of Directors and Officers**

The company has indemnified all directors and officers in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or officers of the company except where the liability arises out of conduct involving the lack of good faith.

The company has not provided any insurance for an auditor of the company or a related body corporate.

### **Proceedings on Behalf of the Entity**

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings. The entity was not a party to any such proceedings during the year.

# Sunbury Community Health Centre Ltd

## Directors' Report

### Information on Directors

#### **Peter Donlon**

- Qualifications - Bachelor of Science, Associate Diploma of Computing, MAICD
- Special Responsibilities - Chairperson, Member of Clinical Governance & Risk Sub-committee, Member of Nominations Committee

#### **Janelle Parry**

- Qualifications - CPA, Bachelor of Business (Accountancy)
- Special Responsibilities - Deputy Chairperson, Member of Nominations Committee, Member of Investment Strategy Sub-committee, Member of Clinical Governance & Risk Sub-committee (Chairperson)

#### **Mary Rush**

- Qualifications - Bachelor of Business (Management)
- Special Responsibilities - Board Member, Nominations Committee, Clinical Governance & Risk Sub-committee

#### **Matthew Stewart**

- Qualifications - Bachelor of Health Science, Post Graduate Diploma of Nursing Management, Registered Nurse Division 1
- Special Responsibilities - Board Member, Nominations Committee

#### **Bruce Marshall**

- Qualifications - Australian Certified Economic Developer, Bachelor of Business (Marketing), Diploma of Management, Graduate Diploma of Education (Secondary)
- Special Responsibilities - Board Member, Nominations Committee, Investment Strategy Sub-committee, Clinical Governance & Risk Sub-committee

#### **Rachel Strevens**

- Qualifications - GAICD, CPA, Bachelor of Arts, Master of Commerce
- Special Responsibilities - Board Member, Nominations Committee, Chairperson Investment Strategy Sub-committee

#### **Georgina Dougall**

- Qualifications - GAICD, Certificate IV Assessment and Workplace Training, Diploma of Business Management, Bachelor of Arts (Recreation), Graduate Diploma of Education, Post Graduate Diploma of Education (Health Education)
- Special Responsibilities - Board Member, Nominations Committee

# Sunbury Community Health Centre Ltd

## Directors' Report

### Meeting of Directors

During the financial year, 12 meetings of directors (board meetings) were held. The company also has three subcommittees, including the Board Nominations Committee (Nom), the Investment Strategy Subcommittee (ISSC) and the Clinical Governance and Risk Subcommittee (CGR). Attendances by each director were as follows:

	Board meetings		Subcommittee Meeting		
	Eligible to attend	Attended	Eligible to attend	Attended	Membership
Peter Donlon (Chairperson)	12	12	9	8	Nom, CGR
Janelle Parry (Deputy Chairperson)	12	12	13	12	Nom, CGR, ISSC
Mary Rush	12	11	9	8	Nom, CGR
Matthew Stewart	12	12	5	4	Nom
Bruce Marshall	12	10	13	12	Nom, CGR, ISSC
Rachel Strevens	12	11	9	8	Nom, ISSC
Georgina Dougall	12	11	5	5	Nom

### Company Secretary

The position of Company Secretary was held by Shelly Clancy for the financial year.

### Members' Guarantee

The entity is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. The entity is registered with the Australian Securities and Investments Commission as well as the Australian Charities and Not-for-profits Commission. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2020 the number of members was 39 (2019: 39).

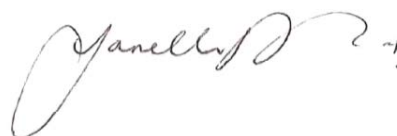
### Auditors' Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 7 of the financial report.

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



Peter Donlon  
Chairperson



Janelle Parry  
Deputy Chairperson

Dated: 22 October 2020



**Lead auditor's independence declaration under *section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012* to the directors of Sunbury Community Health Centre Limited**

As lead auditor for the audit of Sunbury Community Health Centre Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated this 22<sup>nd</sup> day of October 2020



**Adrian Downing**  
Lead Auditor

# Sunbury Community Health Centre Ltd

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Continuing operations</b>			
Revenue	2	13,037,486	12,864,435
Other income	2	2,869,693	705,814
Employee benefits expense	3	(12,765,723)	(11,158,224)
Depreciation and amortisation expense	3	(323,956)	(273,329)
Finance expenses	3	(35,976)	-
Utility expenses		(147,355)	(148,046)
Motor vehicle expenses		(61,424)	(72,231)
Audit, accreditation, legal and consultancy fees		(152,759)	(139,188)
Staff training and development expenses		(147,812)	(173,748)
Client support services expenses		(396,698)	(408,863)
General program supplies		(167,625)	(225,726)
External dental providers		(310,035)	(590,514)
Repairs and maintenance		(162,914)	(127,794)
Other expenditure		(259,089)	(222,068)
<b>Surplus before income tax expense</b>		<b>975,813</b>	<b>30,518</b>
Income tax expense	1(d)	-	-
<b>Surplus after income tax expense</b>		<b>975,813</b>	<b>30,518</b>
<b>Discontinued operations</b>			
Surplus/(Deficit) after tax from discontinued operations	4	(1,698,143)	61,219
<b>Surplus/(Deficit) attributable to members of the entity</b>		<b>(722,330)</b>	<b>91,737</b>

The accompanying notes form part of these financial statements

# Sunbury Community Health Centre Ltd

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
Loss on revaluation of land from continuing operations	11	(97,470)	-
Net loss on revaluation of land and buildings from discontinued operations	11	(592,804)	-
<b>Total comprehensive income/(loss) attributable to members of the entity</b>		<b>(1,412,604)</b>	<b>91,737</b>
Total comprehensive income/(loss) for the year arises from:			
Continuing operations		878,343	30,518
Discontinued operations	4	(2,290,947)	61,219
		<b>(1,412,604)</b>	<b>91,737</b>

# Sunbury Community Health Centre Ltd

## Statement of Financial Position

As at 30 June 2020

	Note	2020 \$	2019 \$
<b>Current assets</b>			
Cash and cash equivalents	5	2,837,755	3,793,844
Trade and other receivables	6	919,843	707,865
Inventories	7	27,261	31,523
Other assets	8	81,239	111,208
Assets classified as held for sale	9	44,908	-
<b>Total current assets</b>		<b>3,911,006</b>	<b>4,644,440</b>
<b>Non-current assets</b>			
Investments	10	1,424,615	1,575,069
Property, plant and equipment	11	6,663,921	8,226,347
Right-of-use assets	12	69,937	-
<b>Total non-current assets</b>		<b>8,158,473</b>	<b>9,801,416</b>
<b>Total assets</b>		<b>12,069,479</b>	<b>14,445,856</b>
<b>Current liabilities</b>			
Trade and other payables	13	2,663,186	3,555,049
Provisions	14	1,788,205	1,857,484
Lease liabilities	15	27,163	-
<b>Total current liabilities</b>		<b>4,478,554</b>	<b>5,412,533</b>
<b>Non-current liabilities</b>			
Provisions	14	516,685	590,226
Lease liabilities	15	43,747	-
<b>Total non-current liabilities</b>		<b>560,432</b>	<b>590,226</b>
<b>Total liabilities</b>		<b>5,038,986</b>	<b>6,002,759</b>
<b>Net assets</b>		<b>7,030,493</b>	<b>8,443,097</b>
<b>Equity</b>			
Retained earnings		6,012,963	6,735,293
Asset revaluation reserve	22	837,530	1,527,804
Asset replacement reserve	22	180,000	180,000
<b>Total equity</b>		<b>7,030,493</b>	<b>8,443,097</b>

The accompanying notes form part of these financial statements

# Sunbury Community Health Centre Ltd

## Statement of Changes in Equity

For the Year Ended 30 June 2020

	Retained Earnings \$	Asset Revaluation Reserve \$	Asset Replacement Reserve \$	Total Equity \$
<b>Balance at 1 July 2018</b>	6,643,556	1,527,804	180,000	8,351,360
Surplus for the year	91,737	-	-	91,737
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year attributable to members of the entity</b>	<b>91,737</b>	<b>-</b>	<b>-</b>	<b>91,737</b>
<b>Balance at 30 June 2019</b>	<b>6,735,293</b>	<b>1,527,804</b>	<b>180,000</b>	<b>8,443,097</b>
Deficit for the year	(722,330)	-	-	(722,330)
Other comprehensive income for the year	-	(690,274)	-	(690,274)
<b>Total comprehensive income for the year attributable to members of the entity</b>	<b>(722,330)</b>	<b>(690,274)</b>	<b>-</b>	<b>(1,412,604)</b>
<b>Balance at 30 June 2020</b>	<b>6,012,963</b>	<b>837,530</b>	<b>180,000</b>	<b>7,030,493</b>

# Sunbury Community Health Centre Ltd

## Statement of Cash flows

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
<i>Continuing operations</i>			
Receipts from clients and government grants		16,604,983	14,216,440
Receipts from donations, reimbursements and rentals		323,162	489,287
Payments to suppliers and employees		(15,781,802)	(14,235,365)
Low-value lease payments		(13,830)	-
Interest received		27,733	55,410
Interest paid		(35,976)	-
Dividends received		43,058	30,076
<i>Discontinued operations</i>			
Receipts from clients and government grants		1,831,284	2,873,728
Payments to suppliers and employees		(2,404,467)	(2,777,298)
Interest received		10,401	40,344
Interest paid		(9,295)	(7,983)
<b>Net cash provided by operating activities</b>	16	<b>595,251</b>	<b>684,639</b>
<b>Cash flows from investing activities</b>			
<i>Continuing operations</i>			
Proceeds from sale of property, plant and equipment		29,284	-
Payments for property, plant and equipment		(161,138)	(403,705)
Proceeds from sale of investments		536,373	-
Payments for purchase of investments		(400,703)	(1,606,420)
<i>Discontinued operations</i>			
Payments for property, plant and equipment		-	(63,807)
<b>Net cash provided by / (used in) investing activities</b>		<b>3,816</b>	<b>(2,073,932)</b>
<b>Cash flows from financing activities</b>			
<i>Continuing operations</i>			
Payment of principal elements of lease liabilities		(13,014)	-
<i>Discontinued operations</i>			
Receipt of refundable accommodation bonds		1,437,374	8,502
Payment of refundable accommodation bonds		(2,979,516)	(728,736)
<b>Net cash provided by / (used in) financing activities</b>		<b>(1,555,156)</b>	<b>(720,234)</b>
<b>Net decrease in cash held</b>		<b>(956,089)</b>	<b>(2,109,527)</b>
Cash and cash equivalents at the beginning of the financial year		3,793,844	5,903,371
<b>Cash and cash equivalents at the end of the financial year</b>	5	<b>2,837,755</b>	<b>3,793,844</b>

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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### **Note 1. Summary of Significant Accounting Policies**

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

The financial statements were authorised for issue on 22 October 2020 by the directors of the company.

#### **Basis of Preparation**

Sunbury Community Health Centre Ltd (the company) applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are prepared on a going concern basis.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

#### **Impact of global COVID-19 pandemic**

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

To contain the spread of the virus and to prioritise the health and safety of our communities, various restrictions have been announced and implemented by the Commonwealth and State Government, which in turn has impacted the manner in which businesses operate, including the company.

Whilst this has impacted on the company's ability to deliver services and meet targets under its funding agreements, the company is an essential service and has continued to provide services to clients where possible throughout this period of time, within the social distancing requirements imposed by the Commonwealth and State Government. Where possible, the company has limited face to face services to emergency and essential services throughout the period of restrictions.

The company has purchased additional personal protective equipment, facilitated COVID-19 testing on behalf of the Victorian Government and has purchased additional hardware to assist employees in their transition to working from home arrangements.

Refer to Note 1(b) Revenue and Note 19 Events after the Reporting Period for further information.

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (a) New and Amended Accounting Standards Adopted by the Company

##### Adoption of AASB 16 Leases

The company applied AASB 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

##### *Initial application*

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.

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

The company has recognised a lease liability and right-of-use asset for all leases (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 lease payments. The company's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

At 1 July 2019, the company's photocopier lease arrangement was treated under AASB 16's low-value lease exemption. The company also holds a concessionary/peppercorn lease with the Department of Health and Human Services, formerly referred to as the Department of Health, which represents the Victorian Government, whereby the company pays a nominal (significantly below market value) payment for the use of a building premises to operate from. The company has elected to measure this right-of-use asset at cost. The right-of-use asset at cost and lease liability was deemed trivial to the financial statements and has therefore not been recognised on the statement of financial position.

##### *Practical expedients applied*

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

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied
- leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way 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 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.

##### *Reclassification of lease arrangements*

At transition date, the company held no finance lease arrangements which were recognised as property, plant and equipment. As such, there were no reclassification of lease arrangements required.

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

The company disclosed no material operating lease commitments in the preparation of the 30 June 2019 financial statements. As part of the transition to AASB 16, the commitment has been calculated in the preparation of the following disclosure.



# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (a) New and Amended Accounting Standards Adopted by the Company (continued)

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

Description	\$
Operating lease commitments at 30 June 2019	24,203
Less:	
- low-value leases not recognised as a liability	(24,203)
Lease liability recognised as at 1 July 2019	<u>-</u>

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

The company recorded no right-of-use assets at 1 July 2019.

#### Impact on the statement of financial position for the year ended 30 June 2020

During the year ended 30 June 2020, the company entered into lease agreements for four motor vehicles.

#### Right-of-use assets:

Initial recognition on adoption	-
Add:	
- additional right-of-use assets recognised	83,924
Less:	
- depreciation expense	(13,987)
Right-of-use assets as at 30 June 2020	<u>69,937</u>

#### Lease liabilities:

Initial recognition on adoption	-
Add:	
- additional lease liabilities recognised	83,924
- borrowing costs	2,234
Less:	
- lease repayments	(15,248)
Lease liabilities as at 30 June 2020	<u>70,910</u>

#### Impact on the statement of profit or loss and other comprehensive income for the year ended 30 June 2020

#### Revenue and expenditure:

Decrease in operating lease expense	15,248
Increase in borrowing costs on lease liabilities	(2,234)
Increase in right-of-use asset depreciation expense	(13,987)

#### Profit and loss:

Increase in loss before income tax expense	<u>(973)</u>
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# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (a) New and Amended Accounting Standards Adopted by the Company (continued)

##### **Adoption of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-profit Entities***

The company applied AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-profit Entities* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards is described below.

##### *Initial application*

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

##### *Impact of adoption*

There was no material impact on adoption at 1 July 2019 or for the year ended 30 June 2020. This is because the majority of the company's contracts with customers contain sufficiently specific and enforceable performance obligations and targets which are generally structured on a financial year basis. The timing of revenue recognition under AASB 15 and AASB 1058 is materially consistent with the company's previous accounting policy.

#### (b) Revenue

##### **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 modified retrospective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019.

Therefore, the comparative information has not been restated and continues to be presented under AASB 118 *Revenue* and AASB 1004 *Contributions*. The 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. The impact of those changes is disclosed in Note 1(a).

##### **In the current reporting period**

When the company receives revenue, 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 revenue
- recognises a contract liability for its obligations under the agreement
- to recognises revenue as it satisfies its performance obligations, as services are rendered.

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

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

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (b) Revenue (continued)

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, unless a contract modification is entered into between all parties.

During the year ended 30 June 2020, the introduction of social isolation measures in Victoria in response to the COVID-19 pandemic has had a significant impact on the company's ability to satisfy its performance obligations contained within funding agreements. During the year the company received indications from its funding bodies that it would be supported throughout the pandemic and that there would be no obligation to return funds to each relevant funding body where performance obligations had not been satisfied.

Subsequent to year-end, the company was successful in obtaining confirmation from the aforementioned funding bodies, waiving any unfulfilled performance obligations for relevant programs for the 2019/20 financial year due to the challenges presented by COVID-19. This resulted in approximately \$857,000 being recognised as revenue for the year ended 30 June 2020, which would have otherwise been recognised as deferred income in the statement of financial position until subsequent years when underlying performance obligations were fulfilled. Such confirmation has been treated as an adjusting subsequent event as it provided additional information about pre-existing conditions and expectations that existed on balance

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for the company's goods or services. The company's funding bodies often direct that goods or services are to be provided to third-party beneficiaries, including individuals or the community at large on behalf of the funding body. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

This policy applies to each of the company's revenue streams, with information detailed below relating to the company's most significant revenue streams. The company's funding bodies include both Commonwealth and State Government funding bodies.

<b>Customer</b>	<b>Significant program or activity</b>
Department of Health and Human Services	Community Health
Department of Health and Human Services	Home and Community Care Allied Health
Department of Health and Human Services	Individual, Child and Family Support
Department of Health and Human Services	Perpetrators Responses Family Violence
Department of Health	Commonwealth Home Support Programme
Department of Health	Residential Aged Care Services
Dental Health Services Victoria	State Dental Health and National Partnership Program
National Disability Insurance Agency	National Disability Insurance Scheme

The nature and timing of revenue related to each of the above significant programs or activities are disclosed below.

#### *Community Health*

This program includes the provision of general counselling, allied health and nursing services. The company's performance obligation is to provide a set number of hours of service delivery each financial year. Revenue is recognised over time as and when services are provided to the community on behalf of the customer. The company uses the output method to measure its progress in satisfying its performance obligations.

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### **(b) Revenue (continued)**

##### *Home and Community Care Allied Health*

This program includes the provision of allied health services, including clinical assessments, treatment, therapy or professional advice. The company's performance obligation is to provide a set number of hours of service delivery each financial year. Revenue is recognised over time as and when services are provided to the community on behalf of the customer. The company uses the output method to measure its progress in satisfying its performance obligations.

##### *Individual, Child and Family Support*

This program includes a comprehensive range of services for vulnerable children (from pre-birth up to 17 years old) and their families to promote children's safety, stability and healthy development. The company's performance obligation is to provide a set number of hours of service delivery each financial year. Revenue is recognised over time as and when the services are provided to the community on behalf of the customer. The company uses the output method to measure its progress in satisfying its performance obligations.

##### *Perpetrators Responses Family Violence*

This program includes a range of services which aim to reduce violence and enhance the safety of victim survivors experiencing or recovering from family violence. The company's performance obligation is to provide a set number of hours of service delivery each financial year. Revenue is recognised over time as and when the services are provided to the community on behalf of the customer. The company uses the output method to measure its progress in satisfying its performance obligation.

##### *Commonwealth Home Support Programme*

This program including the provision of a range of services, including podiatry, occupational therapy, physiotherapy, social work, dietitians and speech pathology. The company's performance obligation is to provide a set number of hours of service delivery each financial year. Revenue is recognised over time as and when services are provided to the community on behalf of the customer. The company uses the output method to measure its progress in satisfying its performance obligations.

##### *Residential Aged Care Services*

This activity includes the provision of aged care services to residents of the company's aged care facility, funding of which is provided based on the level of care required by the resident. The company's performance obligation is to provide care to residential aged care residents on behalf of the customer based on the resident's Aged Care Funding Instrument (ACFI) assessment. Revenue is recognised over time as the resident simultaneously receives and consumes the benefits provided by the company as it performs. The company uses the output method to measure its progress in satisfying its performance obligations. During the year ended 30 June 2020, the company discontinued the provision of residential aged care services to residents, with such revenue being disclosed within discontinued operations at Note 4 of the financial report.

##### *State Dental Health and National Partnership Program*

This program includes the provision of public dental health services to members of the community. The company's performance obligation is to provide a set number of activity units each financial year. Revenue is recognised over time as and when services are provided to the community on behalf of the customer. The company uses the output method to measure its progress in satisfying its performance obligations.

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (b) Revenue (continued)

##### *National Disability Insurance Scheme*

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

##### *Capital grants*

When the company receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

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

##### *Volunteer services*

A not-for-profit entity may, as an accounting policy choice, elect to recognise volunteer services, if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. The company receives volunteer services from members of the community. Whilst the provision of such volunteer services are important to the achievement of the entities objectives, as an accounting policy choice, the company has elected not to recognise such volunteer contributions as revenue and expenditure within profit or loss. This election has no impact on the company's deficit or net assets.

##### *Donations and bequests*

Donations and bequests are generally recognised upon receipt as they do not contain sufficiently specific and enforceable performance obligations.

##### *Interest income*

Interest income is recognised using the effective interest method.

##### *Dividend income*

The company recognises dividends in profit or loss only when the company's right to receive payment of the dividend is established.

##### *Government stimulus in response to COVID-19*

In response to the economic impact of COVID-19, in March 2020, the Commonwealth Government announced various stimulus measures to ease the burden experienced by organisations as a result of isolation and social distancing measures. As an eligible employer, the company receives a wage subsidy under the Commonwealth's JobKeeper stimulus measure in arrears of paying wages to employees. The company recognises the subsidy as other income when it has reasonable assurance that the subsidy will be paid to the company, which is at the time minimum wage payments have been paid to the company's employees.

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

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (b) Revenue (continued)

##### In the previous reporting period

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

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

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

Revenue from the residential aged care facility is recognised when due and receivable from the Department of Health. This funding is linked to the number of residents subject to care at the residential aged care facility, their levels of required care and needs and their respective levels of personal assets. It is reduced for residents with personal assets above a specified level set by the Government. These residents are required either to pay:

- a Refundable Accommodation Deposit (RAD) to the Residential Aged Care Facility which is repaid to the residents when they leave the Residential Aged Care Facility or to their estates on their death. The Residential Aged Care Facility is entitled to accrue any interest earned on the investment of the RAD's; or
- to the Residential Aged Care Facility an amount as negotiated as a daily fee.

Client income and revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Donations and bequests are recognised as revenue when received.

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

#### (c) Expenditure

The company recognises expenditure as it is incurred, which is reported in the financial year to which the expense relates. Further information regarding each of the company's significant categories of expenditure which are not disclosed elsewhere within Note 1 to the financial report are detailed below.

##### *Employee benefits expense*

Employee benefits expense includes salaries and wages paid to employees (including fringe benefits tax, leave entitlements and termination payments) and on-costs (including superannuation guarantee contributions, leave loading and workers compensation premiums).

##### *Other operating expenses*

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

- utility expenses
- motor vehicle expenses
- audit, accreditation, legal and consultancy fees
- staff training and development expenses
- client support services expenses
- general program supplies
- external dental provider costs
- repairs and maintenance
- other expenses

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (d) Income Tax

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

#### (e) Cash and Cash Equivalents

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

#### (f) Trade and Other Receivables

Trade and other receivables includes amounts due from customers for services performed in the ordinary course of business. All receivables are classified as current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses. Refer to Note 1(j) for further disclosures regarding the measurement of the provision for expected credit losses.

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

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. The company's property, plant and equipment are tangible items that are held for the use in the supply of services, for rental to others and for administrative purposes which the company expects to use during more than one period.

##### Property

Freehold land and buildings are shown at their fair value based on periodic valuations by external independent valuers, which are conducted at least every three years, less subsequent depreciation for buildings.

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 asset are recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are charged to profit or loss. Revaluation increases are recognised in profit or loss to the extent that it reverses a net revaluation decrease of the same class of assets previously 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 and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(k) for details of impairment).

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (g) Property, Plant and Equipment (continued)

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 right-of-use 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 as follows, which are consistent with the previous reporting period:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5-5%
Improvements	10-20%
Plant and equipment	10-30%
Motor vehicles	15-20%
Furniture & fittings	10-20%

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

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

#### (h) Leases

##### Lease recognition

The company has applied AASB 16 *Leases* using the modified retrospective method of initially applying AASB 16 at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 117 *Leases*. The details of accounting policies under AASB 117 are disclosed separately since they are different from those under AASB 16. Further information regarding the initial impact of adopting AASB 16 is disclosed at Note 1(a) of the financial report.

##### In the current reporting period

###### *The company as lessee*

The company's lease portfolio includes motor vehicles and concessionary/peppercorn leases of land and buildings. The lease terms for each type of lease arrangement are:

Class of lease	Lease term
Concessionary/peppercorn lease of land and buildings	20 years
Motor vehicles	3 years

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 (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets (ie fair value less than \$10,000) are recognised as an operating expense on a straight-line basis over the term of the lease.



# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (h) Leases (continued)

Initially, the lease liability is measured at the present value of the lease payments still to be paid at lease 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.

Lease payments included in the measurement of the lease liability, where applicable, are as follows:

- fixed lease payments less any lease incentives
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- lease payments under extension options, if the lessee is reasonably certain to exercise the options
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the

The company is not exposed to any potential future increases in variable lease payments.

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. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

For leases that have significantly below-market terms and conditions principally to enable the company to further its objectives (commonly known as peppercorn/concessionary leases), the company has adopted the temporary relief under AASB 2018-8 *Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit Entities* and measures the right-of-use assets at cost on initial recognition.

The company leases a premises at 12-28 Macedon Street, Sunbury, from the Department of Health and Human Services, formerly referred to as the Department of Health, which represents the Victorian Government, which meets the definition of a peppercorn/concessionary lease. The lease commenced in June 2012 for a term of 20 years, expiring in June 2032. Under the terms of the lease agreement, the company is required to pay \$104 (ex-GST) per annum and is only permitted to use the premises to deliver services under its service agreements with the Department of Health and Human Services. The right-of-use asset and lease liability relating to this lease is estimated to be less than \$1,000 and is deemed trivial to the financial statements. As such, a right-of-use asset and lease liability has not been recognised on the statement of financial position.

Each of the company's lease arrangements are for use in the production of supply of goods or services, or for administrative purposes.

#### *The company as lessor*

The company has no lease arrangements under a sub-lease arrangement where it is a lessor.

#### (i) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

After initial recognition at cost, the company may elect to subsequently measure the intangible asset under the revaluation model as an accounting policy choice, on the condition that there is an active market for those assets.

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (i) Intangible Assets (continued)

The company's intangible assets are limited to 33 residential approved bed licences acquired for nil consideration. Whilst residential approved bed licences are bought and sold, contracts are negotiated between individual buyers and sellers, and transactions are relatively infrequent.

For these reasons, the price paid for one asset may not provide sufficient evidence of the fair value of another. The cost model has been applied by the company in the subsequent measurement of intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in profit or loss.

#### (j) Financial Instruments

##### *Initial recognition and measurement*

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

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

##### *Classification and subsequent measurement*

###### *(i) Financial liabilities*

Financial liabilities are subsequently measured at amortised cost using the effective interest method. The company does not utilise derivative financial instruments and has no financial liabilities designated at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

A financial liability cannot be reclassified.

###### *(ii) Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through profit and loss

on the basis of the two primary criteria:

- 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 if 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 principle amount outstanding on specified dates.

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (j) Financial Instruments (continued)

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

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised. The company has elected to subsequently measure its investments at fair value through profit or loss to simplify the accounting for such financial assets.

The company does not measure any financial assets at fair value through other comprehensive income.

#### *Derecognition*

##### *(i) Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie 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.

##### *(ii) Derecognition of financial assets*

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

All the following criteria need to be satisfied for 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 entity no longer controls the asset (ie no practical ability to make unilateral decision to sell the asset to a third party).

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

#### *Impairment*

The company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost. A loss allowance is not recognised for financial assets measured at fair value through profit or loss.

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

The company uses the simplified approach to impairment, as applicable under AASB 9, which is applicable to trade receivables.

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

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

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (j) Financial Instruments (continued)

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

At each reporting date, the company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

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

The provision for expected credit losses is not considered material to the financial statements.

#### (k) Impairment of Assets

At the end of each reporting period, the company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that an asset may be impaired. The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on the company which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount.

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

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

#### (l) Employee Benefits

##### *Short-term employee benefits*

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including salaries, wages, RDOs, annual leave, sick leave and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required years of service.

Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position.

##### *Long-term employee benefits*

The company classifies employees' long service leave entitlements as long term employee benefits where employees have not completed the required years of service and they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### **(l) Employee Benefits (continued)**

Provision is made for the company's obligation for long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

#### **(m) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 to 60 days of recognition of the liability.

#### **(n) Provisions**

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

#### **(o) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

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

#### **(p) Comparative Figures**

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

The directors discontinued a component of the company during the year ended 30 June 2020, which has been disclosed as a discontinued operation in the financial statements. The company has re-presented financial information for the previous reporting period to enable users to evaluate the financial effects of discontinued operations. Refer to Note 1(q) and Note 4 for further information regarding discontinued operations.

If the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position at the beginning of the preceding period, in addition to the minimum comparative financial statements, must be disclosed.

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (q) Discontinued Operations

A discontinued operation is a component of the company that has been disposed of and represents a separate major line of business.

In February 2020, the company announced its decision to close the Sunbury Lions Community Aged Care facility in Timins Street, Sunbury, from 13 March 2020. The decision to close was made after much consideration of all possible alternatives. The directors believe the facility represented a separate component of the company as its operations could be clearly distinguished both operationally and for financial reporting purposes from the rest of the company.

The directors have presented and disclosed information that enables users of the financial statements to evaluate the financial effects of discontinued operations. The company has re-presented such disclosures for the previous reporting period presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

A single amount has been disclosed in the statement of profit or loss and other comprehensive income comprising the surplus/(deficit) from discontinued operations, with further information disclosed at Note 4 of the financial statements. The net cash flows attributable to operating, investing and financing activities of discontinued operations are disclosed separately to continuing operations within the statement of cash flows.

#### (r) 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*

The directors assess impairment at each reporting period by evaluating the conditions and events specific to the company that may be indicative of impairment triggers. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing the recoverable amounts incorporate a number of key estimates.

###### *Useful life of property, plant and equipment*

The directors review the estimated useful lives and corresponding depreciation rates of property, plant and equipment at the end of each annual reporting period.

##### Key Judgements

###### *Identifying performance obligations under AASB 15*

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

###### *Determination and timing of revenue recognition under AASB 15*

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

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (r) Critical Accounting Estimates and Judgements (continued)

##### *Fair value of non-current assets*

The company measures its land and buildings (property, plant and equipment) at fair value. The company obtains independent valuations for such non-current assets at least every three years. At the end of each reporting period, the directors update their assessment of the fair value of each non-current asset to ensure the fair values recorded are materially correct.

The directors determine a non-current assets value using a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar assets. Where such information is not available the directors consider information from a variety of sources including current prices in an active market for assets of a different nature or recent prices of similar assets in less active markets.

Whilst the directors believe the fair value of the company's non-current assets recorded at fair value are at risk of being impacted by significant uncertainty that the COVID-19 Coronavirus has caused across Australia, the directors believe the fair values of such assets recorded at 30 June 2020 are considered materially correct given an independent valuation had been obtained on balance date.

##### *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 likelihood 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, in addition to the following:

- If there are significant penalties to terminate (or not to extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 30 June 2020, there are no potential future cash outflows excluded from the measurement of the lease liability as there are no such options to extend included in the company's lease agreements.

##### *Borrowing rate under AASB 16*

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

To determine the incremental borrowing rate, the company:

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

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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#### (r) Critical Accounting Estimates and Judgements (continued)

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

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

##### *Provision for expected credit losses*

Current trade receivables are generally on 30-day terms. In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss. The provision for expected credit losses has been recorded in the financial statements.

#### (s) Economic Dependence

The company is dependent upon the Commonwealth and State Government, via the Department of Health and Human Services, the Department of Health, Dental Health Services Victoria and the National Disability Insurance Agency for the receipt of funding used to operate a significant portion of the company's services. At the date of this report the Board of Directors has no reason to believe the company's funding bodies will not continue to support the company.

#### (t) Fair Value of Assets and Liabilities

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

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

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

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

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



# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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

#### (t) Fair Value of Assets and Liabilities (continued)

The fair value of liabilities and the entity's own equity instrument (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, 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.

#### (u) Inventories

Inventories are measured at the lower of cost and current replacement cost. Inventories acquired at no cost or for nominal consideration are measured at current replacement cost as at the date of acquisition.

#### (v) New Accounting Standards for Application in Future Periods

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatory applicable to the company and their potential impact on the company when adopted in future periods is discussed below.

AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (March 2020) and associated amending Standards (applicable for annual reporting periods commencing on or after 1 January 2021). Early application is permitted. When effective, this Standard, which is a stand-alone disclosure standard, will replace the current Reduced Disclosure Requirements (RDR) Framework. Adoption is expected to result in more simplified disclosures compared to the current RDR Framework.

Note 2. Revenue and Other Income	Note	2020 \$	2019 \$
Revenue from contracts with customers	2(a)	13,037,486	-
Funding and fee revenue	2(b)	-	12,864,435
Other sources of revenue	2(c)	2,869,693	705,814
		<u>15,907,179</u>	<u>13,570,249</u>
<b>(a) Revenue from contracts with customers</b>			
<i>Disaggregated revenue</i>			
The company has disaggregated revenue by the nature of revenue and timing of revenue recognition.			
<i>Categories of disaggregation</i>			
Commonwealth and State Government funding		9,489,191	-
National Disability Insurance Scheme funding		1,573,709	-
Fee for service		1,843,935	-
Other revenue		130,651	-
Total disaggregated revenue from contracts with customers		<u>13,037,486</u>	<u>-</u>

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020	2019
<b>Note 2. Revenue and Other Income (continued)</b>	<b>\$</b>	<b>\$</b>
<i>Timing of revenue recognition</i>		
Services transferred to customers:		
- at a point in time	1,843,935	-
- over time	11,193,551	-
	<u>13,037,486</u>	<u>-</u>
<p>Due to social isolation measures introduced by the Commonwealth and State Governments, the company was unable to meet a number of performance obligations under its funding agreements. The company was successful in obtaining waivers from key funding bodies including the Department of Health and Human Services (DHHS), the Commonwealth Government and Dental Health Services Victoria (DHSV), waiving any unfulfilled performance obligations for relevant programs for the 2019/20 financial year due to the challenges presented by COVID-19.</p> <p>This resulted in approximately \$857,000 being recognised as revenue for the year ended 30 June 2020, which would have otherwise been recognised as deferred income in the statement of financial position until subsequent years when underlying performance obligations were fulfilled or no longer required to be delivered.</p>		
<b>(b) Funding and fee revenue</b>		
Commonwealth and State Government funding	-	10,474,710
National Disability Insurance Scheme funding	-	247,779
Fee for service	-	1,646,477
Other revenue	-	495,469
	<u>-</u>	<u>12,864,435</u>
<b>(c) Other sources of revenue</b>		
Interest received on financial assets	27,733	55,410
Donations and reimbursements	36,140	12,603
Auspice fee	56,526	38,650
Rental income	230,496	438,034
Dividends received	43,058	30,076
Other income including Government stimulus	1,998,803	131,041
Net gain on revaluation of property, plant and equipment from continued operations	471,351	-
Gain on disposal of property, plant and equipment	5,586	-
	<u>2,869,693</u>	<u>705,814</u>

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020	2019
<b>Note 3. Material Profit or Loss Items</b>	<b>\$</b>	<b>\$</b>
<p>The company has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the company's financial performance.</p>		
<b>(a) Employee benefits expense</b>		
- Employment expenses	11,821,209	10,405,674
- Contributions to defined contribution superannuation funds	944,514	752,550
	<b>12,765,723</b>	<b>11,158,224</b>
<b>(b) Depreciation and amortisation expense</b>		
Property, plant and equipment:		
- Buildings	86,124	83,293
- Improvements	41,710	28,026
- Motor vehicle	73,658	75,454
- Plant and equipment	103,387	81,602
- Furniture and fittings	5,090	4,954
	<b>309,969</b>	<b>273,329</b>
Right-of-use assets:		
- Motor vehicle	13,987	-
	<b>323,956</b>	<b>273,329</b>
<b>(c) Finance costs</b>		
- Other finance costs	33,742	-
- Lease liability	2,234	-
	<b>35,976</b>	<b>-</b>
<b>(d) Audit, accreditation, legal and consultancy fees</b>		
Audit, accreditation, legal and consultancy fees includes remuneration of the company's external auditor, Andrew Frewin Stewart, for:		
- Auditing or reviewing the financial report	27,525	21,840
- Other services	3,075	990
	<b>30,600</b>	<b>22,830</b>
<b>(e) Other expenses</b>		
Other expenses include the following expenditure:		
Unrealised loss on investments	14,784	31,351

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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### Note 4. Discontinued Operations

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#### (a) Description

In February 2020, the company announced its decision to close the Sunbury Lions Community Aged Care facility in Timins Street, Sunbury, from 13 March 2020. The decision to close was made after much consideration of all possible alternatives.

AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* requires the company to re-present the disclosures for discontinued operations for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented. In contrast, the balance sheet information for the prior year is neither restated nor remeasured.

During the year ended 30 June 2020, the company obtained an independent valuation of the land and buildings used to operate the facility. Whilst a \$20,000 increment in the fair value of land was recorded via other comprehensive income (offsetting decrements in the revaluation of other land held by the company), the buildings were considered fully impaired on the basis of the following:

- Buildings were no longer fit for purpose and were deemed functionally obsolete
- The cost of making buildings fit for purpose exceeded their ability to generate cash flows
- The buildings could not be re-purposed without considerable cost.

As the buildings are measured at fair value, the company has recorded a total loss on revaluation from discontinued operations of \$1,683,321, which is separately disclosed between other comprehensive income (\$612,804) and profit or loss (\$1,070,517). Other items of plant and equipment were either disposed of, redeployed to other areas of the organisation or are presented as held for sale in the financial statements. Since the closure, the company was able to temporarily utilise the buildings to conduct COVID-19 testing. As the asset has enabled the company to generate some cash flow for a short period of time, the directors assigned a conservative nominal value to such buildings of \$50,000 at 30 June 2020.

Following the closure, in May 2020, the company entered into a Transfer of Places Agreement to sell its 33 approved residential bed licences. The contract is subject to various terms and conditions, with settlement expected to occur in November 2020. Should the sale proceed as planned, the company will record a material gain on disposal which will be disclosed as a gain from discontinued operations for the year ended 30 June 2021. The sale of the bed licences has been disclosed as a contingent asset at 30 June 2020. Refer to Note 18 for further information.

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

Note 4. Discontinued Operations (continued)	Note	2020 \$	2019 \$
<b>(b) Financial performance</b>			
<b>Revenue</b>			
Revenue from contracts with customers	4(b)(i)	1,733,028	-
Funding and fee revenue	4(b)(ii)	-	2,699,431
Other sources of revenue	4(b)(iii)	10,651	41,694
		1,743,679	2,741,125
<i>(i) Revenue from contracts with customers</i>			
The company has disaggregated revenue by the nature of revenue and timing of revenue recognition.			
<i>Categories of disaggregation</i>			
Commonwealth and State Government funding		1,170,999	-
Fee for service		426,816	-
Other revenue		135,213	-
		1,733,028	-
<i>Timing of revenue recognition</i>			
Services transferred to customers:			
- over time		1,733,028	-
<i>(ii) Funding and fee revenue</i>			
Commonwealth and State Government funding		-	1,907,176
Fee for service		-	653,181
Other revenue		-	139,074
		-	2,699,431
<i>(iii) Other sources of revenue</i>			
Interest received on financial assets		10,401	40,344
Other income including Government stimulus		250	1,350
		10,651	41,694

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020	2019
Note 4. Discontinued Operations (continued)	\$	\$
<b>(b) Financial performance (continued)</b>		
<b>Expenditure</b>		
Employment expenses	(1,640,506)	(1,965,298)
Contributions to defined contribution superannuation funds	(117,895)	(142,026)
Depreciation and amortisation expense	(55,549)	(67,572)
Interest paid on refundable accommodation deposits	(9,295)	(7,983)
Utility expenses	(37,283)	(56,001)
Audit, accreditation, legal and consultancy fees	(17,124)	(79,644)
Staff training and development expenses	(8,692)	(13,381)
Client support services expenses	(18,129)	(25,335)
General program supplies	(63,699)	(81,477)
Repairs and maintenance	(48,045)	(56,419)
Other expenditure	(355,088)	(184,770)
Loss on revaluation of property, plant and equipment	(1,070,517)	-
Total expenditure	<u>(3,441,822)</u>	<u>(2,679,906)</u>
<b>Surplus/(Deficit) before income tax expense from discontinued operations</b>	<u>(1,698,143)</u>	<u>61,219</u>
Income tax expense	-	-
<b>Surplus/(Deficit) after income tax expense from discontinued operations</b>	<u>(1,698,143)</u>	<u>61,219</u>
<b>Other comprehensive income</b>		
Gain on revaluation of land attributable to discontinued operations	20,000	-
Loss on revaluation of buildings attributable to discontinued operations	(612,804)	-
<b>Total comprehensive income/(loss) attributable to members from discontinued operations</b>	<u>(2,290,947)</u>	<u>61,219</u>

In presenting revenue and expenditure from discontinued operations, internal administration charges of \$216,809 for the year ended 30 June 2020 (2019: \$254,913) from the company to the component, being inter-entity charges, have been eliminated.

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020	2019
Note 4. Discontinued Operations (continued)	\$	\$
<b>(c) Financial position</b>		
<b>Assets</b>		
<i>CURRENT</i>		
Cash and cash equivalents	-	1,669,452
Trade and other receivables	-	18,800
Other assets	-	6,429
Total current assets	-	1,694,681
<i>NON-CURRENT</i>		
Property, plant and equipment	-	3,047,336
Total non-current assets	-	3,047,336
Total assets	-	4,742,017
<b>Liabilities</b>		
<i>CURRENT</i>		
Trade and other payables	-	1,603,731
Provisions	-	435,087
Total current liabilities	-	2,038,818
<i>NON-CURRENT</i>		
Provisions	-	121,980
Total non-current liabilities	-	121,980
Total liabilities	-	2,160,798
Net assets	-	2,581,219
<b>Equity</b>		
Retained earnings	-	1,965,141
Asset revaluation reserve	-	616,078
Total equity	-	2,581,219

In presenting assets and liabilities from discontinued operations, loans and payables from the component to the company, which were nil at 30 June 2020 (2019: \$874,765 payable from the component to the company), being inter-entity balances, have been eliminated.

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
<b>Note 4. Discontinued Operations (continued)</b>			
<b>(d) Assets and liabilities classified as held for sale</b>			
The following assets were reclassified from the component to the company as held for sale in relation to the discontinued operation as at 30 June 2020:			
Assets classified as held for sale:			
- Property, plant and equipment	9	44,908	-
There were no liabilities classified as held for sale at 30 June 2020.			
<b>Note 5. Cash and Cash Equivalents</b>			
<i>CURRENT</i>			
Cash at bank		2,835,887	3,790,725
Cash on hand		1,868	3,119
Total cash and cash equivalents	21	<u>2,837,755</u>	<u>3,793,844</u>
<b>Note 6. Trade and Other Receivables</b>			
<i>CURRENT</i>			
Trade receivables		935,332	439,412
Provision for expected credit losses		(27,206)	(20,674)
		<u>908,126</u>	<u>418,738</u>
Amount receivable from Hume Whittlesea Primary Care Partnership		11,717	289,127
Total trade and other receivables	21	<u>919,843</u>	<u>707,865</u>
<b>Note 7. Inventories</b>			
<i>CURRENT</i>			
Inventories at cost		<u>27,261</u>	<u>31,523</u>
<b>Note 8. Other Assets</b>			
<i>CURRENT</i>			
Prepaid expenses		<u>81,239</u>	<u>111,208</u>
<b>Note 9. Assets Classified as Held for Sale</b>			
<i>CURRENT</i>			
Plant and equipment measured at fair value less costs to sell		<u>44,908</u>	<u>-</u>



# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
<b>Note 10. Investments</b>			
<i>NON-CURRENT</i>			
Financial assets at fair value through profit or loss:			
- Listed shares		1,224,615	1,075,069
- Annuities		200,000	500,000
	21	<u>1,424,615</u>	<u>1,575,069</u>
<b>Note 11. Property, Plant and Equipment</b>			
<i>NON-CURRENT</i>			
<i>Land and buildings</i>			
Freehold land:			
At fair value		3,790,000	3,867,470
Buildings:			
At fair value		2,180,000	3,757,914
Less accumulated depreciation		-	(259,245)
		<u>2,180,000</u>	<u>3,498,669</u>
Total land and buildings		<u>5,970,000</u>	<u>7,366,139</u>
<i>Plant and equipment</i>			
Improvements:			
At cost		399,175	387,025
Less accumulated depreciation		(120,452)	(77,852)
		<u>278,723</u>	<u>309,173</u>
Motor vehicles:			
At cost		507,485	574,485
Less accumulated depreciation		(371,402)	(355,309)
		<u>136,083</u>	<u>219,176</u>
Plant and equipment:			
At cost		692,856	828,438
Less accumulated depreciation		(422,860)	(516,456)
		<u>269,996</u>	<u>311,982</u>

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

Note 11. Property, Plant and Equipment (continued)	2020	2019
	\$	\$
Furniture and fittings:		
At cost	32,359	71,192
Less accumulated depreciation	(23,240)	(51,315)
	9,119	19,877
Total property, plant and equipment	6,663,921	8,226,347

### Movements in carrying amounts:

Movements in carrying amounts for each class of property, plant and equipment between the beginning of the previous year and the end of the current financial year.

	Land	Buildings	Improvements	Motor Vehicles	Plant and Equipment
Balance at 1 July 2018	3,867,470	3,556,743	188,645	228,911	239,847
Additions	-	73,440	148,554	65,719	172,029
Depreciation expense	-	(131,514)	(28,026)	(75,454)	(99,894)
Balance at 30 June 2019	3,867,470	3,498,669	309,173	219,176	311,982

	Furniture and Fittings	Total
Balance at 1 July 2018	18,120	8,099,736
Additions	7,770	467,512
Depreciation expense	(6,013)	(340,901)
Balance at 30 June 2019	19,877	8,226,347

	Land	Buildings	Improvements	Motor Vehicles	Plant and Equipment
Balance at 1 July 2019	3,867,470	3,498,669	309,173	219,176	311,982
Additions	-	18,181	11,260	-	131,697
Revaluation increment/gain	134,000	471,369	-	-	-
Disposals	-	-	-	(9,435)	(13,423)
Transfer to assets held for sale	-	-	-	-	(40,970)
Revaluation decrement/loss	(211,470)	(1,683,321)	-	-	-
Depreciation expense	-	(124,898)	(41,710)	(73,658)	(119,290)
Balance at 30 June 2020	3,790,000	2,180,000	278,723	136,083	269,996

	Furniture and Fittings	Total
Balance at 1 July 2019	19,877	8,226,347
Additions	-	161,138
Revaluation increment	-	605,369
Disposals	(859)	(23,717)
Transfer to assets held for sale	(3,937)	(44,907)
Revaluation decrement	-	(1,894,791)
Depreciation expense	(5,962)	(365,518)
Balance at 30 June 2020	9,119	6,663,921

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 11. Property, Plant and Equipment (continued)

Depreciation expense includes depreciation of property, plant and equipment utilised in continuing and discontinued operations. Of the \$365,518 (2019: 340,901) total depreciation charge, \$309,969 (2019: \$273,329) relates to the depreciation of assets from continuing operations (refer to Note 3(b) and \$55,549 (2019: \$67,572) relates to the depreciation of assets from discontinued operations (refer to Note 4(b)).

Land and buildings were independently valued during the year ended 30 June 2020 by Knight Frank Valuations. The valuation was based on the fair value less cost to sell based on an active market. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties.

The independent valuation reports include significant uncertainty disclaimers, stating the COVID-19 Coronavirus has caused significant uncertainty in the property market, with market conditions changing daily at present, which may result in a material adjustment to the fair value of land and buildings in the future. The company's land and buildings relating to discontinued operations were revalued on 15 January 2020, with all other land and buildings relating to continuing operations revalued on 30 June 2020. Where independent valuations were not obtained on balance date (ie during the year ended 30 June 2020), the directors have performed an assessment with reference to the Valuer-General Victoria's land indexation factors for the year ended 30 June 2020 in order to determine whether or not there has been a material change in fair value since the date the valuation was performed. No material changes in fair value were noted.

Following the closure of the Sunbury Lions Community Aged Care Facility in March 2020, the buildings were considered impaired (refer to Note 4(a) for further information). As the company measures its land and buildings under the revaluation model, impairment of land and buildings has been recorded as a loss on revaluation. The company recorded a \$1,683,321 loss on revaluation of buildings from discontinued operations, of which \$612,804 is presented within other comprehensive income and \$1,070,517 is presented within profit or loss. A \$20,000 gain on revaluation of land from discontinued operations has also been presented within other comprehensive income.

The loss on revaluation has been recorded against the asset revaluation reserve to the extent it reverses a previous cumulative revaluation increment for the same asset class. Further revaluation decrements have been recognised in profit or loss alongside any subsequent gains on revaluation that reverse a previous revaluation loss recorded in profit or loss. Gains and losses on revaluation of land and buildings are disclosed between continuing and discontinued operations.

		2020	2019
	Note	\$	\$
The impact of revaluation of land and buildings on the statement of profit or loss and other comprehensive income is summarised below:			
<b>Continuing operations</b>			
Other income:			
- Gain on revaluation of buildings		531,415	-
- Loss on revaluation of buildings		(60,064)	-
Net gain on revaluation of property, plant and equipment	2(c)	471,351	-
<b>Discontinued operations</b>			
Deficit after tax from discontinued operations:			
- Loss on revaluation of buildings from discontinued operations	4(b)	(1,070,517)	-

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020	2019
	\$	\$
<b>Note 11. Property, Plant and Equipment (continued)</b>		
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss:		
Continuing operations:		
- Loss on revaluation of land from continuing operations	(97,470)	-
Discontinued operations:		
- Gain on revaluation of land from discontinued operations	20,000	-
- Loss on revaluation of buildings from discontinued operations	(612,804)	-
Net loss on revaluation of land and buildings from discontinued operations	(592,804)	-
Total items that will not be reclassified to profit or loss	(690,274)	-
Total comprehensive loss from revaluation of land and buildings	(1,289,440)	-
Total comprehensive loss following the revaluation of land and buildings arising from:		
- continuing operations	373,881	-
- discontinued operations	(1,663,321)	-
	(1,289,440)	-
<b>Note 12. Right-of-Use Assets</b>		
<i>NON-CURRENT</i>		
Leased motor vehicles:		
Right-of-use asset	83,924	-
Accumulated depreciation	(13,987)	-
	69,937	-
<i>AASB 16 related amounts recognised in profit or loss</i>		
Depreciation charge related to right-of-use assets	13,987	-
Interest expense on lease liabilities	2,234	-
Low-value lease expense	13,830	-
	30,051	-
<i>Movements in carrying amounts:</i>		
Movements in carrying amounts for each class of right-of-use asset between the beginning and the end of the current financial year.		
	<b>Leased motor vehicles</b>	<b>Total</b>
Recognised on initial application of AASB 16	-	-
Additions	83,924	<b>83,924</b>
Depreciation expense	(13,987)	<b>(13,987)</b>
Balance at end of year	<b>69,937</b>	<b>69,937</b>

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 12. Right-of-Use Assets (continued)

#### Options to extend or terminate

There are no extension or termination options included in the company's lease arrangements which the company is reasonably certain to exercise.

#### Concessionary/peppercorn lease

The company holds a 20-year concessionary lease with the Department of Health and Human Services, formerly referred to as the Department of Health, which represents the Victorian Government, for the use of land and buildings located at 12-28 Macedon Street, Sunbury, which are used to conduct services in accordance with the company's Service Agreement with the Department of Health and Human Services. The company may not use this space for any other purpose during the lease term without prior consent of the Department of Health and Human Services. The lease payments are \$104 (ex-GST) per annum, payable yearly in advance.

This lease is measured at cost in accordance with the company's accounting policy as outlined in Note 1(h). The right-of-use asset and lease liability relating to this lease is estimated to be less than \$1,000 and is deemed trivial to the financial statements. As such, a right-of-use asset and lease liability has not been recognised on the statement of financial position. The company is dependent on this lease to further its objectives. Without this concessionary lease, the company's service delivery to the community would be impacted. More information on the concessionary leases are available as described in Note 1(h).

<b>Note 13. Trade and Other Payables</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<i>CURRENT</i>			
Accounts payable		800,147	820,398
Contract liability		618,293	-
Deferred income		-	236,320
Client subsidies payable (Home Care Package)		644,823	152,083
Accommodation bonds		-	1,542,142
Accrued salaries		227,081	373,999
Other payables		112,439	169,232
Payable to the ATO		260,403	260,875
<b>Total trade and other payables</b>		<b>2,663,186</b>	<b>3,555,049</b>
<i>Financial liabilities at amortised cost classified as trade and other payables</i>			
Trade and other payables:			
- total current		2,663,186	3,555,049
Less amounts payable to the ATO		(260,403)	(260,875)
Less contract liability		(618,293)	-
Less deferred income		-	(236,320)
<b>Total financial liabilities classified as trade and other payables</b>	<b>21</b>	<b>1,784,490</b>	<b>3,057,854</b>

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020	2019
<b>Note 14. Provisions</b>	<b>\$</b>	<b>\$</b>
<i>CURRENT</i>		
Provision for annual leave	670,173	622,960
Provision for time in lieu (TIL) and rostered days off (RDO's)	42,589	59,739
Provision for long service leave	1,075,443	1,174,785
	<u>1,788,205</u>	<u>1,857,484</u>
<i>NON-CURRENT</i>		
Provision for long service leave	516,685	590,226
Total provisions	<u>2,304,890</u>	<u>2,447,710</u>

Provisions represents amounts accrued for annual leave, RDO, TIL and long service leave.

The current portion for this provision includes the total amount accrued for employee 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 employee entitlements or long service leave balances classified as current liabilities to be settled within the next 12 months. These amounts, however, must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

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

In calculating the present value of future cash flows in respect of long service leave, the probability rates have been determined based on management's best estimate and it has not been based on past retention data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(l).

		2020	2019
<b>Note 15. Lease Liabilities</b>	<b>Note</b>	<b>\$</b>	<b>\$</b>
<i>CURRENT</i>			
Lease liability		30,497	-
Unexpired interest		(3,334)	-
		<u>27,163</u>	<u>-</u>
<i>NON-CURRENT</i>			
Lease liability		45,744	-
Unexpired interest		(1,997)	-
		<u>43,747</u>	<u>-</u>
Total lease liabilities	21	<u>70,910</u>	<u>-</u>

The leases for motor vehicles commenced in January 2020 and have three-year lease terms, with payments required monthly in advance. The lease agreements do not include optional terms or purchase options.

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020	2019
	\$	\$
<b>Note 16. Cash Flow Information</b>		
Reconciliation of surplus/(deficit) to net cash provided by operating activities		
Surplus/(Deficit) attributable to members of the entity after income tax expense	(722,330)	91,737
Non cash items included in surplus after income tax expense:		
- Depreciation and amortisation expense from continued operations	323,956	273,329
- Depreciation and amortisation expense from discontinued operations	55,549	67,572
- Gain on disposal of property, plant and equipment	(5,586)	-
- Unrealised loss on investments	14,784	31,351
- Net gain on revaluation of buildings from continued operations	(471,351)	-
- Loss on revaluation of buildings from discontinued operations	1,070,517	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(211,978)	(337,926)
- Increase in other assets	29,969	(18,890)
- (Increase)/decrease in inventories on hand	4,262	5,817
- Increase in payables	650,279	384,742
- Increase in provisions	(142,820)	186,907
Net cash flows provided by operating activities	<u>595,251</u>	<u>684,639</u>

### Note 17. Capital and Leasing Commitments

Following the company's adoption of AASB 16 *Leases* on 1 July 2019, the company no longer distinguishes its lease arrangements between operating and finance leases. The company's lease commitments, which are captured under AASB 16, are disclosed at Note 15.

#### (a) Short-Term and Low-Value Lease Commitments

The company has no material short-term or low-value lease commitments contracted for but not capitalised in the financial statements.

#### (b) Capital Expenditure Commitments

The company has no material capital expenditure commitments contracted for but not disclosed in the financial statements.

### Note 18. Contingent Liabilities and Contingent Assets

#### Contingent liabilities

The company's directors are not aware of any contingent liabilities as at the date of signing this financial report (2019: nil).

#### Contingent assets

In May 2020, the company entered into a Transfer of Places Agreement to sell its 33 approved residential bed licences. The contract is subject to various terms and conditions, with settlement expected to occur in November 2020. Should the sale proceed as planned, the company expects to record a material gain on disposal of its bed licences which will be disclosed as a gain from discontinued operations for the year ended 30 June 2021. The terms and conditions of the Transfer of Places Agreement restrict the company from disclosing further information regarding the sale.

The company's directors are not aware of any other contingent assets as at the date of signing this financial report (2019: nil).

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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### **Note 19. Events after the Reporting Period**

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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 the company at the reporting date. As responses by Commonwealth and State Governments continue to evolve, the board recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the company, 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 is still in place.

Due to social isolation measures introduced by the Commonwealth and State Governments, throughout the reporting period in response to the pandemic, the company was unable to meet a number of performance obligations under its funding agreements. During the year ended 30 June 2020, the company received indications from its funding bodies that it would be supported throughout the pandemic and that there would be no obligation to return funds to each relevant funding body where performance obligations had not been satisfied.

Subsequent to year-end, the company was successful in obtaining confirmation from key funding bodies including the Department of Health and Human Services (DHHS), the Commonwealth Government and Dental Health Services Victoria (DHSV), waiving any unfulfilled performance obligations for relevant programs for the 2019/20 financial year due to the challenges presented by COVID-19.

Whilst the board acknowledge such confirmation occurred subsequent to year-end, it has been treated as an adjusting subsequent event as it provided additional information about pre-existing conditions and expectations that existed at balance date. This resulted in approximately \$857,000 being recognised as revenue for the year ended 30 June 2020, which would have otherwise been recognised as deferred income in the statement of financial position until subsequent years when underlying performance obligations were fulfilled or no longer required to be delivered.

On 3 August 2020, the company informed staff and members it's intention to merge with Cobaw Community Health Services Ltd, following endorsement from the company's directors on 25 June 2020 in accordance with the company's constitution. The merger was subsequently approved via a vote by Cobaw Community Health Services Ltd members at a Special General Meeting scheduled on 23 September 2020. The merger, which will be effective from 1 January 2021, is expected to expand opportunities for health and community services across Sunbury and the Macedon Ranges. The company will remain the entity to continue on and will change its trading name to Sunbury and Cobaw Community Health.

The company's directors are not aware of any other significant events since the end of the reporting period.

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### **Note 20. Key Management Personnel and Related Parties**

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Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of the company.

The company's KMP include:

- Board of directors
- Chief Executive Officer
- General Manager Aged Care & Clinical Services
- General Manager Child, Youth and Family Services
- General Manager Culture & Client Experience
- Executive Finance Manager
- Executive Manager Building Healthy Communities



# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

<b>Note 20. Key Management Personnel and Related Parties (continued)</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
Total remuneration paid to the KMP of the company are as follows:			
Short-term employee benefits		911,354	854,363
Post-employment benefits		83,866	78,975
Termination benefits		-	5,193
		<b>995,220</b>	<b>938,531</b>

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

### Note 21. Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable, listed shares, annuities, accounts payable and lease liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

#### Financial assets

Cash and cash equivalents	5	2,837,755	3,793,844
Trade and other receivables	6	919,843	707,865
Investments	10	1,424,615	1,575,069
Total financial assets		<b>5,182,213</b>	<b>6,076,778</b>

#### Financial liabilities

Financial liabilities at amortised cost:			
- trade and other payables	13	1,784,490	3,057,854
- lease liabilities	15	70,910	-
Total financial liabilities		<b>1,855,400</b>	<b>3,057,854</b>

### Note 22. Reserves

#### Asset revaluation reserve

The asset revaluation reserve records the revaluation of land and buildings. A reconciliation of movements to/(from) the asset revaluation reserve via other comprehensive income is disclosed as follows.

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Balance at 1 July 2018	915,000	612,804	<b>1,527,804</b>
Balance at 1 July 2019	915,000	612,804	<b>1,527,804</b>
Revaluation decrement from continuing operations	(97,470)	-	<b>(97,470)</b>
Revaluation increment from discontinued operations	20,000	-	<b>20,000</b>
Revaluation decrement from discontinued operations	-	(612,804)	<b>(612,804)</b>
Balance at 30 June 2020	<b>837,530</b>	<b>-</b>	<b>837,530</b>

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

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### **Note 22. Reserves (continued)**

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#### **Asset revaluation reserve (continued)**

If the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve. However, the net revaluation increase is recognised in profit or loss to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss.

In comparison, if the carrying amount of a class of assets decreased as a result of a revaluation, the net revaluation decrease shall be recognised in profit or loss. However, the net revaluation decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that same class of asset.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

#### **Asset replacement reserve**

The asset replacement reserve records retained earnings allocated to the future replacement of assets. There were no movements in the asset replacement reserve for the year ended 30 June 2020 (2019: nil).

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### **Note 23. Registered Office/Principal Place of Business**

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

Sunbury Community Health Centre  
12-28 Macedon Street  
Sunbury, VIC, 3429

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 24. Residential Aged Care Segment - Sunbury Lions Community Aged Care - NAPS ID 3461 RAC Service ID 3187

Sunbury Community Health Centre Ltd NAPS ID 3461, RAC Service ID 3187 traded as Sunbury Lions Community Aged Care, which was discontinued in March 2020. For the nine months of operation, this operating segment has the following financial information to report.

The following financial information is prepared using specific classes of transactions required by the Department of Health (DoH), for which the company is required to report for this segment each year. Whilst the class of transactions disclosed below are based on DoH's specific requirements, which may differ to those classes of transactions disclosed within the rest of the financial statements, the directors note total revenue, expenditure, assets and liabilities for the segment note below reconciles to the financial information disclosed at Note 4 of the financial statements.

#### Sunbury Lions Community Aged Care Income Statement for the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Revenue</b>			
Care income	24a	1,021,836	1,668,479
Accommodation income	24b	353,105	469,175
Other resident fee income	24c	357,362	561,777
Financing income	24d	10,401	40,344
Other Income	24e	975	1,350
Total revenue		1,743,679	2,741,125
<b>Expenditure</b>			
Care expenses	24f	1,406,410	1,714,682
Accommodation expenses	24g	193,743	224,774
Catering, cleaning & laundry expenses	24h	339,824	421,563
Administration expenses	24i	140,938	243,332
Capital and financing expenses	24j	64,844	75,555
Expenses relating to discontinued operations	24k	1,296,063	-
Total expenditure		3,441,822	2,679,906
<b>Deficit before income tax expense</b>		(1,698,143)	61,219
Income tax expense		-	-
<b>Deficit after income tax expense</b>		(1,698,143)	61,219
<b>Other comprehensive income</b>			
Gain on revaluation of land		20,000	-
Loss on revaluation of buildings		(612,804)	-
<b>Total comprehensive loss</b>		(2,290,947)	61,219

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

<b>Note 24. Residential Aged Care Segment - Sunbury Lions Community Aged Care - NAPS ID 3461 RAC Service ID 3187</b>		
<b>(continued)</b>		
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Note 24a. Care income</b>		
Subsidies & Supplements (Commonwealth)	1,002,404	1,657,635
Resident Fees - Means Tested Care Fees	19,432	10,844
	<u>1,021,836</u>	<u>1,668,479</u>
<b>Note 24b. Accommodation income</b>		
Subsidies & Supplements (Commonwealth)	168,595	323,879
Resident Accommodation Payments and Charges	182,446	141,324
Accommodation Bond retention amounts	2,064	3,972
	<u>353,105</u>	<u>469,175</u>
<b>Note 24c. Other Resident Fee Income</b>		
Basic Daily Fee	357,362	561,777
	<u>357,362</u>	<u>561,777</u>
<b>Note 24d. Financing Income</b>		
Interest Income	10,401	40,344
	<u>10,401</u>	<u>40,344</u>
<b>Note 24e. Other Income</b>		
Donations and Fundraising	725	-
Other Income	250	1,350
	<u>975</u>	<u>1,350</u>
<b>Note 24f. Care Expenses</b>		
Labour Costs	1,322,894	1,607,501
Other Expenses	83,516	107,181
	<u>1,406,410</u>	<u>1,714,682</u>
<b>Note 24g. Accommodation Expenses</b>		
Labour Costs	108,415	112,354
Property Repairs, Maintenance & Replacements	48,045	56,419
Other Accommodation Expenses	37,283	56,001
	<u>193,743</u>	<u>224,774</u>

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 24. Residential Aged Care Segment - Sunbury Lions Community Aged Care - NAPS ID 3461 RAC Service ID 3187 (continued)

	2020	2019
<b>Note 24h. Catering, Cleaning &amp; Laundry Expenses</b>	<b>\$</b>	<b>\$</b>
Labour Costs	194,876	226,625
Contracted Services - External Service Organisations	33,556	37,808
Other Catering, Cleaning & Laundry Expenses	111,392	157,130
	<u>339,824</u>	<u>421,563</u>
<b>Note 24i. Administration Expenses</b>		
Labour Costs	98,660	123,037
Other Administration Expenses	42,278	120,295
	<u>140,938</u>	<u>243,332</u>
<b>Note 24j. Capital and Financing Expenses</b>		
Depreciation	55,549	67,572
Interest Expense	9,295	7,983
	<u>64,844</u>	<u>75,555</u>
<b>Note 24k. Expenses Relating to Discontinued Operations</b>		
Costs relating to closure of residential aged care	225,546	-
Loss on revaluation of buildings	1,070,517	-
	<u>1,296,063</u>	<u>-</u>

# Sunbury Community Health Centre Ltd

## Notes to the Financial Statements

For the Year Ended 30 June 2020

### Note 24. Residential Aged Care Segment - Sunbury Lions Community Aged Care - NAPS ID 3461 RAC Service ID 3187 (continued)

#### Sunbury Lions Community Aged Care Statement of Financial Position as at 30 June 2020

	2020	2019
	\$	\$
<b>Assets</b>		
<i>CURRENT</i>		
Cash and cash equivalents	-	1,669,452
Accounts receivable and other debtors	-	18,800
Prepayments	-	6,429
Total current assets	-	1,694,681
<i>NON-CURRENT</i>		
Property, plant and equipment	-	3,047,336
Total non-current assets	-	3,047,336
Total assets	-	4,742,017
<b>Liabilities</b>		
<i>CURRENT</i>		
Accounts payable and other payables	-	61,589
Accommodation bond liabilities	-	1,542,142
Provision for employee benefits	-	435,087
Total current liabilities	-	2,038,818
<i>NON-CURRENT</i>		
Provision for employee benefits	-	121,980
Total non-current liabilities	-	121,980
Total liabilities	-	2,160,798
Net assets	-	2,581,219
<b>Equity</b>		
Retained surplus	-	1,965,141
Asset revaluation reserve	-	616,078
<b>Total equity</b>	-	2,581,219

### Note 25. Hume Whittlesea Primary Care Partnership

On 1 March 2013, Sunbury Community Health Centre Ltd became the auspicing agency of the Hume Whittlesea Primary Care Partnership.

No revenue, expenses, assets, or liabilities of Hume Whittlesea Primary Care Partnership are included in that of Sunbury Community Health Centre Ltd, as this program is auspiced.

# Sunbury Community Health Centre Ltd

## Director's Declaration

In accordance with a resolution of the directors of Sunbury Community Health Centre Ltd, the directors of the entity declare that:

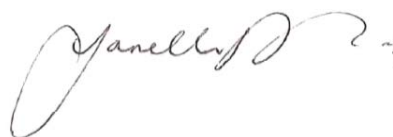
1. The financial statements and notes, as set out on pages 8 to 52, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



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**Peter Donlon**  
Chairperson



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**Janelle Parry**  
Deputy Chairperson

Dated: 22 October 2020

## **Independent auditor's report to the members of Sunbury Community Health Centre Limited**

### **Report on the audit of the financial statements**

#### **Our opinion**

In our opinion, the financial report of Sunbury Community Health Centre Limited (the company), is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year ended on that date and
- ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013*.

#### **What we have audited**

The company's financial report 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 comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the entity.

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

#### **Other information**

The company may prepare an annual report that may include the financial statements, director's report and declaration and our audit report (the financial report). The annual report may also include "other information" on the company's operations and financial results and financial position as set out in the financial report, typically in a Chairperson's report and reports covering governance and other matters.

The directors are responsible for the other information. An annual report has not been made available to us as of the date of this auditor's report.

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



Our responsibility is to read the other information identified above when it becomes available 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 we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

### **Independence**

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

### **Directors' responsibility for the financial report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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 is free from material misstatement, whether due to fraud or error.

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

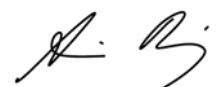
### **Auditor's responsibility for the audit of the financial report**

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. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, 3550  
Dated this 22<sup>nd</sup> day of October 2020



**Adrian Downing**  
Lead Auditor

## Independent Auditor's Report

### To the Directors of Sunbury Community Health Centre Limited

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

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**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.

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.

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MELBOURNE  
28 October 2020

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