
Sunbury Community Health Centre Limited

Trading as:

- Sunbury and Cobaw Community Health
- Our Village Family Childcare

ABN: 32 084 682 579

Financial Report

For the year ended 30 June 2023

Sunbury Community Health Centre Limited

30 June 2023

CONTENTS	Page
Directors' Report	1
Auditor's Independence Declaration	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	33
Independent Auditor's Report	34

Sunbury Community Health Centre Limited

Directors' Report

Your directors present their report of the Sunbury Community Health Centre Limited for the year ended 30 June 2023.

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, Macedon Ranges 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 deficit of the company from operations for the financial year ended 30 June 2023 was:

Year ended 30-Jun-23	Year ended 30-Jun-22
\$	\$
(1,676,248)	(302,912)

Review of Operations

The total deficit attributable to members for the year ended 30 June 2023 was \$1,371,875.

New and Amended Accounting Standards Adopted by the Company

There were no new or amended Accounting Standards adopted by the company during the year ended 30 June 2023.

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.

Events Subsequent to the End of the Reporting Period

On 1 September 2023, Phillip Ripper vacated his position as Chief Executive Officer. The Board has commenced the process of recruitment of a new Chief Executive Officer and Julie Landy, current Chief Operating Officer, has been appointed as Acting CEO during the interim period.

Sunbury Community Health Centre Limited

Directors' Report

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.

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 Limited

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, Member of ICT Working Group, Member of Budget & Audit Working Group.

Janelle Parry

- Qualifications - CPA, Bachelor of Business (Accountancy), registered tax agent
- Special Responsibilities - Deputy Chairperson, Member of Nominations Committee, Member of Investment Strategy Sub-committee, Member of Clinical Governance & Risk Sub-committee (Chairperson), Member of Budget & Audit Working Group.

Mary Rush

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

Bruce Marshall

- Qualifications - GAICD, Bachelor of Business (Marketing), Diploma of Management, Graduate Diploma of Education (Secondary)
- Special Responsibilities - Board Member, Member of Nominations Committee, Member of Investment Strategy Sub-committee, Member of Clinical Governance & Risk Sub-committee, Member of ICT Working Group.

Rachel Strevens

- Qualifications - GAICD, CPA, Bachelor of Arts, Master of Commerce
- Special Responsibilities - Board Member, Nominations Committee, Chairperson Investment Strategy Sub-committee, Chairperson Budget & Audit Working Group.

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 Limited

Directors' Report

Meeting of Directors

During the financial year, 11 meetings of directors (board meetings) were held. The company also has five subcommittees, including the Board Nominations Committee (Nom), the Investment Strategy Subcommittee (ISSC), the Clinical Governance & Risk Subcommittee (CGR), the ICT Working Group (ICT) and the Budget & Audit (B&A) Working Group. Attendances by each director were as follows:

	Board meetings		Subcommittee Meeting		
	Eligible to attend	Attended	Eligible to attend	Attended	Membership
Peter Donlon (Chairperson)	11	11	6	5	Nom, CGR, ICT, B&A
Janelle Parry (Deputy Chairperson)	11	9	11	10	Nom, CGR, ISSC, B&A
Mary Rush	11	11	6	4	Nom, CGR
Matthew Stewart	11	11	5	5	Nom, CGR
Bruce Marshall	11	10	10	7	Nom, CGR, ISSC, ICT
Rachel Strevens	11	10	8	7	Nom, ISSC, B&A
Georgina Dougall	11	7	2	1	Nom

Company Secretary

The position of Company Secretary was held by Megan Batsakis 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 2023 the number of members was 51 (2022: 51).

Auditors' Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 5 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: 26 October 2023

Auditor-General's Independence Declaration

To the Board of Directors, Sunbury Community Health Centre Limited

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

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

Independence Declaration

As auditor for Sunbury Community Health Centre Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

MELBOURNE
1 November 2023



Sanchu Chummar

as delegate for the Auditor-General of Victoria

Sunbury Community Health Centre Limited

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Continuing operations			
Revenue from contracts with customers	2	15,824,213	16,065,652
Other sources of income	2	6,927,023	6,938,880
Employee benefits expense	3	(18,031,083)	(18,562,370)
Depreciation and amortisation expense	3	(872,078)	(835,408)
Finance expenses	3	(1,198)	(6,946)
Utility expenses		(243,914)	(238,164)
Motor vehicle expenses		(82,022)	(83,254)
Audit, accreditation, legal and consultancy fees		(310,721)	(269,687)
Staff training and development expenses		(214,115)	(308,491)
Client support services expenses		(729,435)	(785,721)
General program supplies		(1,443,377)	(1,417,726)
External dental providers		(581,944)	(248,521)
Repairs and maintenance		(212,807)	(174,168)
Other expenditure		(504,735)	(376,987)
Revaluation decrement on buildings	9	(1,200,055)	-
Deficit		(1,676,248)	(302,912)
Items that will not be classified to net result:			
Gain/(loss) on revaluation of buildings	9	(346,269)	346,269
Gain on revaluation of land	9	205,807	835,185
Unrealised gain/(loss) on investments	9	444,835	(689,529)
Total comprehensive surplus attributable to members of the entity		(1,371,875)	189,013
Total comprehensive income/(deficit) for the year arises from:			
Continuing operations		(1,371,875)	189,013
		(1,371,875)	189,013

Sunbury Community Health Centre Limited

Statement of Financial Position

As at 30 June 2023

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	4	5,889,281	7,889,792
Trade and other receivables	5	754,409	499,022
Inventories	6	20,746	18,471
Other assets	7	129,624	117,167
Total current assets		6,794,060	8,524,453
Non-current assets			
Investments	8	6,732,668	4,787,095
Property, plant and equipment	9	16,534,945	18,189,316
Right-of-use assets	11	54,982	84,157
Total non-current assets		23,322,595	23,060,568
Total assets		30,116,655	31,585,021
Current liabilities			
Trade and other payables	12	4,939,237	4,757,419
Provisions	13	2,641,917	2,721,651
Lease liabilities	14	60,389	85,719
Total current liabilities		7,641,543	7,564,789
Non-current liabilities			
Provisions	13	554,232	722,523
Lease liabilities	14	-	4,954
Total non-current liabilities		554,232	727,477
Total liabilities		8,195,775	8,292,266
Net assets		21,920,880	23,292,755
Equity			
Retained earnings		19,485,193	20,716,607
Asset revaluation reserve	21	2,255,687	2,396,148
Asset replacement reserve	21	180,000	180,000
Total equity		21,920,880	23,292,755

Sunbury Community Health Centre Limited

Statement of Changes in Equity

For the Year Ended 30 June 2023

	Retained Earnings \$	Asset Revaluation Reserve \$	Asset Replacemen t Reserve \$	Total Equity \$
Balance at 1 July 2021	21,709,047	1,214,695	180,000	23,103,742
Deficit for the year	(302,912)	-	-	(302,912)
Other comprehensive income for the year:				
- Unrealised loss on investments	(689,529)	-	-	(689,529)
-Gain on revaluation of property, plant and equipment	-	1,181,454	-	1,181,454
Total comprehensive income for the year attributable to members of the entity	(992,441)	1,181,454	-	189,013
Balance at 30 June 2022	20,716,606	2,396,149	180,000	23,292,755
Deficit for the year	(1,676,248)	-	-	(1,676,248)
Other comprehensive income for the year:				
- Unrealised gain on investments	444,835	-	-	444,835
- Gain/(loss) on revaluation of property, plant and equipment	-	(140,462)	-	(140,462)
Total comprehensive income for the year attributable to members of the entity	(1,231,413)	(140,462)	-	(1,371,875)
Balance at 30 June 2023	19,485,193	2,255,687	180,000	21,920,880

Sunbury Community Health Centre Limited

Statement of Cash Flows

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
<i>Continuing operations</i>			
Receipts from clients and government grants		21,504,483	22,412,969
Receipts from donations, reimbursements and rentals		377,706	373,916
Payments to suppliers and employees		(22,254,397)	(21,721,276)
Low-value lease payments		(16,303)	(2,642)
Interest received		110,187	36,833
Interest paid		(1,199)	(6,946)
Dividends received		191,474	224,606
Net cash (used in)/provided by operating activities	15	(88,049)	1,317,460
Cash flows to investing activities			
<i>Continuing operations</i>			
Proceeds from sale of property, plant and equipment		121,149	15,654
Payments for property, plant and equipment		(478,131)	(1,007,289)
Proceeds from sale of investments		461,212	273,671
Payments for purchase of investments		(1,963,333)	(930,404)
Net cash (used in) investing activities		(1,859,103)	(1,648,368)
Cash flows from financing activities			
<i>Continuing operations</i>			
Payment of principal elements of lease liabilities		(53,359)	(82,816)
Net cash used in financing activities		(53,359)	(82,816)
Net decrease in cash held		(2,000,511)	(413,724)
Cash and cash equivalents at the beginning of the financial year		7,889,792	8,303,516
Cash and cash equivalents at the end of the financial year	4	5,889,281	7,889,792

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Summary of Significant Accounting Policies

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

The financial statements were authorised for issue on 26th October 2023 by the directors of the company.

Basis of Preparation

Sunbury Community Health Centre Limited (the company) applies Australian Accounting Standards – Simplified Disclosures and those required by the Australian Charities and Not-for-profits Commission (ACNC).

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 – Simplified Disclosures of the Australian Accounting Standards Board (AASB) to meet the requirements of 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.

The financial statements comply with the recognition and measurement requirements of the Australian Accounting Standards, the presentation requirements in those Standards as modified by the AASB 1060 General Purpose Financial Statements- Simplified Disclosures for For-Profit and Not-for-profit Tier 2 Entities(AASB 1060) and disclosures requirements in AASB1060. Accordingly the financial statements comply with Australian Accounting Standards- Simplified Disclosures.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(a) Revenue

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
- 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.

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. A contract modification may be obtained in writing, by oral agreement by implied by customary business practices.

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.

Customer	Significant program or activity
Department of Health (Victoria)	Community Health, Home and Community Care Program for Young People
Department of Families, Fairness and Housing	Individual, Child and Family Support. Perpetrators Responses Family Violence, Housing
Department of Health (Commonwealth)	Commonwealth Home Support Programme
Dental Health Services Victoria	State Oral Health
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.

Since the pandemic, the company has had significant workforce shortages which has resulted in the non-delivery of some services. Discussions have been held with funders and the company has received contract modifications that have resulted in the reversal of some contract liabilities for the non-delivery of services where targets have not been met.

This resulted in approximately \$600,000 being recognised as income for the year ended 30 June 2023 (2022: \$2.1 million) which would have otherwise been recognised as a contract liability in the statement of financial position. Contract modifications were received from a number of smaller funders during this financial year and no contract modifications were obtained from the company's most significant revenue streams.

The company introduced a new Derecognition Of Contract Liabilities policy during this financial year. This policy resulted in the write back or derecognition of prior years contract liabilities in the amount of \$1.5 million. The policy specifies that contract liabilities held by the company for the non-delivery of targets in prior years can be written back after two years once an assessment process has been followed to ascertain the likelihood of funders requiring the recoupment of funds from the company.

The company also derecognised contract liabilities relating to prior years in the amount of \$487,000 where it was indicated that recoupment of funds was not required.

Capital grants

The company received \$500,000 of a \$3 million capital grant during the 2022 financial year, of which \$479,437 was unspent at 30 June 2022. During the 2023 financial year, an amount of \$204,437 was spent on project management fees and the development of a service plan that has provided information about the future service requirements of our community. The company has \$275,000 unspent funds remaining at 30 June 2023. This unspent capital funding will be used as a contribution towards the cost of a Master Plan that is to be developed during the 2024 financial year. The company has recognised income in profit or loss in accordance with AASB 1058.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(a) Revenue (continued)

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. Franking credits are recognised as income when received.

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

(b) 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 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

(c) 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*.

(d) 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 two months or less, and bank overdrafts.

(e) 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(h) for further disclosures regarding the measurement of the provision for expected credit losses.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

(f) 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.

Where an independent valuation has not been performed on land and buildings at balance sheet date, the directors perform an assessment to determine whether or not there has been a material change in fair value since the date of the last independent valuation. Refer to Note 1(o) for further information.

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 are recognised in other comprehensive income under the heading of loss on the revaluation of land and buildings.

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 in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

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

Depreciation

The depreciable amount of all fixed assets, 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.

(g) Leases

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 building	10 -21 years
Motor vehicles	1 year

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(g) Leases (continued)

At inception of a contract, the company assesses if the contract is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the company where the company is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets (i.e. fair value less than \$10,000) are recognised as an operating expense on a straight-line basis over the term of the lease.

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

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, formerly referred to as the Department of Health and Human Services, 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.

In addition, the company leases a premises at 142 Main Street, Romsey, from Macedon Ranges Shire Council, which meets the definition of a peppercorn/concessionary lease. The lease commenced in February 2016 for a term of 21 years, expiring in February 2037. Under the terms of the lease agreement, the company is required to pay \$1 (ex-GST) per annum and is only permitted to use the premises to deliver community services.

The company also leases a premises at 47-49 Forest Street, Woodend, from Macedon Ranges Shire Council, which meets the definition of a peppercorn/concessionary lease. The lease commenced in April 2007 for an initial term of 10 years, before being renewed until April 2027. The renewed lease agreements contains a further term of ten years commencing in April 2027 which the company may exercise. Under the terms of the lease agreement, the company is required to pay 1% of the market rent per annum.

All right-of-use assets and lease liabilities relating to the company's peppercorn/concessionary lease arrangements are considered trivial to the financial statements and have therefore 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. No lease agreements contain any material obligations that require the company to restore leased premises to their original condition at the end of each respective lease.

The company as lessor

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

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(h) Financial Instruments

Initial recognition and measurement

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

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

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.

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 measures any financial assets at fair value through other comprehensive income.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

Derecognition

(i) Derecognition of financial liabilities

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

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

(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 (i.e. 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, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc).

Recognition of expected credit losses in financial statements

At each reporting date, the company 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.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(i) Impairment of Assets

At the end of each reporting period, the company reviews the carrying amount of its tangible 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.

(j) 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 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 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.

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 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.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(k) 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.

(l) 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.

(m) 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.

(n) 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.

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 Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(o) Critical Accounting Estimates and Judgements

The director's evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates*Impairment*

The directors assesses 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.

Recognition of contract modifications

A contract modification is a change in the scope or price (or both) of a contract, which may be approved in writing, by oral agreement or implied by customary business practices. Extreme staff shortages have impacted the company's ability to meet performance obligations under a range of its funding agreements and contracts. In response, whilst the company has requested contract modifications in writing, in some instances the company has placed reliance on contract modifications provided by oral agreement or customary business practices. Management applies significant judgement when recognising a contract modification based on agreement or customary business practices.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(o) 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.

Where land and buildings have not been independently valued at balance date, the directors estimate the fair value of land and buildings at year-end with reference to the Valuer-General Victoria's land and buildings indexation factors in order to determine whether or not there has been a material change in fair value since the a property was last independently valued or acquired/constructed.

A managerial adjustment is recognised if the assessment concludes that the fair value of an item of land or buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). An estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded.

Land and buildings were independently valued during the year ended 30 June 2023 by Knight Frank Valuations Services Pty Limited. These valuations were based on the fair value less cost to sell based on an active market. The critical assumptions adopted in determining the valuation included the locations of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties.

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 2023, 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.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(o) Critical Accounting Estimates and Judgements (continued)

Borrowing rate under AASB 16

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

To determine the incremental borrowing rate, the company:

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

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 at balance date.

The probability factors are increased as the respective employees' years of service increase and are provided for at 100% probability at vesting period (in accordance with employment conditions). The probability rates have been determined based on past retention data.

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.

(p) Economic Dependence

The company is dependent upon the Commonwealth and State Government, via the Victorian Department of Health and the Victorian Department of Families, Fairness and Housing, the Commonwealth 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.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 1. Summary of Significant Accounting Policies (continued)

(q) 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.

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.

(r) 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.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 2.	Revenue and Other Income	Note	2023 \$	2022 \$
	Revenue from contracts with customers	2(a)	15,824,213	16,065,652
	Other sources of income	2(b)	6,927,023	6,906,114
			<u>22,751,236</u>	<u>22,971,766</u>
(a) Revenue from contracts with customers				
<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		11,498,239	10,122,773
	National Disability Insurance Scheme funding		1,728,176	2,358,227
	Fee for service		2,123,025	2,351,964
	Other revenue		474,773	1,232,688
	Total disaggregated revenue from contracts with customers with service delivery obligations		<u>15,824,213</u>	<u>16,065,652</u>
<i>Timing of revenue recognition</i>				
Services transferred to customers:				
	- at a point in time		3,851,201	4,710,191
	- over time		11,973,012	11,355,461
			<u>15,824,213</u>	<u>16,065,652</u>
(b) Other sources of income				
	Interest received on financial assets		110,187	36,833
	Donations and reimbursements		31,959	50,743
	Auspice fee		-	48,595
	Rental income		345,748	274,578
	Dividends received		191,474	224,606
	Funding - waivers received		599,949	2,149,609
	Commonwealth and State Government funding		3,590,039	3,610,559
	Capital grant		-	500,000
	Gain on disposal of property, plant and equipment		120,581	10,592
	Funding - derecognition of prior years contract liabilities		1,937,086	-
			<u>6,927,023</u>	<u>6,906,114</u>

The company was unable to meet a number of performance obligations under its contracts with customers as a result of extreme staff shortages. The company recognised contract modifications from some smaller funders. No contract modifications were recognised for major funding bodies like the Victorian Department of Health and the Commonwealth Department of Health. No waiving of any unfulfilled performance obligations for these relevant programs for the 2022/23 financial year took place.

During the 2022/23 financial year an amount of \$1.9 million (2022: Nil) was derecognised for contract liabilities that related to prior years. Refer to Note 1(a) for further information on the derecognition of contract liabilities relating to prior years.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 3.	Material Profit or Loss Items	Note	2023 \$	2022 \$
<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>				
(a) Employee benefits expense				
	- Employment expenses		16,547,928	17,085,622
	- Contributions to defined contribution superannuation funds		1,483,155	1,476,748
			18,031,083	18,562,370
(b) Depreciation and amortisation expense				
Property, plant and equipment:				
	- Buildings		363,498	457,837
	- Improvements		149,999	50,359
	- Motor vehicles		167,346	129,099
	- Plant and equipment		147,064	154,500
	- Furniture and fittings		44,171	43,612
Total depreciation of non-current assets			872,078	835,408
(c) Finance costs				
	- Other finance costs		-	32
	- Lease liability		1,198	6,914
			1,198	6,946
(d) Audit, accreditation, legal and consultancy fees				
Audit, accreditation, legal and consultancy fees includes remuneration of the company's external auditor, the Victorian Auditor-General's Office, for:				
	- Auditing the financial report		39,900	38,800
			39,900	38,800
(e) Other expenses				
Other expenses include the following expenses:				
	- Realised loss on investments		83,449	26,851
	- Realised loss on disposal of property, plant and equipment		-	-
			83,449	26,851
Note 4.	Cash and Cash Equivalents	Note	2023 \$	2022 \$
<i>CURRENT</i>				
	Cash at bank		5,888,507	7,889,109
	Cash on hand		774	683
Total cash and cash equivalents			5,889,281	7,889,792
Note 5.	Trade and Other Receivables	Note	2023 \$	2022 \$
<i>CURRENT</i>				
	Trade receivables		757,028	508,627
	Provision for expected credit losses		(2,619)	(9,605)
			754,409	499,022
Total trade and other receivables			754,409	499,022

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 6. Inventories	Note	2023	2022
		\$	\$
<i>CURRENT</i>			
Inventories at cost		20,746	18,471
Note 7. Other Assets			
<i>CURRENT</i>			
Prepaid expenses		129,624	117,167
Note 8. Investments			
<i>NON-CURRENT</i>			
Financial assets at fair value through profit or loss:			
- Listed shares		6,020,668	3,674,602
- Term deposits		-	400,493
- Annuities		712,000	712,000
		<u>6,732,668</u>	<u>4,787,095</u>

Movements in carrying amounts for each type of investment between the beginning and the end of the current financial year.

	Listed Shares	Term Deposits	Annuities	Total
Balance at 1 July 2022	3,674,602	400,493	712,000	4,787,095
Additions/transfers	1,963,332	-	-	1,963,332
Interest capitalised	-	-	-	-
Revaluation increment/gain	443,453	-	-	443,453
Disposals	(60,719)	(400,493)	-	(461,212)
Balance at 30 June 2023	<u>6,020,668</u>	<u>-</u>	<u>712,000</u>	<u>6,732,668</u>

Note 9. Property, Plant and Equipment			
<i>NON-CURRENT</i>			
<i>Land and buildings</i>			
Freehold land:			
At fair value		6,595,000	6,389,193
Buildings:			
At fair value		8,157,500	10,043,135
Less accumulated depreciation		(1,250)	-
		<u>8,156,250</u>	<u>10,043,135</u>
Total land and buildings		<u>14,751,250</u>	<u>16,432,328</u>
Leasehold improvements:			
At cost		1,556,916	1,517,568
Less accumulated depreciation		(504,914)	(354,915)
		<u>1,052,002</u>	<u>1,162,653</u>
Motor vehicles:			
At cost		652,835	520,678
Less accumulated depreciation		(325,458)	(462,190)
		<u>327,377</u>	<u>58,488</u>
Plant and equipment:			
At cost		1,063,885	1,011,951
Less accumulated depreciation		(768,594)	(626,027)
		<u>295,291</u>	<u>385,924</u>

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 9. Property, Plant and Equipment (continued)	2023 \$	2022 \$
Furniture and fittings:		
At cost	245,069	241,794
Less accumulated depreciation	(136,043)	(91,872)
	<u>109,026</u>	<u>149,922</u>
Total property, plant and equipment	<u>16,534,946</u>	<u>18,189,316</u>

Movements in carrying amounts:

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

	Land	Buildings	Improvements	Motor Vehicles	Plant & Equipment
Balance at 1 July 2022	6,389,193	10,043,135	1,162,653	58,488	385,925
Additions/transfers	-	22,937	39,827	354,960	57,133
Accumulated Depreciation on disposals	-	-	-	121,262	(134)
Disposals	-	-	(479)	(121,262)	(568)
Depreciation expense	-	(363,498)	(149,999)	(86,071)	(147,064)
Revaluation decrement on buildings	-	(1,200,055)	-	-	-
Revaluation gain/(loss)	205,807	(346,269)	-	-	-
Balance at 30 June 2023	<u>6,595,000</u>	<u>8,156,250</u>	<u>1,052,002</u>	<u>327,377</u>	<u>295,291</u>

	Furniture and Fittings	Total
Balance at 1 July 2022	149,922	18,189,316
Additions/transfers	3,275	478,131
Accumulated Depreciation on disposals	-	121,128
Disposals	-	(122,309)
Depreciation expense	(44,171)	(790,803)
Revaluation decrement on buildings	-	(1,200,055)
Revaluation gain/(loss)	-	(140,462)
Balance at 30 June 2023	<u>109,026</u>	<u>16,534,945</u>

Land and buildings were independently valued during the year ended 30 June 2023 by Knight Frank Valuations Services Pty Limited. These valuations were based on the fair value less cost to sell based in an active market. The critical assumptions adopted in determining the valuation included the locations of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties.

The policy is that a managerial adjustment is recognised if the assessment concludes that the fair value of an item of land or buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). An estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 10. Other comprehensive income	2023	2022
	\$	\$
Items that will not be reclassified to profit or loss:		
- (Loss)/gain on revaluation of buildings	(346,269)	346,269
- (Loss)/gain on revaluation of land	205,807	835,185
- Unrealised gain/(loss) on investments	444,835	(689,529)
Total items that will not be classified to net result	304,373	491,925
Total comprehensive loss	304,373	491,925
Note 11. Right-of-Use Assets		
<i>NON-CURRENT</i>		
Leased property		
At fair value	14,001	14,001
Accumulated depreciation	(1,156)	(1,156)
	12,845	12,845
Leased motor vehicles:		
At fair value	397,271	345,171
Accumulated depreciation	(355,134)	(273,859)
	42,137	71,312
Total right-of-use assets	54,982	84,157
<i>AASB 16 related amounts recognised in profit or loss</i>		
Depreciation charge related to right-of-use assets	81,275	90,899
Interest expense on lease liabilities	1,198	6,914
Low-value lease expense	16,217	2,642
	98,690	100,455

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 11. Right-of-Use Assets (continued)

Movements in carrying amounts:

	Leased property	Leased motor vehicles	Total
Balance at 1 July 2022	12,845	71,312	84,157
Transferred to assets	-	-	-
Additions/transfers	-	52,100	52,100
Depreciation expense	-	(81,275)	(81,275)
Balance at 30 June 2023	12,845	42,137	54,982

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, formerly referred to as the Department of Health and Human Services, 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. 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. The lease commenced in June 2012 and expires in June 2032.

The company holds a 21-year concessionary lease with Macedon Ranges Shire Council, for the use of land and buildings located at 142 Main Street, Romsey, which are used to conduct community services. The lease payments are \$1 (ex-GST) per annum. The lease commenced in February 2016 and expires in February 2037.

The company holds a 30-year concessionary lease with Macedon Ranges Shire Council, for the use of land and buildings located at 47-49 Forest Street, Woodend, which are used to conduct community services. The lease payments are equal to 1% of the market rent per annum. The lease commenced in April 2007 for an initial term of 10 years, before being renewed until April 2027.

These concessionary leases are measured at cost in accordance with the company's accounting policy as outlined in Note 1(g). The right-of-use asset and lease liability relating to these leases is considered 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 these lease arrangements to further its objectives. Without these concessionary leases, the company's service delivery to the community would be impacted. More information on the concessionary leases are available as described in Note 1(g).

Note 12.	Trade and Other Payables	Note	2023 \$	2022 \$
<i>CURRENT</i>				
	Accounts payable		844,998	776,317
	Contract liability		2,373,565	1,989,107
	Unspent capital grants		275,000	447,115
	Client subsidies payable (Home Care Package)		240,232	364,150
	Accrued salaries		744,129	703,348
	Other payables		125,069	181,496
	Payable to the ATO		336,245	295,887
	Total trade and other payables		4,939,237	4,757,419
<i>Financial liabilities at amortised cost classified as trade and other payables</i>				
	Trade and other payables:			
	- total current		4,939,237	4,757,419
	Less amounts payable to the ATO		(336,245)	(295,887)
	Less contract liability		(2,373,565)	(1,989,107)
	Total financial liabilities classified as trade and other payables		2,229,427	2,472,426
Note 13. Provisions				
<i>CURRENT</i>				
	Provision for annual leave		957,381	1,060,666
	Provision for time in lieu (TIL) and rostered days off (RDO's)		46,053	43,902
	Provision for long service leave		1,638,483	1,617,083
			2,641,917	2,721,651
<i>NON-CURRENT</i>				
	Provision for long service leave		554,232	722,523
	Total provisions		3,196,149	3,444,173

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

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 historical employee retention data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(j).

Note 14.	Lease Liabilities	Note	2023	2022
			\$	\$
<i>CURRENT</i>				
	Lease liability		60,573	86,859
	Unexpired interest		(184)	(1,140)
			<u>60,389</u>	<u>85,719</u>
<i>NON-CURRENT</i>				
	Lease liability		-	4,987
	Unexpired interest		-	(33)
			<u>-</u>	<u>4,954</u>
	Total lease liabilities		<u>60,389</u>	<u>90,673</u>

The leases for motor vehicles were extended during this financial year for a 12 month period, with payments required monthly in advance. The lease agreements do not include optional terms or purchase options.

The company also holds three concessionary/peppercorn leases, whereby the company's lease payments are significantly less than fair value. The company's lease liability with respect to such lease arrangements is considered trivial and has therefore not been recognised as a lease liability in the financial statements. Refer to Note 11 for further information regarding the company's concessionary lease arrangements.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 15. Cash Flow Information	2023	2022
	\$	\$
Reconciliation of surplus/(deficit) to net cash provided by operating activities		
Surplus/(Deficit) attributable to members of the entity	(1,676,248)	(302,912)
Non cash items included in surplus		
- Depreciation and amortisation expense	872,078	835,408
- Net (gain)/loss on disposal of property, plant and equipment	(120,581)	(10,592)
- Revaluation decrement on buildings	1,200,055	-
- Realised loss on investments	83,449	26,851
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(255,389)	376,474
- Increase in other assets	(9,755)	(52,580)
- (Increase)/decrease in inventories on hand	(2,275)	11,228
- Increase/(decrease) in payables	68,641	527,585
- Increase/(decrease) in provisions	(248,024)	(94,001)
Net cash flows provided by operating activities	<u>(88,049)</u>	<u>1,317,460</u>

Note 16. Capital and Leasing Commitments

(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.

Note 17. 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 (2022: nil).

Contingent assets

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

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 18. Events after the Reporting Period

Actual economic events and conditions in the future may be different from those estimated by Sunbury Community Health Centre Limited at the reporting date due to poor economic conditions and excessive shortages of service delivery staff. Management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the poor economic conditions that we are currently facing together with staff shortages and how long this is likely to be the case.

On 1 September 2023, Phillip Ripper vacated his position as Chief Executive Officer. The Board has commenced the process of recruitment of a new Chief Executive Officer and Julie Landy, current Chief Operating Officer, has been appointed as Acting CEO during the interim period.

No other matters or circumstances have arisen after the end of the financial year and the company's directors are not aware of any other significant events since the end of the reporting period.

Note 19. Key Management Personnel and Related Parties	2023	2022
	\$	\$
Total remuneration paid to the KMP of the company are as follows:		
Short-term employee benefits	932,132	1,033,454
Post-employment benefits	94,784	101,966
Other long-term benefits	26,683	-
	<u>1,053,599</u>	<u>1,135,420</u>

The company's KMP for 2023 include:

- Board of directors
- Chief Executive Officer
- Chief Operating Officer
- Chief People and Capability Officer
- Chief Partnerships Officer
- Chief Financial Officer

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. 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.

Sunbury Community Health Centre Limited

Notes to the Financial Statements

For the Year Ended 30 June 2023

Note 20. Financial Risk Management	Note	2023 \$	2022 \$
The company's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable, listed shares, managed funds, 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			
Financial assets at amortised cost:			
- Cash and cash equivalents	4	5,889,281	7,889,792
- Trade and other receivables	5	754,409	499,022
Financial assets at fair value through profit or loss:			
- Investments	8	6,732,668	4,787,095
Total financial assets		<u>13,376,358</u>	<u>13,175,910</u>
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	12	2,229,427	2,472,426
- lease liabilities	13	60,389	90,673
Total financial liabilities		<u>2,289,816</u>	<u>2,563,099</u>

Note 21. 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.

	Land	Buildings	Total
Balance at 1 July 2018	915,000	612,804	1,527,804
Balance at 1 July 2022	2,049,880	346,269	2,396,149
Revaluation decrement		(346,269)	(346,269)
Revaluation increment	205,807	-	205,807
Balance at 30 June 2023	<u>2,255,687</u>	<u>-</u>	<u>2,255,687</u>

If the carrying amount of a class of assets is increased or decreased as a result of a revaluation, the net revaluation increase or decrease is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve.

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 2023 (2022: nil).

Note 22. Registered Office/Principal Place of Business

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

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

Sunbury Community Health Centre Limited

Directors' Declaration

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

1. The financial statements and notes, as set out on pages 1 to 32, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with Australian Accounting Standards -Simplified Disclosure Requirements; and
 - b. give a true and fair view of the company's financial position as at 30 June 2023 and of its performance and cash flows 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 2022*.



Peter Donlon
Chairperson



Janelle Parry
Deputy Chairperson

Dated: 26 October 2023

Independent Auditor's Report

To the Directors of Sunbury Community Health Centre Limited

Opinion	<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"> • statement of financial position as at 30 June 2023 • statement of profit or loss and other comprehensive income for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including significant accounting policies • directors' declaration. <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"> • giving a true and fair view of the financial position of the company as at 30 June 2023 and of its financial performance and its cash flows for the year then ended • complying with Australian Accounting Standards – Simplified Disclosures Requirements and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2022</i>.
Basis for Opinion	<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 auditor independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and 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>
Directors' responsibilities for the financial report	<p>The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosure Requirements 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>

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.

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

MELBOURNE
1 November 2023



Sanchu Chummar

as delegate for the Auditor-General of Victoria