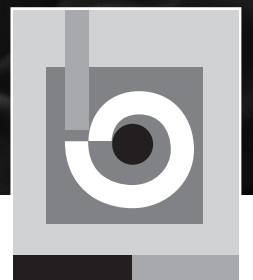


2018 ANNUAL REPORT

Financial report for the year ended 30 June 2018



Banyule Community Health ACN 135 660 454



BANYULE
Community Health

Banyule Community Health

ACN 135 660 454

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Directors' Report

30 June 2018

The directors present their report on Banyule Community Health ("the Company") for the financial year ended 30 June 2018.

Information on directors

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

John Ferraro

Qualifications

Bachelor Science, Bachelor Orthoptics, Master Health Administration

Experience

John is a trained Orthoptist and has previously worked as a clinician in the private and public sector. Previously he has also been employed in various roles within the acute health and university sectors. John is a Member of Australian Institute of Company Directors. John is a former Director of the Victorian Deaf Society. John has been a member of the Board of Directors since 2008.

Special responsibilities

Chair BCH Board of Directors; Member of the Client Services and Staffing Sub Committee; Member of the Investment Sub-Committee

Peter Ogden

Experience

Peter retired in 2008 after 30 years as a director of a sign manufacturing business in West Heidelberg, and has been a member of the Board of Directors since 1990. Peter is also a member of the Australian Institute of Company Directors.

Special responsibilities

Member of the Audit and Finance Sub Committee

Chris Deakin

Qualifications

Bachelor of Economics, Diploma Financial Services (Financial Planning)

Experience

Chris has lived in the Banyule area for over 25 years and has served the community through terms as Treasurer and President at Heidelberg Primary School and Councillor and President at Viewbank College. Chris' professional career has seen over 25 years in financial services. Her current role is National Manager – Workplace, Employer Super for IOOF. Chris joined the BCH Board of Directors in October 2013. She is also a Graduate of the Australian Institute of Company Directors.

Special responsibilities

Deputy Chair of the BCH Board of Directors; member of the Client Services and Staffing Sub-Committee; Member of the Investment Sub-Committee

David McKenzie

Qualifications

David commenced his career as a primary school teacher and has taught at many local schools such as Watsonia, Viewbank, Greenhills, Briar Hill and Eltham. He holds a Degree in Economics. David is also a member of the Australian Institute of Company Directors.

Experience

David was a foundation member of the Diamond Valley Shire Council (1964) and Shire President from 1969 to 1971. David was the Member for Diamond Valley in the House of Representatives from 1972 to 1975. He was the former Chairman of the Publications Committee of the House of Representatives and Chairman of the Joint House and Senate Publications Committee. He is the Past National President of the Association of Former Members of the Australian Parliament.

Special responsibilities

Member of the Audit and Finance Sub Committee; Member of the Investment Sub-Committee

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Directors' Report**30 June 2018****Information on directors (continued)**

Anthony O'Donnell

Qualifications

Bachelor of Nursing (Honours) and a Masters of Health Administration.

Experience

Anthony O'Donnell is a Divisional Director of Nursing and Operations at Melbourne Health. His background is as a registered nurse specialising in oncology and haematology and he has spent most of his clinical career at Box Hill Hospital and the Austin Hospital.

Anthony has significant experience working in the acute sector both as a clinician and health planner. Anthony has lived in Banyule for over 40 years.

Anthony was appointed to the Board of Directors in 2011. Anthony is also a member of Australian Institute of Company Directors.

Special responsibilities

Convenor of the Client Services and Staffing Sub-Committee

Dr Melissa Russell

Qualifications

PhD, Bachelor of Physiotherapy

Experience

Melissa's background is as a physiotherapist and she has worked in a variety of fields of physiotherapy in Australia and overseas.

Following many years as a physiotherapist Melissa undertook her PhD through the University of Melbourne and the National Ageing Research Institute and completed it in 2009. She has since worked in public health research, focusing on the areas of asthma and respiratory health, physical activity and healthy ageing.

She is currently employed at the University of Melbourne as a Senior Lecturer in Epidemiology and Coordinator of the Master of Public Health course.

Melissa is also a member of the Australian Institute of Company Directors.

Special responsibilities

Member of the Client Services and Staffing Sub-Committee

Craig Trenfield

Qualifications

Craig is a member of the Institute of Chartered Accountants and the Australian Health Services Financial Management Association (AHSFMA) and holds a Bachelor of Business and a Graduate Diploma in Accounting.

Experience

Craig joined the BCH Board of Directors on 1 April 2012.

Craig Trenfield is an experienced financial executive with expertise in the Public Health sector having begun his career in health in 1995 when he joined Royal Melbourne Hospital. He later moved to Northern Health as the Finance Manager before taking up his current role in 2006 as Director Financial Services with Eastern Health.

Prior to this, Craig spent many years as an Auditor with Coopers & Lybrand, both in Australia and Edinburgh, Scotland. Craig is also a member of the Australian Institute of Company Directors.

Special responsibilities

Convenor of the Audit and Finance Sub-Committee; Treasurer of the BCH Board of Directors; Chair of the Investment Sub-Committee

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Directors' Report**30 June 2018****Information on directors (continued)**

Anita Brown

Qualifications

Bachelor of Arts/Bachelor of Laws, Master of Intellectual Property Law and is a graduate of the Australian Institute of Company Directors.

Experience

Anita has worked as both as a journalist and a lawyer and currently holds a senior role at one of Australia's leading Intellectual Property firms. Anita has been a member of the Federal Government's Information Advisory Committee and previously sat on the Committee of Management for Olympic Adult Education.

Special responsibilities

Member of the Audit and Finance Sub-Committee

Michael Smith

Qualifications

Appointed 19 November 2015

Michael trained as a youth worker (BA), has postgraduate qualifications (Master of Social Work) and is a graduate member of the Australian Institute of Company Directors.

Experience

Michael's first professional role was as a youth housing worker (in Rosanna) and has worked in homelessness, youth services, local government (Nillumbik), community development and management.

Since 2004, Michael has been the CEO of Eastern Community Legal Centre that has grown and developed strongly providing quality legal help across three branches, multiple programs and various outreach locations with priorities including family violence, senior's rights, cultural diversity and young people.

Michael is passionate about developing innovative and professional responses to client and community needs, with a focus on those experiencing disadvantage and most vulnerable. He is particularly focused on encouraging collaboration and partnerships across community, health, legal and other sectors. Michael has a strong commitment to improving governance and management systems within organisations.

Special responsibilities

Member of the Client Services and Staffing Sub-Committee

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

Company secretary

The following person held the position of Company secretary at the end of the financial year:

Michael Geary (BSW, BA, Associate Fellow Australasian College of Health Service Management ACHSM, member of Australian Institute of Company Directors) has been company secretary since November 2016. In addition to his role as Company Secretary, Michael has worked at Banyule Community Health for over 10 years and as the CEO since November 2016.

Principal activities

The principal activity of Banyule Community Health during the financial year was the provision of health, welfare and community legal services.

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Directors' Report

30 June 2018

Strategic Goal & Objective	Strategy	Outcome
Area of Focus 1: Communities Experience		
<i>Objective</i>		
People's experience at BCH is one where they are empowered in their health and wellbeing, feel welcomed and supported by our service, respected and listened to.	Improve client representation in Victorian Healthcare Experience Survey (VHES).	BCH piloted different approaches to engage clients who may not otherwise take part in the VHES. Strategies improved the return rate and representation of clients across services.
	Review community participation at the governance level.	A new Consumer Participation Sub-committee of the Board was established as recommended by the Governance Review.
Area of Focus 2: Service and program		
<i>Objective</i>		
BCH will provide accessible programs and services that are of a high standard, to the people who need them the most.	Identify systemic barriers to accessing services and pilot possible solutions.	BCH responses to clients known to have challenging behaviour were reviewed. A "pre-code management strategy" was developed to minimise presentation of challenging behaviour.
	Increase access to services for vulnerable populations: <ol style="list-style-type: none"> 1. Aboriginal and Torres Strait Islander populations. 2. People who are homeless, or at risk of homelessness. 	15% increase in number of Aboriginal & Torres Strait Islander clients registered at BCH. 1,304 clients in 2017-2018 compared to 1,128 in 2016-17 A health justice initiative with WHLS, 'Yarning Up' project, was developed and provided. A Lawyer and Aboriginal Community Development Worker support Aboriginal families who have legal issues around Child Protection. In partnership with oral health networks, BCH Dental Services developed a Priority Access Card to assist people who are homeless or at risk of homelessness access free dental care

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Directors' Report

30 June 2018

Strategic Goal & Objective	Strategy	Outcome
Area of Focus 3: Partnerships		
<p><i>Objective</i></p> <p>BCH will strategically align with partners to jointly develop solutions to complex issues.</p>	<p>Contribute to partnerships that strengthen the role of primary health services in acute health systems.</p>	<p>BCH are leading a local initiative in partnership with Austin Health and DHHS and other partners, aimed at reducing demand on hospital ED. The Behavioural Insights Project is a two year project funded by the Department of Premier and Cabinet. The research component is completed and a trial of interventions is in progress.</p> <p>In an application with regional partners, BCH was awarded the lead agency role to implement LIFT, the new stepped care model for mental health. Processes to support service provision and reporting have been developed and implemented.</p>
Area of Focus 4: Culture		
<p><i>Objective</i></p> <p>In a culture of learning for improvement, BCH invests in staff and volunteers who are valued, resourced and developed to meet our purpose.</p>	<p>Undertake an Internal Audit of IT and IT Security.</p> <p>Review the BCH Mandatory Staff Training Calendar and sources of training.</p>	<p>Dog & Bone consultants conducted a review of IT in 2017 and recommendations implemented in 2018, and Cybersecurity review conducted by DHHS in 2018.</p> <p>A review of the Mandatory training calendar led to allocation of clinical and corporate training requirements according to employment role and consistent reporting systems to line management. On-line learning options were improved.</p>
Area of Focus 5: Governance		
<p><i>Objective</i></p> <p>Strong governance supports our corporate, clinical and environmental responsibilities to ensure future sustainability.</p>	<p>Review BCH Governance structure 2017-18 Accreditation preparation and assessment in- Commonwealth Home Support Program (CHSP)</p> <p>National Standards for Quality Health Services; Stds.1-6 Dental Services (NSQHS)</p> <p>Quality Improvement Council Health & Community Services Standards (QIC)</p>	<p>Independent Governance review conducted by Governance Evaluator 2017/18 with recommendations Accreditation successfully achieved for CHSP and NSQHS Standards.</p> <p>QIC Self-Assessment Journals submitted and on-site assessment Sept 2018.</p>

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Directors' Report**30 June 2018****Members guarantee**

Banyule Community Health is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$1 for members that are corporations and \$1 for all other members, subject to the provisions of the Company's constitution.

At 30 June 2018 the collective liability of members was \$589 (2017: \$612).

Operating results

The surplus of the Company for the financial year amounted to \$1,389,209 (2017: \$984,646).

Meetings of directors

During the financial year, 26 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors	Directors' Meetings		Committee Meetings			
			Audit and Finance Committee		Client Services and Staffing Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John Ferraro	10	8	-	-	6	6
David McKenzie	10	10	10	10	-	-
Craig Trenfield	10	8	10	7	-	-
Anita Brown	10	8	10	8	-	-
Peter Ogden	10	8	10	8	-	-
Anthony O'Donnell	10	10	-	-	6	6
Melissa Russell	10	10	-	-	6	5
Chris Deakin	10	7	-	-	6	4
Michael Smith	10	10	-	-	6	5

The auditor's independence declaration for the year ended 30 June 2018 has been received.

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

Director: 
John Ferraro (Chair)

Director: 
Anita Brown

Dated this 27th day of September 2018



Lead Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of Banyule Community Health

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in 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.

KPMG

Amanda Bond
Partner
Melbourne

27 September 2018

Banyule Community Health

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Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2018

	Note	2018	2017
		\$	\$
Revenue	5 (a)	17,068,893	15,617,880
Gains/(losses) on financial assets		-	2,722
Employee benefits expense		(11,978,283)	(11,507,195)
Depreciation and amortisation expense	6	(255,999)	(209,846)
Client programs & medical expenses	6	(2,257,628)	(1,853,151)
Lease expenses		(61,068)	(101,340)
Motor vehicle & travel expenses		(44,148)	(59,392)
Repairs & maintenance expenses		(144,104)	(132,631)
Rental expenses		(75,029)	(61,157)
Minor equipment & software purchases		(50,931)	(61,543)
Printing & stationery expenses		(200,665)	(211,977)
Cleaning expenses		(107,802)	(113,506)
Other expenses		(695,748)	(535,726)
Finance Revenue	5 (b)	205,646	216,325
Finance costs	6	(13,925)	(4,817)
Surplus/(loss) from operations	16	1,389,209	984,646
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		1,389,209	984,646

The accompanying notes form part of these financial statements.

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Statement of Financial Position**As At 30 June 2018**

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	4,244,943	2,464,288
Trade and other receivables	8	563,927	585,959
Other financial assets	9	3,735,988	3,101,240
Other assets	10	35,697	22,896
TOTAL CURRENT ASSETS		8,580,555	6,174,383
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,959,152	1,870,939
TOTAL NON-CURRENT ASSETS		1,959,152	1,870,939
TOTAL ASSETS		10,539,707	8,045,322
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	1,571,450	1,096,375
Employee benefits	14	1,743,820	1,460,286
Other liabilities	15	1,628,178	1,127,170
TOTAL CURRENT LIABILITIES		4,943,448	3,683,831
NON-CURRENT LIABILITIES			
Employee benefits	14	441,759	596,200
TOTAL NON-CURRENT LIABILITIES		441,759	596,200
TOTAL LIABILITIES		5,385,207	4,280,031
NET ASSETS		5,154,500	3,765,291
EQUITY			
Retained earnings	16	5,154,500	3,765,291
TOTAL EQUITY		5,154,500	3,765,291

The accompanying notes form part of these financial statements.

Banyule Community Health

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Statement of Changes in Equity**For the Year Ended 30 June 2018****2018**

	Note	Retained Earnings	Total
		\$	\$
Balance at 1 July 2017	16	3,765,291	3,765,291
Net surplus/(deficit) for the year	16	1,389,209	1,389,209
Balance at 30 June 2018	16	5,154,500	5,154,500

2017

	Note	Retained Earnings	Total
		\$	\$
Balance at 1 July 2016	16	2,780,645	2,780,645
Net surplus/(deficit) for the year	16	984,646	984,646
Balance at 30 June 2017	16	3,765,291	3,765,291

The accompanying notes form part of these financial statements.

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Statement of Cash Flows

For the Year Ended 30 June 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from clients and government grants		17,675,940	15,868,472
Payments to suppliers and employees GST inclusive		(15,024,039)	(14,445,595)
Dividends received		103,278	63,755
Interest received		50,353	53,769
Finance costs		(13,925)	(4,817)
Net cash provided by (used in) operating activities	19(b)	2,791,607	1,535,584
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net acquisitions of financial assets		(661,714)	(1,555,967)
Proceeds from sale of property, plant and equipment		-	15,150
Purchase of property, plant and equipment		(349,238)	(273,169)
Net cash provided by/(used in) investing activities		(1,010,952)	(1,813,986)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		-	(17,832)
Net cash used in financing activities		-	(17,832)
Net increase (decrease) in cash and cash equivalents held		1,780,655	(296,234)
Cash and cash equivalents at beginning of financial year		2,464,288	2,760,521
Cash and cash equivalents at end of financial year	19(a)	4,244,943	2,464,288

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements**For the Year Ended 30 June 2018****2 Summary of Significant Accounting Policies (continued)**

The financial report covers Banyule Community Health as an individual entity. Banyule Community Health is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

1 Basis of Preparation

In the opinion of the directors, the Company is not publicly accountable.

The financial statements are tier 2 general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, adopted by authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

The functional and presentation currency of Banyule Community Health is Australian dollars. The financial report was authorised for issue on **27 September 2018** by the Board of Directors.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

Rounding

All amounts shown in the financial statements are expressed to the nearest \$1 unless otherwise stated.

Comparative Information

Where necessary, the previous year's figures have been reclassified to facilitate comparison.

2 Summary of Significant Accounting Policies***Critical Accounting Estimates and Judgments***

In preparing this financial report, directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Property, Plant and Equipment

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

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

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Notes to the Financial Statements**For the Year Ended 30 June 2018****2 Summary of Significant Accounting Policies (continued)****(b) Property, Plant and Equipment (continued)****Land and buildings**

Land and buildings are measured using the cost model. Freehold land and buildings that have been contributed at nil or nominal consideration have been recorded at the acquisition date fair value.

Plant and equipment

Plant and equipment are measured using the cost model. 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

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings/Leasehold Improvements	5%
Plant and Equipment	20%
Furniture, Fixtures and Fittings	10%
Motor Vehicles	12.5%
Computer Equipment	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

(c) Leases**Company as Lessee**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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Notes to the Financial Statements**For the Year Ended 30 June 2018****2 Summary of Significant Accounting Policies (continued)****(c) Leases****Company as Lessee (continued)**

Leased assets are depreciated on a straight-line basis over their estimated useful lives when it is likely that the Company will obtain ownership of the asset or over the term of the lease. Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial instruments**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to 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 are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

(i) Financial assets at fair value through profit or loss – investments (hybrid securities), note 9

Financial assets are elected to be classified at 'fair value through profit or loss' to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy.

Such assets are subsequently measured at fair value determined by reference to the ASX market value at the close of business on balance date with changes in carrying value being included in profit or loss

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

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Notes to the Financial Statements**For the Year Ended 30 June 2018****2 Summary of Significant Accounting Policies (continued)****(d) Financial instruments (Continued)***(iii) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired.

The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is any evidence of impairment for its non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated. The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

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Notes to the Financial Statements**For the Year Ended 30 June 2018****2 Summary of Significant Accounting Policies (continued)****(f) 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 before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee benefits

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

Other long term employee benefits (Continued)

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

Other long-term employee benefits

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

Defined contribution schemes

All employees of the Company receive defined contribution superannuation entitlements, for which the Company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable.

The Company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period.

All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Company's statement of financial position.

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Notes to the Financial Statements**For the Year Ended 30 June 2018****2 Summary of Significant Accounting Policies (continued)****(g) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position. Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(j) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied. Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates. All revenue is stated net of the amount of goods and services tax (GST).

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, 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.

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. The Company receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value.

These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

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Notes to the Financial Statements**For the Year Ended 30 June 2018****2 Summary of Significant Accounting Policies (continued)****(j) Revenue and other income (cont'd)****Donations/Bequests**

Donations and bequests are recognised as revenue when received.

Finance income and finance costs

The Company's finance income and finance costs include:

- Interest income and expense
- Dividend income
- Net gain or loss on financial assets at fair value through profit or loss

Impairment losses recognised on financial assets (other than trade receivables) and interest income or expenses is recognised using the effective interest method. Dividend income is recognised in the profit or loss on the date the company's right to receive it is established.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

(k) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date and does not expect to settle the liability for at least 12 months after the reporting date.

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Notes to the Financial Statements**For the Year Ended 30 June 2018****2 Summary of Significant Accounting Policies (continued)****(l) Economic dependence**

Banyule Community Health is dependent on grant funding, the majority of which came from State, Federal and local sources to operate the business. At the date of this report the directors have no reason to believe these sources of grant funding will not continue to support Banyule Community Health.

(m) Intangible Assets**Software**

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It is amortised at a rate of 20% per annum.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Fair value of assets and liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. "Fair value" is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie 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 (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the Company at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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

(o) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

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Notes to the Financial Statements**For the Year Ended 30 June 2018****2 Summary of Significant Accounting Policies (continued)****(p) New Accounting Standards and Interpretations**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

(p) New Accounting Standards and Interpretations (Continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from contracts with customers	Annual reporting periods beginning on or after 1 January 2019	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.	The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements, however the quantification of any change is yet to be determined.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15			
AASB 2015-8 Amendments to Australian Accounting Standards – Effective date of AASB 15			
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15			
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-profit entities			
AASB 2016-18 Amendment to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit entities		Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.	

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Notes to the Financial Statements**For the Year Ended 30 June 2018****2 Summary of Significant Accounting Policies (continued)****(p) New Accounting Standards and Interpretations (Continued)**

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2018	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	No impact on reported financial performance or position is expected.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9			
AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9			
AASB 16 Leases	Annual reporting period beginning on or after 1 January 2019	<p>AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet.</p> <p>The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments.</p> <p>A corresponding right to use asset will be recognised which will be amortised over the term of the lease.</p> <p>Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.</p>	<p>Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating leases which we anticipate will be brought onto the statement of financial position.</p> <p>Interest and amortisation expense will increase and rental expense will decrease.</p>

3. Critical Accounting Estimates and Judgments

In preparing this financial report, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Key estimates - impairment of property, plant and equipment and financial assets

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

4 Remuneration of Auditors

	2018 \$	2017 \$
Remuneration of the auditor of the Company, for:		
- auditing or reviewing the financial report	13,500	12,500
- other services	-	8,000
Total remuneration of auditor	13,500	20,500

5 (a) Revenue and Other Income

	Note	2018 \$	2017 \$
Patient fees		2,196,289	2,322,415
Rent		104,482	109,195
Government grants		13,808,640	12,195,656
Donations		7,491	9,463
Other revenue		951,991	981,151
Total revenue		17,068,893	15,617,880

5 (b) Finance revenue

Dividend income	182,259	63,918
Unrealised gain / (loss)	(26,966)	98,638
Interest	50,353	53,769
Total finance revenue	205,646	216,325

6 Expenses

	2018 \$	2017 \$
Depreciation and Amortisation		
Depreciation - Buildings	75,840	70,028
Depreciation - Plant and equipment	87,505	64,507
Depreciation - Furniture, fixtures and fittings	39,633	32,896
Depreciation - Motor vehicles	12,891	14,891
Depreciation - Computer equipment	40,130	22,522
Amortisation - Other intangibles	-	5,002
Total Depreciation and Amortisation	255,999	209,846

Finance Costs

Financial institutions	13,925	4,817
Client programs & medical expenses	2,257,628	1,737,461
Loss on disposal of property, plant and equipment	5,026	31,845

Banyule Community Health

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Notes to the Financial Statements

For the Year Ended 30 June 2018

7 Cash and cash equivalents

	2018	2017
	\$	\$
Cash on hand	881	928
Cash at bank	2,712,974	963,360
Deposits at call	1,531,088	1,500,000
Total cash and cash equivalents	4,244,943	2,464,288

8 Trade and other receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	280,076	370,084
Other receivables	208,165	192,204
Franking credits	75,686	23,671
Total current trade and other receivables	563,927	585,959

(a) Provision for Impairment of receivables

Current trade receivables are generally on 30 day terms. These receivables are assessed for recoverability and a provision for impairment is recognised when there is objective evidence that an individual trade receivable is impaired. There was no provision for impairment raised as at 30 June 2018 and 30 June 2017.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

9 Other financial assets

	2018	2017
	\$	\$
CURRENT		
Financial assets at fair value through profit or loss:		
- Listed investments (at fair value)	3,735,988	3,101,240
Total current other financial assets	3,735,988	3,101,240

Management has designated these financial assets at fair value through the profit and loss. They consist of hybrid securities and meet the conditions of AASB 139 par.12. The financial assets are managed and evaluated on a fair value basis in accordance with the investment strategy and information presented to key management personnel on this basis.

10 Other assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	35,697	22,896
Total current other assets	35,697	22,896

Banyule Community Health

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Notes to the Financial Statements**For the Year Ended 30 June 2018****11 Property, plant and equipment**

	2018	2017
	\$	\$
Land and building		
At cost	2,192,950	1,975,899
Accumulated depreciation	(733,287)	(657,447)
Total land and buildings	1,459,663	1,318,452
Plant and equipment		
At cost	401,370	486,661
Accumulated depreciation	(210,057)	(240,025)
Total plant and equipment	191,313	246,636
Furniture, fixture and fittings		
At cost	413,636	404,403
Accumulated depreciation	(302,298)	(264,355)
Total furniture, fixture and fittings	111,338	140,048
Motor vehicles		
At cost	103,130	103,130
Under lease	-	-
Accumulated depreciation	(32,968)	(20,077)
Total motor vehicles	70,162	83,053
Computer equipment		
At cost	215,382	205,979
Accumulated depreciation	(88,706)	(123,229)
Total computer equipment	126,676	82,750
Total property, plant and equipment	1,959,152	1,870,939

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Notes to the Financial Statements

For the Year Ended 30 June 2018

11 Property, plant and equipment (continued)

(a) Movements in Carrying Amounts

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

	Land and Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2017						
Balance at the beginning of year	1,318,452	246,636	140,048	83,053	82,750	1,870,939
Additions	217,051	32,804	15,327	-	84,056	349,238
Disposals - written down value	-	(622)	(4,404)	-	-	(5,026)
Depreciation expense	(75,840)	(87,505)	(39,633)	(12,891)	(40,130)	(255,999)
Balance at the end of the year	1,459,663	191,313	111,338	70,162	126,676	1,959,152

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Notes to the Financial Statements**For the Year Ended 30 June 2018****12 Intangible Assets**

	2018	2017
	\$	\$
Other intangibles		
Cost	-	25,078
Accumulated amortisation and impairment	-	(25,078)
Net carrying value	<u>-</u>	<u>-</u>
Total Intangibles	<u><u>-</u></u>	<u><u>-</u></u>

(a) Movements in carrying amounts of intangible assets

	Other Intangibles	Total
	\$	\$
Year ended 30 June 2018		
Balance at the beginning of the year	5,002	5,002
Amortisation	(5,002)	(5,002)
Closing value at 30 June 2018	<u><u>-</u></u>	<u><u>-</u></u>

13 Trade and other payables

	2018	2017
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	527,581	200,983
Sundry payables and accrued expenses	1,043,869	895,392
Total current trade and other payables	<u><u>1,571,450</u></u>	<u><u>1,096,375</u></u>

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Notes to the Financial Statements**For the Year Ended 30 June 2018****14 Employee benefits**

	2018	2017
	\$	\$
CURRENT		
Long service leave	881,059	678,200
Annual leave	862,761	782,086
Total current employee benefits	1,743,820	1,460,286
NON-CURRENT		
Long service leave	441,759	596,200

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

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

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

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 2(f).

15 Other liabilities

	2018	2017
	\$	\$
CURRENT		
Grants received in advance	1,628,178	1,127,170
Total current other liabilities	1,628,178	1,127,170

16 Retained Earnings

	2018	2017
	\$	\$
Retained earnings at the beginning of the financial year	3,765,291	2,780,645
Net surplus/(deficit) for the year	1,389,209	984,646
Retained earnings at end of the financial year	5,154,500	3,765,291

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Notes to the Financial Statements**For the Year Ended 30 June 2018****17 Financial Risk Management**

The Company's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable, and interest bearing liabilities.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 \$	2017 \$
Financial Assets			
Cash and cash equivalents	7	4,244,943	2,464,288
Trade and other receivables	8	563,927	585,959
Financial assets at fair value through profit or loss:			
- listed investments	9	3,735,988	3,101,240
Total financial assets		8,544,858	6,151,487
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	13	1,571,450	1,096,375
Total financial liabilities		1,571,450	1,096,375

None of the Company's financial instruments are recorded at fair value subsequent to initial recognition.

18 Key Management Personnel Disclosures

The total remuneration paid during the year to key management personnel, including other benefits, of the Company is \$899,499 (2017: \$1,024,257).

Directors are not paid any remuneration; rather they are reimbursed for costs incurred in discharging their duties as directors. No services were rendered to the Company during the year (2017: NIL) by the Directors and/or their related parties (an entity in which the Director is a member/shareholder/director, or with a company in which the Director has a substantial financial interest).

19 Cash Flow Information**(a) Reconciliation of cash**

	Note	2018 \$	2017 \$
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents	7	4,244,943	2,464,288
Balance as per statement of cash flows		4,244,943	2,464,288

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Notes to the Financial Statements**For the Year Ended 30 June 2018****19 Cash Flow Information (Continued)****(b) Reconciliation of result for the year to cashflows from operating activities**

Net surplus/(deficit) for the year	1,389,209	984,646
Non-cash flows in surplus/(deficit):		
- amortisation	-	5,002
- depreciation	255,999	204,844
- loss on disposal of property, plant and equipment	5,026	31,844
- unrealised (gains)/losses on investments	26,966	(98,638)
Changes in assets and liabilities, net of the effects of acquisition:		
- (increase)/decrease in trade and other receivables	22,032	(368,740)
- (increase)/decrease in other assets	(12,801)	41,127
- increase/(decrease) in trade and other payables	475,075	326,166
- increase/(decrease) in grants received in advance	501,008	584,602
- increase/(decrease) in employee benefits	129,093	(175,269)
Cashflow from operations	2,791,607	1,535,584

20 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstandings and obligations of the Company.

At 30 June 2018 the number of members was 589 (2017: 612).

21 Contingent Liability

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018 (30 June 2017: None).

22 Capital and Leasing Commitments**Operating Lease Expense**

	2018	2017
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	102,390	92,205
- later than one year and not later than five years	91,816	95,773
Total operating lease commitments – payments	194,206	187,978

The Company is party to a number of operating leases in respect of premises and motor vehicles. Increases in property lease commitments may occur in line with CPI. They all have varying terms and conditions.

23 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly 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 financial years.

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Notes to the Financial Statements**For the Year Ended 30 June 2018****24 Fair Value Measurement**

The Company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

30 June 2018	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss:					
- Investment in listed convertible notes and preference shares	9	3,735,988	-	-	3,735,988
30 June 2017					
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss:					
- Investment in listed convertible notes and preference shares	9	3,101,240	-	-	3,101,240

For investments in listed shares, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

25 Company Details

The registered office of the Company is:
 Banyule Community Health
 21 Alamein Road
 West Heidelberg Victoria 3081

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Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 31, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2012*; and
 - b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Company.
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 made in accordance with a resolution of the Board of Directors.

Director: 
 John Ferraro (Chair)

Director: 
 Anita Brown

Dated this 27th day of September 2018



Independent Auditor's Report

To the Directors of Banyule Community Health

Opinion

We have audited the **Financial Report** of Banyule Community Health (the Company).

In our opinion, the accompanying **Financial Report** of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2018, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2018.
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Banyule Community Health's

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annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the ACNC.
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- Assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

Undertaking an audit in accordance with *Australian Auditing Standards*, means exercising professional judgment and maintaining professional scepticism throughout the audit.

We also:



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

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

KPMG

Amanda Bond

Partner
Melbourne
21 September 2018



Contact 2018



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