Annual Financial Report

Financial Report for the year ended 30 June 2020

Banyule Community Health ACN 135 660 454

Banyule Community Health

2020

Banyule Community Health

ACN 135 660 454

Contents

Banyule Community Health
Directors' report
For the year ended 30 June 2020

The Board of Directors of Banyule Community Health Limited presents its report together with the financial report of the Company for the financial year ended 30 June 2020 and auditors' report thereon.

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

Chris Deakin

Qualifications	Bachelor of Economics, Diploma Financial Services (Financial Planning), Graduate Australian Institute of Company Directors
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 Executive Manager, Distribution at LUCRF Super. Chris joined the BCH Board of Directors in October 2013. She has recently completed the Women's Leadership Program with Leadership Victoria.
Special responsibilities	Chair of the BCH Board of Directors; Member of the Finance and Investment 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 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	Treasurer of the BCH Board of Directors; Chair of the Finance and Investment Committee; Member of the Audit and Risk Committee.

Anthony O'Donnell

Qualifications	Bachelor of Nursing (Honours) and a Masters of Health Administration.
Experience	Anthony is a Divisional Director of Nursing and Operations at The Royal Melbourne Hospital. His background is as a registered nurse specialising in oncology and haematology and he is also experienced in managing health sector capital projects. Anthony has significant experience working in the acute health sector in clinical, project management and operational management roles. 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	Deputy Chair of the BCH Board of Directors, Chair of the Clinical Governance Committee.

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Information on directors (continued)

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	Member of the Audit and Risk Committee; Member of the Clinical Governance Committee.

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 is a partner at one of Australia's leading intellectual property law firms and has previously worked as a journalist. Anita has expertise in dealing with community and government organisations as well as research institutes, universities and SMEs to protect, commercialise and enforce intellectual property rights. Anita also regularly writes and presents to various audiences on IP issues. 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	Chair of the Audit and Risk Committee; Member of the Community Participation 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	Chair Community Participation Committee; Member of the Finance & Investment Committee.

Dr Melissa Russell

Qualifications	PhD, Bachelor of Physiotherapy
Experience	Melissa's background is as a physiotherapist and she now works at the University of Melbourne as a Senior Lecturer in Epidemiology and Coordinator of the Master of Public Health course. 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 education predominately. She also undertakes public health research, focusing on the areas of asthma and respiratory health, physical activity and mental health. Melissa is also a member of the Australian Institute of Company Directors.
Special responsibilities	Member of the Clinical Governance Committee.

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Information on directors (continued)

Michael Smith

Qualifications	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 has professional experience in youth work, homelessness, local government, community development, health justice and management. Michael is currently the CEO of Eastern Community Legal Centre, a former Chair of the National Association of Community Legal Centre's and the current Chair of NACLC's knowmore program, a national community legal centre offering legal advice and information for people considering telling their story or providing information to the Royal Commission into Institutional Responses to Child Sexual Abuse. Michael joined the Banyule Community Health Board of Directors in 2015.
Special responsibilities	Member of the Audit and Risk Committee; Member of the Community Participation 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) 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.

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 2020 the collective liability of members was $517 (2019: $549).

Operating results
The surplus of the Company for the financial year amounted to $286,288 (2019: $1,383,323).

COVID-19
The COVID-19 pandemic has created unprecedented economic uncertainty. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Banyule Community Health, its operations, its future results and financial position.

In response, Banyule Community Health introduced telehealth services, reduced operating hours of our West Heidelberg site and closed our Greensborough site for for periods of time due to restrictions in place, purchased protective personal equipment, performed COVID-19 testing on behalf of government and implemented work from home arrangements where appropriate.

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Directors' report
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Information on directors (continued)

Meetings of directors
During the financial year, 32 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors	Directors Meetings		Committee Meetings							
			Finance & Investment Committee		Audit and Risk Committee		Clinical Governance Committee		Community Participation Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
John Ferraro	10	8	2	2	3	3	4	4		
Craig Trenfield	11	10	10	9	4	3				
Peter Ogden	11	10	10	10					3	2
Chris Deakin	11	11	10	9						
Michael Smith	10	10			4	4			2	1
Melissa Russell	11	9					4	4		
Anthony O'Donnell	11	10					4	4		
Anita Brown	9	9			3	3			1	1

The auditor's independence declaration for the year ended 30 June 2020 has been received.

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

Director: ……………………………………………
Chris Deakin (Chair)

Director: …………………………………………………
Craig Trenfield (Treasurer)

Dated this 13th day of November 2020.

Banyule Community Health

(A company limited by guarantee and registered with the ACNC)

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Note	2020	2019
Revenue	4	19,340,074	19,147,901
Employee benefits expense		(15,519,468)	(13,896,542)
Depreciation and amortisation expense	5(a)	(329,861)	(261,797)
Client programs & medical expenses		(1,762,063)	(2,671,350)
Motor vehicle & travel expenses		(49,566)	(93,956)
Repairs & maintenance expenses		(242,246)	(285,496)
Equipment purchases		(33,819)	(55,874)
Printing & stationery expenses		(189,950)	(192,734)
Other expenses		(871,760)	(712,927)
Finance Revenue	4	279,768	428,657
Finance costs	5(b)	(334,821)	(22,560)
Surplus from operations	18	286,288	1,383,323
Other comprehensive income			
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		-	-
Total comprehensive income for the year		286,288	1,383,323

The accompanying notes form part of these financial statements.

Banyule Community Health

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Statement of financial position

As at 30 June 2020

	Note	2020	2019
Assets			
Cash and cash equivalents	6	4,135,622	3,455,965
Trade and other receivables	8	917,853	604,260
Contract assets	7	360,027	-
Other financial assets	9	5,038,100	5,321,102
Other assets	10	23,665	111,342
Total Current Assets		10,475,267	9,492,669
Property, plant and equipment	11	1,919,394	1,952,013
Right of use assets	12	121,196	-
Intangible assets	13	93,983	-
Total Non-Current Assets		2,134,573	1,952,013
Total Assets		12,609,840	11,444,682
Liabilities			
Trade and other payables	14	1,597,591	1,628,702
Employee benefits	15	2,088,027	1,811,512
Contract liabilities	16	1,474,267	1,104,906
Lease liabilities	17	62,877	-
Total Current Liabilities		5,222,762	4,545,120
Employee benefits	15	504,017	361,739
Lease liabilities	17	58,950	-
Total Non-Current Liabilities		562,967	361,739
Total Liabilities		5,785,729	4,906,859
Net Assets		6,824,111	6,537,823
Equity			
Retained earnings	18	6,824,111	6,537,823
Total Equity		6,824,111	6,537,823

The accompanying notes form part of these financial statements.

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Statement of changes in equity

For the year ended 30 June 2020

2020

	Note	Retained Earnings	Total
Balance at 1 July 2019		6,537,823	6,537,823
Net surplus/(deficit) for the year		286,288	286,288
Balance at 30 June 2020	18	6,824,111	6,824,111

2019

	Note	Retained Earnings	Total
Balance at 1 July 2018		5,154,500	5,154,500
Net surplus/(deficit) for the year		1,383,323	1,383,323
Balance at 30 June 2019	18	6,537,823	6,537,823

The accompanying notes form part of these financial statements.

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Statement of cash flows

For the year ended 30 June 2020

	Note	2020	2019
Cash flows from operating activities:			
Receipts from clients and government grants		19,108,085	18,654,160
Payments to suppliers and employees		(18,193,512)	(17,939,600)
Dividends received		190,701	177,702
Interest received		21,150	57,034
Finance costs		(30,907)	(22,560)
Net cash provided by operating activities	21(b)	1,095,517	926,736
Cash flows from investing activities:			
Proceeds from sale of investments		1,649,073	-
Acquisitions of investments		(1,669,986)	(1,461,055)
Proceeds from sale of property, plant and equipment		31,142	-
Payments for intangible assets		(104,872)	-
Acquisitions of property, plant and equipment		(258,211)	(254,658)
Net cash (used in) investing activities		(352,854)	(1,715,713)
Cash flows from financing activities:			
Payment of lease liabilities		(63,006)	-
Net cash used in financing activities		(63,006)	-
Net increase (decrease) in cash and cash equivalents held		679,657	(788,977)
Cash and cash equivalents at beginning of financial year		3,455,965	4,244,942
Cash and cash equivalents at end of financial year	21(a)	4,135,622	3,455,965

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the year ended 30 June 2020

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

Statement of compliance

In the opinion of the directors, these financial statements are Tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board (AASBs) (including Australian Interpretations) and the Australian Charities and Not-For-Profit Commission Act 2012. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

Changes to significant accounting policies are described in Notes 3. This is the first set of the Company's annual financial statements in which AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income of Not-for-Profit Entities have been applied.

Basis of accounting preparation and measurement

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

The financial statements are prepared on a going concern basis. These financial statements are presented in Australian dollars, the functional and presentation currency of Banyule Community Health.

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.

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.

Significant accounting policies

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

2 Summary of Significant Accounting Policies

(a) Expenses

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

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Notes to the Financial Statements

For the year ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(a) Expenses (continued)

Employee expenses

Employee expenses include:

- salaries and wages
- associated on-costs
- leave expenses
- termination payments
- superannuation expenses (i.e. employer contributions)
- fringe benefits tax
- work cover premium

Supplies and consumables

Suppliers and consumables are recognised as an expense in the reporting period in which they are incurred.

(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.

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%
Intangibles	20%
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.

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Notes to the Financial Statements

For the year ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(c) Financial instruments

Initial recognition and measurement

Trade receivables issued are initially recognized when they are originated. All other 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).

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Financial instruments classified 'at fair value through profit or loss' transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Financial assets are elected to be classified at 'fair value through 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.

(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.

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Notes to the Financial Statements

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2 Summary of Significant Accounting Policies (continued)

(c) Financial instruments (continued)

Financial assets – Business model assessment
The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument.

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit or loss.

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Notes to the Financial Statements

For the year ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(c) Financial instruments (continued)

Impairment

The Company recognises loss allowance for Estimated Credit Loss (ECLs) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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2 Summary of Significant Accounting Policies (continued)

(c) Financial instruments (continued)

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. 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.

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.

(d) 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 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.

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Notes to the Financial Statements

For the year ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(d) Employee benefits (Continued)

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.

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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

Banyule Community Health

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Notes to the Financial Statements

For the year ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(i) 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.

(j) 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.

(k) New accounting standards and interpretations

The Company has not elected to early adopt any standards, amendments to standards and interpretations available for early adoption at reporting date.

(l) 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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For the year ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(m) Revenue

Revenue includes fee income, donations and grant funding. Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

- Donations and fee income are recognised on a cash received basis.
- Government grant revenue and specified funding is accounted for as noted below.
- All other revenue is recognised as it accrues.

Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15 and AASB 1058 (applicable from 1 January 2019)	Revenue recognition before 1 January 2019 by the Company
Government grant income		
The Company's government agreements are enforceable contracts with specific outcome and performance obligations. Invoices are usually payable within 30 days.	Revenue is recognised in proportion to the stage of completion of the transaction as at the reporting date and in connection to costs incurred. The remaining amount is recognised as a contract liability.	Revenue is recognised in proportion to the stage of completion of the transaction as at the reporting date and in connection to costs incurred. The remaining amount is recognised deferred revenue.
Other grant income		
The Company's other grant agreements are enforceable contracts with specific outcome and performance obligations. Invoicing is usually based on contractual milestones and normally payable within 30 days.	Revenue is recognised in proportion to the stage of completion of the transaction as at the reporting date and in connection to costs incurred. The remaining amount is recognised as a contract liability.	Revenue was recognised in proportion to the stage of completion of the transaction as at the reporting date and in connection to costs incurred. The remaining amount was classified as deferred revenue.
Fee income		
Fees which are received without associated performance obligations.	Revenue is recognised when services are provided.	Revenue is recognised as services are provided.
Other income and charges		
Other charges which are received without associated performance obligations.	Revenue is recognised when services are provided.	Revenue is recognised as services are provided.
Rental Income		
Rental income with associated contractual arrangements.	Revenue is recognised when services are provided.	Revenue is recognised as services are provided.
Donations		
Received both with and without associated performance obligations.	Revenue is recognised upon receipt.	Revenue is recognised upon receipt.

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Notes to the Financial Statements

For the year ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(m) Revenue (continued)

Contract balances

The following table provides information about, contract assets and contract liabilities from contracts with customers.

	Note	2020
Contract assets	7	360,027
Contract liabilities	16	1,474,267

Grant income and specified funding

Government grant income is recognised when the invoice is raised in accordance with the grant conditions (which occurs in the same year the service is provided by the Company). The corresponding grant expenditure incurred by the Company is recognised in profit or loss in the same period when the given revenue is recognised, and accrued for when there are residual funds which are committed or required to be refunded or re-distributed under the grant contract.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Banyule Community Health has an unconditional right to receive the cash which usually coincides with receipt of cash.

On initial recognition of the asset, the Banyule Community Health recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue (`related amounts') in accordance with other Australian Accounting Standards.

Related amounts may take the form of:

a) contributions by owners, in accordance with AASB 1004:
b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15:
c) a lease liability in accordance with AASB 16;
d) a financial instrument, in accordance with AASB 9; or
e) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Contract liabilities

Specified funding is recognised initially as contract liabilities when there is reasonable assurance that it will be received and that the Company will comply with the conditions associated with the grant.

Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

Finance income and finance costs

Finance income comprises interest income on funds invested, fair value gains on financial assets at fair value through profit or loss, dividend distributions and imputation credits on funds invested. Interest income is recognised as it accrues in the profit and loss, using the effective interest method. Finance costs comprise fair value losses on financial assets at fair value through profit or loss and investment management fees (except for impairment on trade receivables).

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Notes to the Financial Statements

For the year ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(m) Revenue (continued)

Finance income and finance costs (continued)

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.

Donations and bequests
Donations and bequests are recognised as revenue when received.

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.

(n) Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

The details of accounting policies under IAS17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019
At inception of a contract, the Company determines whether is, or contains, a lease. A contract is, or contains, a lease is the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. The policy is applied to contracts entered into, on or after 1 July 2019.

At commencement or on modification of a contract that contains a lease component the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the lease of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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For the year ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(n) Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payment, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date;
- Amounts expected to be payable undue a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonable to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonable certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, is the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company present the right-of use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in loans and borrowings in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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Notes to the Financial Statements

For the year ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(n) Leases (continued)

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the Company determined whether the arrangement was or contained a leased based on the assessment whether:

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets
- The arrangement had conveyed a right to use the asset; and an arrangement conveyed the right to use the asset is one of the following was met:
  - The purchaser has the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - The purchaser has the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - Facts and circumstances indicated that it was removed that other parties would take more than an insignificant amount of the output and the price per unit was neither fixed per unit of output to the current market price per unit of output

As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases, When this was the case the leased assets were measured initially at an amount equal to the lower o their fair value and the present value of the minimum leases payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to the asset.

Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating lease were recognised in profit or loss on a straight-line basis over the term of lease. Lease incentives received were recognised as an integral part of total lease expense, over the term of the lease.

As a lessor

When the Company acted a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Company made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, the lease was a finance lease; if not, then it was an operating lease.

As part of this assessment, the Company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

(o) Income tax

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

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Notes to the Financial Statements

For the year ended 30 June 2020

3. Changes in accounting policy

Except for the changes as outlined at note 3 below, the Company has consistently applied the accounting policies set out in Note 2 to all periods presented in these financial statements.

(a) AASB 15 *Revenue from Contracts with Customers*

The Company has initially applied AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for Profit Entities and AASB 16 Leases, including any consequential amendments to other standards, from 1 July 2019.

A number of other new standards are also effective from 1 July 2019 but they do not have a material effect on the Company's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information has not been provided with no material changes to reporting.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 Revenue, AASB 111 Construction Contracts and related interpretations.

Under AASB 15, revenue is recognised when a customer obtains control of the goods or services.

Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company has adopted AASB 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application.

Accordingly, the information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under AASB 118, AASB 1004, AASB 111 and related interpretations.

Additionally, the disclosure requirements in AASB 15 have not generally been applied to comparative information.

The following table summarises the impact, net of tax, on transition to AASB 15 on the:

- Company's statement of financial position as at 30 June 2020 and
- Statement of profit or loss for the year then ended for each of the line items affected.

There was no material impact on the Company's statement of cash flows for the year ended 30 June 2020.

Impact on the statement of financial position

30 June 2020	Note	As reported	Adjustments	Amounts without adoption of AASB 15
Assets				
Contract assets	7	360,027	(360,027)	-
Trade and other receivables	8	917,853	360,027	1,277,880
Total assets		12,609,840	-	12,609,840
Liabilities				
Contract liabilities	16	1,474,267	(1,474,267)	-
Deferred revenue	16	-	1,474,267	1,474,267
Total liabilities		5,785,729	-	5,785,729
Total equity		6,824,111	-	6,824,111

There is no impact on 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 2020

3 Changes in accounting policy (continued)

(a) AASB 15 *Revenue from contracts with customers (continued)*

(i) **Contracts with funds paid in advance**

In 2019, revenue for these agreements were recognised when services had been delivered under the contractual requirements. These requirements include timeframes and delivery outputs. Revenue received in advance of service delivery was classified as deferred revenue. Under AASB 15, the Company's treatment of revenue has not changed but the deferred revenue balance has been reclassified to Contract Liabilities.

(ii) **Other service agreements with unbilled amounts**

In 2019, revenue for other service contracts was recognised when services had been delivered under the unique contractual requirements. In instances where the income remained outstanding for services delivered, the associated revenue was recognised in sundry receivables. Under AASB 15, the Company's treatment of revenue has not changed but the trade and other receivables balance has been reclassified to Contract Assets.

(b) AASB 1058 *Income of Not-for-Profit Entities*

AASB 1058 replaces the income recognition requirements relating to private sector NFP entities, as well as the majority of income recognition requirements relating to public sector NFP entities previously reflected in AASB 1004 Contributions for financial years beginning 1 January 2019 onwards.

AASB 1058 establishes principles for NFP entities that apply specifically to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP entity to further its objectives and to volunteer services received.

The accounting guidance applied is driven by whether the agreement is enforceable and contains performance obligations, NFP entities will determine which standard is applicable for each individual agreement. After a detailed assessment, there are no significant impacts relating to the application of this accounting standard.

(c) AASB 16 Leases

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

i. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 2 (o).

On transition to AASB 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases.

The Company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

Banyule Community Health

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Notes to the Financial Statements

For the year ended 30 June 2020

3 Changes in accounting policy (continued)

(c) AASB 16 Leases (continued)

ii. As a lessee

As a lessee, the Company leases assets including motor vehicles and IT equipment. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company.

Under AASB 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet. At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Concessionary lease

Banyule Community Health has elected to measure a right-of-use assets arising under 'concessionary leases' at cost, in accordance with AASB 16 paragraph 23-25, which incorporates the amount of the initial measurement of the lease liability. Banyule Community Health entered into a concessionary lease for the 21 Alamein Road West Heidelberg site to provide for the provision of health, welfare, services and also to provide for staff offices.

Banyule Community Health transferred the ownership of the site to the state of Victoria, in return for funding to construct the leased building and support its fit out. In return for this investment Banyule Community Health receives a concessionary lease at $104 per annum for a term of 20 years with a further 20-year option. The use of the space is restricted to health and welfare purposes

Leases classified as operating lease under IAS 17

Previously, the Company classified motor vehicle leases as operating leases under IAS 17. On transition for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2019.

Right-of-use assets are measured at either:

- Their carrying amount as if AASB 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application: the Company applied this approach to its property lease; or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all other leases.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The company has used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under IAS 17. In particular, the Company

- Did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- Did not recognise right-of-use assets and liabilities for leases of low value assets;
- Excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
- Used hindsight when determining the lease term.

Leases classified as finance leases under IAS 17

The Company did not have any leases classified as finance leases under IAS 17.

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Notes to the Financial Statements

For the year ended 30 June 2020

3 Changes in accounting policy (continued)

(c) AASB 16 Leases (continued)

(iii) As a lessor

The Company sub-leased rooms on a short-term basis at both of its properties. Under IAS 17, the Company has classified these leases as operating leases. The Company assessed the classification of sub-lease contracts and concluded they were operating leases under AASB 16.

(d) Impact on transition

On transition to AASB 16, the Company recognised additional right-of-use assets, including motor vehicles and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 July 2019
Right-of-use assets – motor vehicles	184,334
Lease liabilities	184,334
Retained earnings	-

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 3.35%.

	1 July 2019
Operating lease commitments at 30 June 2019 as disclosed under IAS 17 in the Company's financial statements	294,192
- Discounted using the incremental borrowing rate at 1 July 2019	3.35%
- Recognition exemption for leases of low-value assets	-
- Recognition exemption for lease with less than 12 months of lease term transition	-
- Extension options reasonably certain to be exercised	-
- Lease liabilities recognised at 1 July 2019	184,334

Impact on transition

	2020	**2019**
Current	62,877	-
Non-Current	58,950	-
	121,827	-

Maturity analysis – contractual undiscounted cash flows

Lease liabilities are payable as follows:

	2020	**2019**
Less than one year	65,814	-
Between one and five years	59,863	-
Total undiscounted lease liabilities at 30 June 2020	125,677	**-**

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Notes to the Financial Statements

For the year ended 30 June 2020

4 Revenue

	2020	2019
Revenue from contracts with customers - AASB 15		
(a) Revenue from contract with customers		
Grant revenue	16,084,550	15,915,875
Other Income	1,158,215	928,987
Client fees and Medicare payments	1,960,612	2,143,286
Rental income	88,517	104,122
	19,291,894	19,092,270
(b) Revenue recognised under AASB 1058 income of NFP entities		
Donations	48,180	55,632
Total revenue	19,340,074	19,147,902

(c) Disaggregation of revenue from contracts with customers		
Health care services	19,291,894	19,092,270
Revenue recognised under AASB 1058	48,180	55,632
	19,340,074	19,147,902

(d) Finance revenue		
Dividend income	258,618	247,565
Unrealised gain on financial assets at fair value through profit or loss	-	124,058
Interest	21,150	57,034
Total finance revenue	279,768	428,657

5 Expenses

	2020	2019
(a) Depreciation and Amortisation		
Depreciation - Buildings	95,060	90,463
Depreciation - Plant and equipment	78,145	84,157
Depreciation - Furniture, fixtures and fittings	19,314	19,054
Depreciation - Motor vehicles	6,119	12,891
Depreciation - Computer equipment	56,696	55,232
Amortisation - Other intangibles	10,889	-
Depreciation - (ROU Assets)	63,638	-
Total depreciation and amortisation	329,861	261,797

(b) Finance costs		
Unrealised loss on investments	303,915	-
Interest and other charges	30,906	22,560
Total finance cost	334,821	22,560

6 Cash and cash equivalents

	2020	2019
Cash on hand	1,390	992
Cash at bank	2,547,967	1,385,743
Deposits at call	1,586,265	2,069,230
Total cash and cash equivalents	4,135,622	3,455,965

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Notes to the Financial Statements

For the year ended 30 June 2020

7 Contract balances

	2020	2019
Contract assets and liabilities		
Work performed on programs not yet able to be invoiced	360,027	-
	360,027	-
Contract liabilities		
Grant monies received in advance	1,474,267	1,104,906
	1,474,267	1,104,906

8 Trade and other receivables

	2020	2019
Trade receivables	362,864	118,911
Other receivables	366,071	365,088
Franking credits	188,918	120,261
Total current trade and other receivables	917,853	604,260

(a) Provision for Impairment of receivables

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

	2020	2019
Financial assets at fair value through profit or loss:		
- Listed investments (at fair value)	5,038,100	5,321,102
Total current other financial assets	5,038,100	5,321,102

Management has designated these financial assets at fair value through the profit and loss. They consist of hybrid securities and managed funds.

10 Other assets

	2020	2019
Prepayments	23,665	111,342
Total current other assets	23,665	111,342

Banyule Community Health

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Notes to the Financial Statements

For the year ended 30 June 2020

11 Property, plant and equipment

	2020	**2019**
Land		
At cost	350,000	350,000
Total land	350,000	350,000
Building and leasehold		
At cost	1,871,281	1,850,782
Accumulated depreciation	(918,810)	(823,750)
Total buildings and leasehold	952,471	1,027,032
Plant and equipment		
At cost	597,417	520,906
Accumulated depreciation	(372,361)	(294,216)
Total plant and equipment	225,056	226,690
Furniture, fixture and fittings		
At cost	476,583	427,555
Accumulated depreciation	(340,666)	(321,352)
Total furniture, fixture and fittings	135,917	106,203
Motor vehicles		
At cost	28,359	103,130
Under lease	-	-
Accumulated depreciation	(12,703)	(45,859)
Total motor vehicles	15,656	57,271
Computer equipment		
At cost	440,928	328,755
Accumulated depreciation	(200,634)	(143,938)
Total computer equipment	240,294	184,817
		-
Total property, plant and equipment	1,919,394	1,952,013

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Notes to the Financial Statements

For the year ended 30 June 2020

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	Buildings and Leasehold	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Total
Balance at 1 July 2019	350,000	1,027,032	226,690	106,203	57,271	184,817	1,952,013
Additions	-	20,499	76,511	49,028	-	112,173	258,211
Disposals - written down value	-	-	-	-	(35,496)	-	(35,496)
Depreciation expense	-	(95,060)	(78,145)	(19,314)	(6,119)	(56,696)	(255,334)
Balance at 30 June 2020	350,000	952,471	225,056	135,917	15,656	240,294	1,919,394

Banyule Community Health

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Notes to the Financial Statements

For the year ended 30 June 2020

12 Right of use assets

	2020	2019
Vehicles	184,834	-
Accumulated amortisation	(63,638)	-
Net carrying value	121,196	**-**

13 Intangible assets

	2020	2019
Software		
Cost	104,872	-
Accumulated amortisation	(10,889)	-
Net carrying value	93,983	-
Total Intangibles	93,983	-

14 Trade and other payables

	2020	2019
Current		
Trade payables	198,397	597,263
Sundry payables and accrued expenses	1,399,194	1,031,439
Total current trade and other payables	1,597,591	1,628,702

15 Employee benefits

	2020	2019
Current		
Long service leave	1,002,089	937,094
Annual leave	1,085,938	874,418
Total current employee benefits	2,088,027	1,811,512
Non-Current		
Long service leave	504,017	361,739

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(d).

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Notes to the Financial Statements

For the year ended 30 June 2020

16 Contract liabilities

	2020	2019
Current		
Grants received in advance	1,474,267	1,104,906
Total current other liabilities	1,474,267	1,104,906

17 Lease liabilities

	2020	2019
Current	62,877	
Non-Current	58,950	-
Total current other liabilities	121,827	-

18 Retained earnings

	2020	2019
Retained earnings at the beginning of the financial year	6,537,823	5,154,500
Net surplus for the year	286,288	1,383,323
Retained earnings at end of the financial year	6,824,111	6,537,823

19 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 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020	2019
Financial Assets			
Cash and cash equivalents	6	4,135,622	3,455,965
Trade and other receivables	8	917,853	604,260
Financial assets at fair value through profit or loss:			
- listed investments	9	5,038,100	5,321,102
Other financial assets			
- contract assets	7	360,027	-
Total financial assets		10,451,602	9,381,327
Financial Liabilities			
Financial liabilities at amortised cost			
- trade and other payables	14	1,597,591	1,628,702
- lease liabilities	17	121,827	-
Total financial liabilities		1,719,418	1,628,702

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

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Notes to the Financial Statements

For the year ended 30 June 2020

20 Key management personnel disclosures

Key management personnel of Banyule Community Health includes the Board, Chief Executive Officer, the Chief Finance Officer, and General Managers. The total remuneration paid to key management personnel including other benefits of the Company is $1,072,563 (2019: $1,048,691).

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 (2019: 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).

21 Cash flow information

(a) **Reconciliation of cash**	**Note**	**2020**	**2019**
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	6	4,135,622	3,455,965
Balance as per statement of cash flows		4,135,622	3,455,965

(b) Reconciliation of result for the year to cashflows from operating activities

Net surplus for the year	**286,288**	**1,383,323**
Non-cash flows in surplus:		
- amortisation	10,889	-
- depreciation ROU assets	63,638	-
- depreciation	255,334	261,797
- loss on disposal of property, plant and equipment	4,353	-
- unrealised (gains)/losses on investments	303,915	(124,058)
Changes in assets and liabilities, net of the effects of acquisition:		
- (increase) in trade and other receivables	(313,593)	(40,333)
- (increase)/decrease in other assets	87,677	(75,645)
- (increase) in contract assets	(360,027)	-
- increase/(decrease) in trade and other payables	(31,111)	57,252
- increase/(decrease) in contract liabilities	369,361	(523,272)
- increase/(decrease) in employee benefits	418,793	(12,328)
Cashflow from operations	1,095,517	926,736

22 Capital and leasing commitments

Operating Lease Expense

	2020	**2019**
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	132,848
- later than one year and not later than five years	-	161,304
Total operating lease commitments – payments	-	294,152

Banyule Community Health

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Notes to the Financial Statements

For the year ended 30 June 2020

23 Contingent liability

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019: None).

24 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.

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Banyule Community Health at the reporting date.

As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Banyule Community Health, its operations, its future results and financial position.

The state of emergency in Victoria was extended on 8 November 2020 until 6 December 2020.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Banyule Community Health, the results of the operations or the state of affairs of the Banyule Community Health in the future financial years. The directors do not believe it will affect the Company's capacity to remain a going concern for the foreseeable future.

25 Company details

The registered office of the Company is:

Banyule Community Health
21 Alamein Road
West Heidelberg Victoria 3081

Directors’ declaration

The responsible persons declare that, in the responsible persons’ opinion:

1. The financial statements and notes, as set out on pages 5 to 33, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

    a. comply with Australian Accounting Standards - Reduced Disclosure Requirements and 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 2020 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:
Chris Deakin (Chair)

Director:
Craig Trenfield (Treasurer)

Dated this 13th day of November 2020.

KPMG

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 2020 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

KPMG

Bond

Amanda Bond
Partner
Melbourne
13 November 2020

KPMG

Independent Auditor's Report

To the Directors of Banyule Community Health

Opinion

We have audited the ***Financial Report***, of the 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:

i. giving a true and fair view of the Company's financial position as at 30 June 2020, and of its financial performance and its cash flows for the year ended on that date; and

ii. 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:

i. Statement of financial position as at 30 June 2020.

ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.

iii. Notes including a summary of significant accounting policies.

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

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:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.

ii. 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.

iii. 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:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. 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

KPMG

the basis of this Financial Report.

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

We also:

i. 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.

ii. 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.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv. 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.

v. 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
	13 November 2020

Banyule Community Health

Banyule Community Health
ACN 135 660 454 ABN 87 776 964 889

21 Alamein Road, West Heidelberg, Victoria 3081
T 03 9450 2000
F 03 9459 5808
E banyule@bchs.org.au

@banyulechs
banyulecommunityhealthservice
banyule community health

bchs.org.au