

# Merri Community Health Services Limited

ABN 24 550 946 840

Financial Report for the Year Ended  
30 June 2014

# Merri Community Health Services Limited

ABN 24 550 946 840

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**Merri Community Health Services Limited**  
**ABN 24 550 946 840**

**DIRECTORS' REPORT**

The Board of Directors of Merri Community Health Services Limited present their report together with the financial report of the Company for the financial year ended 30 June 2014.

**Directors**

The names of Directors in office at any time during or since the end of the year are detailed below. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

<b>NAME</b>	<b>QUALIFICATIONS</b>	<b>AREAS OF SPECIFIC RESPONSIBILITY</b>
Carlo Carli	B.A(Hons),Masters Urban Planning(MUP), Diploma Italian	Director (Chair) Finance, Risk & Audit Committee Community Engagement Committee
Marleine Raffoul	Resident of Moreland	Director Clinical Governance Committee
Darryl Annett	B.Juris., LL.B	Director Finance, Risk & Audit Committee
Michael Beahan	B.A, B.Ed, MAICD	Director Community Engagement Committee (Chair)
Michael Malakonas (Appointed 5 August 2013)	FCPA, MBA, MAICD	Director Finance, Risk & Audit Committee (Chair)
Katerina Angelopoulos (Appointed 21 October 2013)	B.SW, Assoc. Dip in Welfare Studies	Director Clinical Governance Committee
Giuseppe Ardica (Appointed 21 October 2013)	Resident of Moreland	Director Community Engagement Committee
Sanjay Gund (1 July 2013 to 21 October 2013) Reappointed 25 November 2013	B.Sc , CA, ACIS, ACSA, GAICD	Director (Casual Vacancy) Community Engagement Committee
Julie McCormack (Appointed 18 June 2014)	Masters Women's Health, B.A., GradDipEd, DipFLM, CertTAA, GCMedConRes	Director Clinical Governance Committee (Chair)
Dr. Katherine McConnon (Resigned 31 March 2014)	MBBS, FRACGP	Director Clinical Governance Committee (Chair)
Genevieve Juj (Completed term of appointment 21 October 2013)	B.A, B.SW, Master of Social Work	Director (Chair) Finance, Risk & Audit Committee
Leonardo Santomartino (Completed term of appointment 21 October 2013)	Resident of Moreland	Director Community Engagement Committee
Taryn Rulton (Resigned 5 July 2013)	B.Sc(Hons), EMPA, ACA, CA	Director Finance, Risk & Audit Committee (Chair)

The Directors attended the following Board meetings.

<b>NAME</b>	<b>Number eligible to attend</b>	<b>Number attended</b>
Carlo Carli	12	11
Marleine Raffoul	12	12
Darryl Annett	12	12
Michael Beahan	12	11
Michael Malakonas	11	10
Katerina Angelopoulos	8	7
Giuseppe Ardica	8	8
Sanjay Gund	10	10
Julie McCormack	1	0
Dr. Katherine McConnon	9	6
Genevieve Juj	4	4
Leonardo Santomartino	4	4
Taryn Rulton	1	1

# Merri Community Health Services Limited

ABN 24 550 946 840

## Principal activities

The principal activity of the entity during the financial year was to meet the health and welfare needs of individuals in the region.

The entities short and long term objectives are to meet the health and welfare needs of individuals by:

- using a social model of health which recognises the needs of individuals who cannot readily access the health and welfare system;
- focussing on individuals who have complex health care needs, in particular those who are frail, aged, youth, disabled or mentally ill;
- giving priority to individuals who, aside from illness, are suffering from distress, misfortune, helplessness or poverty; providing these services in a culturally appropriate, effective and empowering manner;
- directly providing and facilitating the provision of a range of health, welfare and support services to individuals;
- assessing the needs of individuals and developing and implementing care plans to meet individual and carer needs;
- co-ordinating, implementing and monitoring the quality and effectiveness of care provided to individuals and modifying as appropriate; and
- directly providing a range of community-based services to individuals.

To achieve these objectives, the entity has adopted strategies which include:

- The entity strives to attract and retain quality staff and volunteers who are committed to working with the community in need, and this is evidenced by low staff turnover. The entity believes that attracting and retaining quality staff and volunteers will assist with the success of the entity in both the short and long term.
- Staff and volunteers work in partnership with a range of community stakeholders, and this is evidenced by ongoing support of the entity's projects and initiatives. The entity ensures community stakeholders understand and are committed to the objectives of the entity through ongoing education in order for the projects to succeed.
- Staff and volunteers are committed to providing the best of all possible outcomes on behalf of the community with whom the organisation is involved. This is evidenced by the success of new and existing programs in support of the community in need. Committed staff and volunteers allow the entity the ability to engage in continuous improvement.
- The entity's staff and volunteers strive to meet consistent standards of best practice and provide clear expectations of professional accountabilities and responsibilities to all stakeholders. This is evidenced by the performance of staff and volunteers being assessed based on these accountabilities, and ensure that staff are operating in the best interests of the community.

To help evaluate whether the activities of the company during the year have achieved both short-term and long-term objectives, the entity uses the following key performance measures to monitor performance:

- The entity monitors service delivery as measured against service targets. These service targets are either set as directed by funding requirements, or developed in consultation with the relevant funding organisations.
- The entity maintains a reporting calendar detailing compliance issues and requirements.
- The entity produces a monthly set of management and financial reports. These reports are reviewed by the Board of Directors, and by the executive team, to evaluate performance against defined objectives at the commencement of the financial year.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

## Results

A surplus of \$561,619 was achieved for the financial year ended 30 June 2014, including the contribution of Capital Grants (2013: surplus \$341,034).

# Merri Community Health Services Limited

ABN 24 550 946 840

## Review of operations

The Company continued to provide quality services in accordance with the mission, vision and values of the organisation.

## Future developments

The Company expects to maintain the present level of operations within a changing environment. The Company does not believe that there are any significant developments that will affect its ability to continue operations in future financial years.

## Significant events after year end

There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the results reported as at the reporting date or that affects the assessment of a going concern.

## Report preparation

The Company's financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements.

## Indemnification and insurance of directors, officers and auditors

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any directors, officers or auditors of the consolidated entity.

## Members Guarantee

If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the Company.

At June 30 2014 there were 451 members.

## Proceedings on behalf of the consolidated entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

## Environmental Regulation

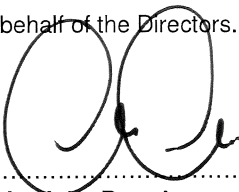
The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

## Auditor's independence declaration

The auditor's independence declaration is included on page 4 of the financial statements.

The Directors' Report is signed in accordance with a resolution of Directors made pursuant to the *Australian Charities and Not for profits Commissions Act 2012*.

On behalf of the Directors.



.....  
Chair of the Board

Dated at Coburg this 29th day of September 2014.

MERRI COMMUNITY HEATH SERVICES LIMITED  
ABN 24 550 946 840

AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF MERRI COMMUNITY HEALTH SERVICES LIMITED

In relation to the independent review for the half-year ended 30 June 2014, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of APES 110 *Code of Ethics for Professional Accountants*; and
- (ii) No contraventions of any applicable code of professional conduct.



M J HARRISON  
Partner

Date 2 October 2014



PITCHER PARTNERS  
Melbourne

**Merri Community Health Services Limited**  
**ABN 24 550 946 840**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
Revenue from operations		28,709,310	26,889,736
Other revenues		555,279	764,170
<b>Total Revenues</b>	<b>3</b>	<b>29,264,589</b>	<b>27,653,906</b>
Employee benefits expense	4	18,679,055	17,093,579
Depreciation, amortisation and impairment expense	4	1,078,647	702,701
Finance costs	4	3,893	4,252
Supplies		191,325	186,557
Computer expenses		501,853	441,615
Consulting & legal costs		276,687	271,817
Client Costs		3,526,276	4,194,858
Communication		264,137	234,889
Motor vehicles expenses		244,159	384,676
Occupancy Costs		1,112,055	1,123,859
Payments to Other Agencies		1,577,418	1,467,627
Repairs and Maintenance		185,578	196,016
Employment expenses		349,687	256,822
Other expenses		712,200	753,604
<b>Total Expenses</b>		<b>28,702,970</b>	<b>27,312,872</b>
<b>Operating Surplus for the year</b>		<b>561,619</b>	<b>341,034</b>
Other Comprehensive Income:			
Items that will not be classified to profit and loss - Revaluation of property, plant and equipment, net of tax		2,015,747	
<b>Total Comprehensive Income for the year</b>		<b>2,577,366</b>	<b>341,034</b>

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 9 to 17.

**Merri Community Health Services Limited**  
**ABN 24 550 946 840**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents	5	10,544,097	9,375,559
Trade and other receivables	6	382,071	512,640
Other current assets	7	383,562	250,603
<b>Total current assets</b>		<b><u>11,309,730</u></b>	<b><u>10,138,802</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	8	8,938,606	6,955,452
<b>Total non-current assets</b>		<b><u>8,938,606</u></b>	<b><u>6,955,452</u></b>
<b>Total assets</b>		<b><u>20,248,336</u></b>	<b><u>17,094,254</u></b>
<b>Current liabilities</b>			
Trade and other payables	9	4,754,703	4,643,813
Provisions	10	2,548,619	2,051,537
<b>Total current liabilities</b>		<b><u>7,303,322</u></b>	<b><u>6,695,350</u></b>
<b>Non-current liabilities</b>			
Provisions	10	613,402	644,658
<b>Total non-current liabilities</b>		<b><u>613,402</u></b>	<b><u>644,658</u></b>
<b>Total liabilities</b>		<b><u>7,916,724</u></b>	<b><u>7,340,008</u></b>
<b>NET ASSETS</b>		<b><u>12,331,612</u></b>	<b><u>9,754,246</u></b>
<b>Equity</b>			
Reserves	11	2,412,997	397,250
Accumulated surplus		9,918,615	9,356,996
<b>TOTAL EQUITY</b>		<b><u>12,331,612</u></b>	<b><u>9,754,246</u></b>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 9 to 17.



**Merri Community Health Services Limited**  
**ABN 24 550 946 840**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Government grants received		29,714,700	26,389,048
Receipts from clients		458,140	449,825
Payments to suppliers and employees		(29,934,425)	(28,215,742)
Interest received		330,277	505,444
Other income received		1,607,561	1,843,824
<b>Cash provided by operating activities</b>		<b>2,176,253</b>	<b>972,399</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant & equipment		259,273	493,733
Purchase of property, plant and equipment		(1,266,988)	(2,065,884)
<b>Net cash used in investing activities</b>		<b>(1,007,715)</b>	<b>(1,572,151)</b>
<b>Net increase/(decrease) in cash held</b>		<b>1,168,538</b>	<b>(599,752)</b>
<b>Cash at the beginning of the financial year</b>		<b>9,375,559</b>	<b>9,975,311</b>
<b>Cash at end of the financial year</b>	<b>5</b>	<b>10,544,097</b>	<b>9,375,559</b>

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 9 to 17.

**Merri Community Health Services Limited**  
**ABN 24 550 946 840**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

	<b>Accumulated surplus</b>	<b>Specific purpose reserve</b>	<b>Asset revaluation reserve</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance 1 July 2012	9,015,962	250,008	147,242
Surplus for the year	341,034	-	-
Transfers to / (from) reserves	-	-	-
<b>Balance 30 June 2013</b>	<b>9,356,996</b>	<b>250,008</b>	<b>147,242</b>
Balance 1 July 2013	9,356,996	250,008	147,242
Surplus for the year	561,619	-	-
Transfers to / (from) reserves	-	-	2,015,747
<b>Balance 30 June 2014</b>	<b>9,918,615</b>	<b>250,008</b>	<b>2,162,989</b>

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 9 to 17.

**Merri Community Health Services Limited**  
**ABN 24 550 946 840**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 1: Statement of significant accounting policies**

Merri Community Health Services Limited is a Public Company limited by guarantee, incorporated and domiciled in Australia.

The financial statements are general purpose financial statements that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not for profits Commissions Act 2012.

The financial statements have been prepared on an accruals basis and is based on historical costs, except for the revaluation of certain non-current assets and financial instruments.

**Accounting policies**

**(a) Revenue recognition**

Where applicable, revenues are recognised at the fair value of the consideration received net of the amount of goods and service tax (GST) payable to the Australian Taxation Office.

***Rendering of services***

Client fee income is recognised when the fee in respect of services provided is receivable. Accrued income represents an estimate of fees due from clients not billed at balance date. This estimate is calculated with reference to individual episode information and applicable rates.

***Grants received***

***Reciprocal grants***

Grants received on the condition that specified services be delivered, or conditions fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled.

***Non-reciprocal grants***

Revenue is recognised when the grant is received or receivable.

***Interest revenue***

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

***Donation revenue***

Donation revenue is recognised when received, at the fair value of the asset donated unless designated for a specific purpose, where they are carried forward as prepaid income in the Statement of Financial Position.

**(b) Financial instruments**

If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

***Recognition and initial measurement***

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit and loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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 where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of consideration paid, including the transfer of non cash assets or liabilities assumed, is recognised in profit or loss.

**Merri Community Health Services Limited**  
**ABN 24 550 946 840**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

***Classification and subsequent measurement***

*Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

*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 using the effective interest rate method.

Client fees receivable are generally settled from purchasers within 30 days and are carried at amounts due.

Other debtors to be settled within 30 days are carried at amounts due.

*Financial liabilities*

Trade accounts payable are normally settled within 30 days.

**(c) Taxation**

The Company is exempt from income tax under the current provisions of the Australian Income Tax Assessment Act (1997). Accordingly, there is no income tax expense or income tax payable.

**(d) Goods and services tax**

Revenues, 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). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The GST components of cash flows arising from operating, investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

**(e) Inventories**

Inventories are measured at the lower of cost and net realisable value.

**(f) Property, plant and equipment**

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

***Property***

Buildings are measured at fair value. At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amounts arising on revaluation of buildings are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease of the same class of asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same class of asset are recognised in other comprehensive income under the heading of revaluation surplus; all other decreases are charged to profit and loss.

***Plant and equipment***

Plant and equipment is measured on the cost basis.

**Merri Community Health Services Limited**  
**ABN 24 550 946 840**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**(g) Depreciation and amortisation**

Assets are depreciated or amortised using the straight-line method of depreciation to their estimated residual values, from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation and amortisation rates and methods and residual values are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation/amortisation rates used for each class of asset are as follows:

	<b>2014</b>	<b>2013</b>
Buildings	2.5%	2.5%
Building leasehold improvements	20.0%	20.0%
Plant & equipment	10-33%	10-33%
Motor vehicles	15.0%	15.0%

**(h) Impairment of assets**

At each reporting date, the Company, a not-for-profit entity, reviews the carrying values of all assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the asset's fair value less costs to sell, is compared to the asset's carrying value. Any excess of the asset's carrying value over the recoverable amount is expensed.

In the case of Property, Plant and Equipment, 'fair value' is taken to be the depreciated replacement cost of the asset.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

**(i) Leased assets**

Leases of plant and equipment under which the Company assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

***Operating leases***

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term.

**(j) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits, where the Company does not have an unconditional right to defer settlement for at least 12 months, have been classified as a current liability. Employee benefits payable later than one year have been classified as a non-current liability. Both the long-term current liabilities and non-current liabilities have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(k) Superannuation plan**

The Company contributes to various defined benefit, defined contribution and accumulation superannuation plans. Contributions are charged as an expense as incurred.

**(l) Key estimates and judgements**

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

***Key estimates - impairment***

The Company, a not-for-profit entity, assess for asset impairment at each reporting date by evaluating conditions specific to the Company that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The recoverable amount is defined as the assets depreciated replacement cost.

**Merri Community Health Services Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**Note 2: Accounting Standards and Interpretations issued but not operative at 30 June 2014**

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

(a) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010), AASB 2012-6 *Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosure* and AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments* (effective from 1 January 2017)

AASB 9 Financial Instruments improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the company recognised \$0 in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

Most of the requirements for financial liabilities were carried forward unchanged. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The company does not have any financial liabilities that are designated at fair value through profit or loss.

In December 2013, new general hedge accounting requirements were incorporated into AASB 9. The company does not have hedged instruments.

Other standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented. However the assessment of impact has not yet been completed.

**Merri Community Health Services Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>3 Revenue</b>		
<b>Operating activities</b>		
State recurrent grants received/receivable	21,468,669	21,001,173
Commonwealth recurrent grants received/receivable	5,262,506	3,759,198
Other Funding	1,179,147	1,463,678
Client and other fees	456,713	392,571
Capital Grants received for the acquisition of Fixed Assets	342,275	273,116
	<u>28,709,310</u>	<u>26,889,736</u>
<b>Non-operating activities</b>		
Interest revenue	328,492	505,444
Other revenue	180,290	251,849
Donation revenue	8,159	7,548
Profit (Loss) on disposal of property, plant & equipment	38,338	(671)
	<u>555,279</u>	<u>764,170</u>
<b>Total revenue</b>	<u>29,264,589</u>	<u>27,653,906</u>
<b>4 Expenses</b>		
Depreciation of:		
buildings	65,997	65,921
plant and equipment	291,350	190,098
motor vehicles	199,477	228,409
	<u>556,824</u>	<u>484,428</u>
Amortisation of:		
leasehold improvements	521,823	218,273
	<u>521,823</u>	<u>218,273</u>
Total depreciation, amortisation and impairment costs	<u>1,078,647</u>	<u>702,701</u>
Finance costs:		
Interest and bank fees	3,893	4,252
Employee benefits:		
Salaries & wages	16,416,241	15,326,657
Superannuation	1,411,240	1,314,629
Workcover	192,757	139,802
Long-term & post-employment benefits	658,817	312,491
	<u>18,679,055</u>	<u>17,093,579</u>
Other costs:		
Occupancy costs including leases	1,112,055	1,123,859
Brokerage costs	2,806,754	3,371,144
<b>5 Cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand	4,700	4,200
Cash at bank	377,265	57,129
Short-term term deposits	10,162,132	9,314,230
	<u>10,544,097</u>	<u>9,375,559</u>

**Merri Community Health Services Limited**  
ABN 24 550 946 840

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<u>\$</u>	<u>\$</u>
<b>6 Trade and other receivables</b>		
<b>Current</b>		
<b>Trade receivables</b>		
Receivables for funding and client fees	298,464	374,240
Less: Provision for impairment of receivables	-	-
	<u>298,464</u>	<u>374,240</u>
<b>Other receivables</b>		
Other receivables	83,607	138,400
	<u>83,607</u>	<u>138,400</u>
	<u>382,071</u>	<u>512,640</u>
Ageing analysis of client receivables		
Under 30 days	267,000	186,608
31 - 60 days	-	145,111
61 - 90 days	21,683	1,210
Over 90 days	9,781	41,311
	<u>298,464</u>	<u>374,240</u>
<b>7 Other assets</b>		
<b>Current</b>		
Prepayments	241,204	133,376
Accrued Income	142,358	117,227
	<u>383,562</u>	<u>250,603</u>
<b>8 Property, plant and equipment</b>		
Buildings - at fair value	4,128,610	2,636,810
Less: Accumulated depreciation	-	(457,950)
	<u>4,128,610</u>	<u>2,178,860</u>
Building improvements on leasehold land - at cost	5,557,720	5,099,292
Less: Accumulated amortisation	(2,619,556)	(2,097,733)
	<u>2,938,164</u>	<u>3,001,559</u>
Plant and equipment - at cost	2,794,046	2,282,685
Less: Accumulated depreciation	(1,777,248)	(1,486,948)
	<u>1,016,798</u>	<u>795,737</u>
Motor vehicles - at cost	1,398,067	1,569,382
Less: Accumulated depreciation	(543,033)	(590,086)
	<u>855,034</u>	<u>979,296</u>
	<u>8,938,606</u>	<u>6,955,452</u>
<b>Reconciliation of property, plant and equipment</b>		
<b>Buildings</b>		
Carrying amount at beginning of year	2,178,860	2,244,781
Revaluations	2,015,747	-
Depreciation	(65,997)	(65,921)
Carrying amount at end of year	<u>4,128,610</u>	<u>2,178,860</u>
<b>Building improvements on leasehold land</b>		
Carrying amount at beginning of year	3,001,559	2,082,604
Acquisitions / additions	458,428	1,137,325
Disposals	-	(97)
Amortisation	(521,823)	(218,273)
Carrying amount at end of year	<u>2,938,164</u>	<u>3,001,559</u>



**Merri Community Health Services Limited**  
ABN 24 550 946 840

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<u>\$</u>	<u>\$</u>
<b><i>Plant and equipment</i></b>		
Carrying amount at beginning of year	795,737	505,965
Acquisitions / additions	512,411	482,090
Disposals	-	(2,220)
Depreciation	(291,350)	(190,098)
Carrying amount at end of year	<u>1,016,798</u>	<u>795,737</u>
<b><i>Motor Vehicles</i></b>		
Carrying amount at beginning of year	979,296	1,253,322
Acquisitions / additions	296,149	446,469
Disposals	(220,934)	(492,086)
Depreciation	(199,477)	(228,409)
Carrying amount at end of year	<u>855,034</u>	<u>979,296</u>
<b><i>Total property, plant &amp; equipment</i></b>		
Carrying amount at beginning of year	6,955,452	6,086,672
Acquisitions / additions	1,266,988	2,065,884
Disposals	(220,934)	(494,403)
Revaluations	2,015,747	-
Depreciation /Amortisation	(1,078,647)	(702,701)
Carrying amount at end of year	<u>8,938,606</u>	<u>6,955,452</u>
<b>9 Trade and other payables</b>		
<b>Current</b>		
Trade payables	614,945	346,785
Grants / income received in advance	3,287,292	3,251,714
Other payables and accruals	852,466	1,045,314
	<u>4,754,703</u>	<u>4,643,813</u>
Trade payable terms vary from 7 to 30 days generally. No interest is charged on trade payables.		
Grants and other income received in advance relate to capital programs that are in progress, grants not fully expended or funding for programs that are to be delivered subsequent to the 2014 financial year.		
Other payables and accruals comprise invoices for goods and services received subsequent to the close off of trade creditors.		
<b>10 Provisions</b>		
<b>Current</b>		
Employee benefits:		
Annual leave	1,066,725	971,606
Long service leave	1,481,894	1,079,931
	<u>2,548,619</u>	<u>2,051,537</u>
<b>Non Current</b>		
Employee benefits:		
Long service leave	613,402	644,658
<b>Aggregate employee benefits</b>	<u>3,162,021</u>	<u>2,696,195</u>

**Merri Community Health Services Limited**  
**ABN 24 550 946 840**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<u>\$</u>	<u>\$</u>
<b>Movements in provisions</b>		
Carrying amount at the beginning of the year	2,696,195	2,723,479
Additional provisions recognised	1,935,573	1,708,622
Amounts used	<u>(1,469,747)</u>	<u>(1,735,906)</u>
Carrying amount at the end of the year	<u>3,162,021</u>	<u>2,696,195</u>

Employee benefit provisions are reported as current liabilities where the Company does not have an unconditional right to defer settlement for at least 12 months. Consequently, the current portion of the employee benefit provision includes both short term benefits measured at nominal values and long-term benefits, measured at present value. Employee benefit provisions that are reported as non-current liabilities refer to long-term benefits of non vested long service leave that does not qualify for recognition as a current liability, and is measured at present value.

**Superannuation plans**

The Company contributes to employee superannuation funds for all eligible employees based on various percentages of their gross salary, with a minimum contribution of 9.25% of gross salary. All employees are entitled to benefits on retirement, disability or death.

**11 Reserves**

Specific purpose reserve	250,008	250,008
Asset revaluation reserve	<u>2,162,989</u>	<u>147,242</u>
	<u>2,412,997</u>	<u>397,250</u>

**Reconciliation of asset revaluation reserve**

Carrying amount at beginning of year	147,242	147,242
Revaluations	<u>2,015,747</u>	<u>-</u>
Carrying amount at end of year	<u>2,162,989</u>	<u>147,242</u>

**Specific purpose reserve**

Amounts received for specific purposes are transferred from retained earnings to a reserve to ensure the funds are used for the purpose for which they are received. A transfer back to retained earnings is recognised when the funds are spent.

**Asset revaluation reserve**

The asset revaluation reserve records the revaluations of non-current assets. During the current year, revaluations were performed on three properties. The carrying value of those properties has been updated to reflect those valuations

**12 Commitments**

**Operating lease commitments**

Future operating lease rentals not provided for in the financial statements and payable:

Not later than one year	705,307	704,241
Later than one year but not later than five years	380,747	1,045,837
Later than five years	<u>24,431</u>	<u>35,436</u>
	<u>1,110,485</u>	<u>1,785,514</u>

The Company leases assets under operating leases. Leases generally provide the Company with a right of renewal at which time all terms are renegotiated. Lease rental expenses are disclosed at Note 4.

**Merri Community Health Services Limited**  
**ABN 24 550 946 840**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**13 Key Management Personnel Compensation**

	Short Term benefits \$	Post employment benefits \$	Other long- term benefits \$	Total \$
<b>2014</b>				
Total compensation	594,996	54,519	-	649,515
<b>2013</b>				
Total compensation	636,674	56,797	-	693,471

**14 Economic dependency**

Merri Community Health Services Limited is dependent on the Victorian and Commonwealth Governments for the majority of its revenue. At the date of this report the Board of Directors have no reason to believe the Departments will not continue this support.

**15 Related parties**

There were no related party transactions. One Directors of Merri Community Health Services Ltd (MCHS) is an employee of The Royal Melbourne Hospital with whom MCHS has consortium arrangements. All Directors are paid a small sitting fee for Board meetings as provided for in the Constitution.

**16 Contingent liabilities and assets**

There are no other events identified and not brought to account which could be expected to have a material effect on the financial statements in the future.

**17 Registered office and members guarantee**

The Company's registered office and principal place of business is 11 Glenlyon Road Brunswick Vic 3056.

If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the Company. At June 30 2014 there were 451 members.

# Merri Community Health Services Limited

ABN 24 550 946 840

## DIRECTORS' DECLARATION

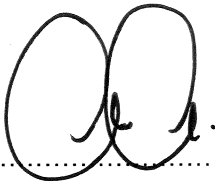
The directors declare that the financial statements and notes set out on pages 5 to 16 in accordance with the *Australian Charities and Not for profits Commissions Act 2012*:

- (a) Comply with Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not for profits Commission Regulation 2013*; and
- (b) Give a true and fair view of the financial position of the entity as at 30 June 2014 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Merri Community Health Services Ltd 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 directors.

On behalf of the Directors.



.....  
**Chair of the Board**

Dated at Coburg this 29th day of September 2014.

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

We have audited the accompanying financial report of Merri Community Health Services Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' Responsibility for the Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



MERRI COMMUNITY HEALTH SERVICES LIMITED  
ABN 24 550 946 840

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

*Independence*

In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants*.

*Opinion*

In our opinion the financial report of Merri Community Health Services Limited is in accordance with the *Australian Charities and Not-for-profits Commissions Act 2012*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

M J HARRISON  
Partner

Date 2 October 2014

PITCHER PARTNERS  
Melbourne