

Merri Community Health Services Limited

ABN 24 550 946 840

Financial Report for the Year Ended
30 June 2016

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 2016 and auditor's report thereon.

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.

NAME	QUALIFICATIONS	AREAS OF SPECIFIC RESPONSIBILITY
Carlo Carli	B.A(Hons),Masters Urban Planning(MUP), Diploma Italian	Director (Chair) Finance, Risk & Audit 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	FCPA, MBA, MAICD	Director Finance, Risk & Audit Committee (Chair)
Katerina Angelopoulos	B.SW, Assoc. Dip in Welfare Studies	Director Finance, Risk & Audit Committee (part-year) Clinical Governance Committee (part-year)
Giuseppe Ardica	Resident of Moreland	Director Community Engagement Committee
Julie McCormack	Masters Women's Health, B.A., GradDipEd, DipFLM, CertTAA, GCMedConRes	Director Clinical Governance Committee (Chair)
Hasan Erdogan	B.Com., CPA (Assoc.)	Director Finance, Risk & Audit Committee (part-year) Clinical Governance Committee (part-year)

The Directors attended the following Board meetings.

NAME	Number eligible to attend	Number attended
Carlo Carli	11	11
Marleine Raffoul	11	9
Darryl Annett	11	9
Michael Beahan	11	10
Michael Malakonas	11	9
Katerina Angelopoulos	11	9
Giuseppe Ardica	11	10
Julie McCormack	11	9
Hasan Erdogan	11	8

Merri Community Health Services Limited

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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

During the financial year, Merri Community Health Services began operating under the trading name of 'Merri Health'.

Results

An operating surplus of \$516,959 was achieved for the financial year ended 30 June 2016, including the contribution of Capital Grants (2015: surplus \$1,010,932).

Merri Community Health Services Limited
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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.

It is to be noted that :

- (a) In August 2016, a contract was entered to purchase a commercial property located in Coburg.
- (b) The purchase price for the property is \$4.075m. This will be financed by a combination of cash reserves and up to 70% debt financing, with settlement occurring by December 2016.

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 30 June 2016 there were 471 members (2015: 474).

The combined total amount that members of the Company are liable to contribute if the Company wound up is \$942 (2015: \$948).

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

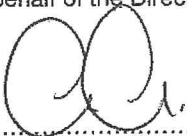
The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Auditor's independence declaration

The auditor's independence declaration under APES 110 Code of Ethics for Professional Accountants 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 27th day of September 2016.

MERRI COMMUNITY HEATH SERVICES LIMITED
ABN 24 550 946 840

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

In relation to the independent audit for the year ended 30 June 2016, to the best of my knowledge and belief there have been no contraventions of any applicable code of professional conduct.



M J HARRISON
Partner



PITCHER PARTNERS
Melbourne

Date 28 September 2016

Merri Community Health Services Limited
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue from operations		29,700,599	28,854,383
Other revenues		710,601	539,825
Total Revenues	2	30,411,200	29,394,208
Employee benefits expense	3	19,874,339	18,495,868
Depreciation, amortisation and impairment expense	3	1,031,750	936,607
Finance costs	3	4,848	3,958
Supplies		263,248	232,055
Computer expenses		518,629	466,717
Consulting & legal costs		210,246	415,678
Client Costs		3,580,629	3,567,950
Communication		366,079	279,514
Motor vehicles expenses		214,504	202,353
Occupancy Costs		967,048	1,090,991
Payments to Other Agencies		1,391,955	1,463,928
Repairs and Maintenance		225,658	209,040
Employment expenses		412,809	333,952
Other expenses		832,499	684,665
Total Expenses		29,894,241	28,383,276
Total Surplus for the year		516,959	1,010,932
Other Comprehensive Income:		-	-
Total Comprehensive Income for the year		516,959	1,010,932

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 9 to 16.

Merri Community Health Services Limited
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	4	10,952,490	10,796,311
Trade and other receivables	5	513,058	244,673
Other current assets	6	504,126	487,011
Total current assets		<u>11,969,674</u>	<u>11,527,995</u>
Non-current assets			
Property, plant and equipment	7	8,644,735	8,435,841
Total non-current assets		<u>8,644,735</u>	<u>8,435,841</u>
Total assets		<u>20,614,409</u>	<u>19,963,836</u>
Current liabilities			
Trade and other payables	8	3,347,665	3,418,555
Provisions	9	2,323,394	2,160,673
Total current liabilities		<u>5,671,059</u>	<u>5,579,228</u>
Non-current liabilities			
Provisions	9	1,083,847	1,042,064
Total non-current liabilities		<u>1,083,847</u>	<u>1,042,064</u>
Total liabilities		<u>6,754,906</u>	<u>6,621,292</u>
NET ASSETS		<u>13,859,503</u>	<u>13,342,544</u>
Equity			
Reserves	10	2,162,989	2,162,989
Accumulated surplus		11,696,514	11,179,555
TOTAL EQUITY		<u>13,859,503</u>	<u>13,342,544</u>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 9 to 16.

Merri Community Health Services Limited
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Government grants received		30,339,697	29,181,697
Receipts from clients		503,485	521,127
Payments to suppliers and employees		(31,276,710)	(30,504,967)
Interest received		396,142	264,269
Other income received		1,384,869	1,224,275
Cash provided by operating activities		1,347,483	686,401
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		193,674	343
Purchase of property, plant and equipment		(1,384,978)	(434,530)
Net cash used in investing activities		(1,191,304)	(434,187)
Net increase in cash held		156,179	252,214
Cash at the beginning of the financial year		10,796,311	10,544,097
Cash at end of the financial year	4	10,952,490	10,796,311

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 9 to 16.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	TOTAL EQUITY	Accumulated surplus	Specific purpose reserve	Asset revaluation reserve
	\$	\$	\$	\$
Balance 1 July 2014	12,331,612	9,918,615	250,008	2,162,989
Surplus for the year	1,010,932	1,010,932	-	-
Transfers to/(from) reserves	-	250,008	(250,008)	-
Balance 30 June 2015	13,342,544	11,179,555	-	2,162,989
Balance 1 July 2015	13,342,544	11,179,555	-	2,162,989
Surplus for the year	516,959	516,959	-	-
Transfers to/(from) reserves	-	-	-	-
Balance 30 June 2016	13,859,503	11,696,514	-	2,162,989

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 16.

Merri Community Health Services Limited
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 Australian Accounting, 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 Division 50 of the *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) 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

(f) 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:

	2016	2015
Buildings	2.5%	2.5%
Building leasehold improvements	20.0%	20.0%
Plant & equipment	10-33%	10-33%
Motor vehicles	15.0%	15.0%

(g) 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 Plant and Equipment, 'fair value' is taken to be the depreciated replacement cost of the asset.

In the case of Property, 'fair value' is taken to be based upon third party independent valuations.

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.

(h) 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.

(i) 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.

(j) Superannuation plan

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

(k) 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 or at independent valuation as is appropriate for each asset class.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
2 Revenue		
Operating activities		
State recurrent grants received/receivable	22,333,051	22,034,392
Commonwealth recurrent grants received/receivable	5,777,725	5,439,418
Other Funding	963,215	861,879
Client and other fees	501,661	518,694
Capital Grants received for the acquisition of Fixed Assets	124,947	-
	<u>29,700,599</u>	<u>28,854,383</u>
Non-operating activities		
Interest revenue	334,306	371,302
Other revenue	240,667	158,049
Donation revenue	4,589	10,819
Profit/(Loss) on disposal of property, plant & equipment	131,039	(345)
	<u>710,601</u>	<u>539,825</u>
Total revenue	<u>30,411,200</u>	<u>29,394,208</u>
3 Expenses		
Depreciation of:		
buildings	113,524	29,882
plant and equipment	393,305	361,338
motor vehicles	204,872	182,609
	<u>711,701</u>	<u>573,829</u>
Amortisation of:		
leasehold improvements	320,049	362,778
	<u>320,049</u>	<u>362,778</u>
Total depreciation, amortisation and impairment costs	<u>1,031,750</u>	<u>936,607</u>
Finance costs:		
Interest and bank fees	4,848	3,958
	<u>4,848</u>	<u>3,958</u>
Employee benefits:		
Salaries & wages	17,827,374	16,619,047
Superannuation	1,582,843	1,496,532
Workcover	137,345	185,450
Long-term & post-employment benefits	326,777	194,839
	<u>19,874,339</u>	<u>18,495,868</u>
Other costs:		
Occupancy costs including leases	967,048	1,090,991
Brokerage costs	2,818,346	2,746,379
	<u>3,785,394</u>	<u>3,837,370</u>
4 Cash		
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	5,430	4,700
Cash at bank	56,408	162,296
Short-term term deposits	10,890,652	10,629,315
	<u>10,952,490</u>	<u>10,796,311</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
5 Trade and other receivables		
Current		
Trade receivables		
Receivables for funding and client fees	427,396	158,633
Less: Provision for impairment of receivables	-	-
	<u>427,396</u>	<u>158,633</u>
Other receivables		
Other receivables	85,662	86,040
	<u>85,662</u>	<u>86,040</u>
	<u>513,058</u>	<u>244,673</u>
Ageing analysis of client receivables		
Under 30 days	406,978	143,896
31 - 60 days	3,629	942
61 - 90 days	4,370	3,150
Over 90 days	12,419	10,645
	<u>427,396</u>	<u>158,633</u>
6 Other assets		
Current		
Prepayments	319,044	262,204
Accrued Income	185,082	224,807
	<u>504,126</u>	<u>487,011</u>
7 Property, plant and equipment		
Buildings - at fair value	4,128,610	4,128,610
Less: Accumulated depreciation	(143,406)	(29,882)
	<u>3,985,204</u>	<u>4,098,728</u>
Building improvements on leasehold land - at cost	6,029,060	5,716,906
Less: Accumulated amortisation	(3,302,383)	(2,982,334)
	<u>2,726,677</u>	<u>2,734,572</u>
Plant and equipment - at cost	3,441,811	3,066,110
Less: Accumulated depreciation	(2,531,619)	(2,138,314)
	<u>910,192</u>	<u>927,796</u>
Motor vehicles - at cost	1,536,629	1,400,387
Less: Accumulated depreciation	(513,967)	(725,642)
	<u>1,022,662</u>	<u>674,745</u>
	<u>8,644,735</u>	<u>8,435,841</u>
Reconciliation of property, plant and equipment		
Buildings		
Carrying amount at beginning of year	4,098,728	4,128,610
Depreciation	(113,524)	(29,882)
Carrying amount at end of year	<u>3,985,204</u>	<u>4,098,728</u>
Building improvements on leasehold land		
Carrying amount at beginning of year	2,734,572	2,938,164
Acquisitions / additions	312,154	159,186
Amortisation	(320,049)	(362,778)
Carrying amount at end of year	<u>2,726,677</u>	<u>2,734,572</u>

Merri Community Health Services Limited
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
<i>Plant and equipment</i>		
Carrying amount at beginning of year	927,796	1,016,798
Acquisitions / additions	375,701	273,024
Disposals	-	(688)
Depreciation	(393,305)	(361,338)
Carrying amount at end of year	910,192	927,796
<i>Motor Vehicles</i>		
Carrying amount at beginning of year	674,745	855,034
Acquisitions / additions	697,123	2,320
Disposals	(144,334)	-
Depreciation	(204,872)	(182,609)
Carrying amount at end of year	1,022,662	674,745
<i>Total property, plant & equipment</i>		
Carrying amount at beginning of year	8,435,841	8,938,606
Acquisitions / additions	1,384,978	434,530
Disposals	(144,334)	(688)
Depreciation /Amortisation	(1,031,750)	(936,607)
Carrying amount at end of year	8,644,735	8,435,841
8 Trade and other payables		
Current		
Trade payables	655,051	521,559
Grants / income received in advance	2,020,771	2,340,979
Other payables and accruals	671,843	556,017
	3,347,665	3,418,555
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 2016 financial year.		
Other payables and accruals comprise invoices for goods and services received subsequent to the close off of trade creditors.		
9 Provisions		
Current		
Employee benefits:		
Annual leave	1,088,114	1,022,991
Long service leave	1,235,280	1,137,682
	2,323,394	2,160,673
Non Current		
Employee benefits:		
Long service leave	1,083,847	1,042,064
Aggregate employee benefits	3,407,241	3,202,737

Merri Community Health Services Limited
ABN 24 550 946 840

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
Movements in provisions		
Carrying amount at the beginning of the year	3,202,737	3,162,021
Additional provisions recognised	1,443,388	1,370,219
Amounts used	(1,238,884)	(1,329,503)
Carrying amount at the end of the year	3,407,241	3,202,737

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 9.50% of gross salary. All employees are entitled to benefits on retirement, disability or death.

10 Reserves

Asset revaluation reserve	2,162,989	2,162,989
	2,162,989	2,162,989

Reconciliation of asset revaluation reserve

Carrying amount at beginning of year	2,162,989	2,162,989
Carrying amount at end of year	2,162,989	2,162,989

Asset revaluation reserve

The asset revaluation reserve records the revaluations of non-current assets.

11 Commitments

Operating lease commitments

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

Not later than one year	593,608	541,916
Later than one year but not later than five years	574,443	901,411
Later than five years	2,529	13,789
	1,170,580	1,457,116

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 3.

Merri Community Health Services Limited
ABN 24 550 946 840

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

12 Key Management Personnel Compensation

	Short Term benefits \$	Post employment benefits \$	Other long- term benefits \$	Total \$
2016				
Total compensation	699,944	62,167	-	762,111
2015				
Total compensation	613,140	57,187	-	670,327

13 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.

14 Operating Segment

The company operates in one business and geographical segment, being the Health Industry in the state of Victoria.

15 Events Subsequent to Reporting Date

There has been no matter or circumstance, which has arisen since 30 June 2016 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2016, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2016, of the company.

It is to be noted that in August 2016, a contract was entered to purchase a commercial property located in Coburg. The purchase price for the property is \$4.075m and will be financed by a combination of cash reserves and up to 70% debt financing, with settlement occurring by December 2016.

16 Related parties

There were no related party transactions. All Directors are paid a small sitting fee for Board meetings as provided for in the Constitution.

17 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.

18 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 30 June 2016 there were 471 members.

Merri Community Health Services Limited

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DIRECTORS' DECLARATION

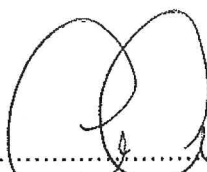
The directors declare that the financial statements and notes set out on pages 5 to 16 in accordance with the *Australian Charities and Not for profits Commissions Act 2012*; and

- (a) Comply with Australian 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 2016 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 27th day of September 2016.

MERRI COMMUNITY HEALTH SERVICES LIMITED
ABN 24 550 946 840

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 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements 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 and fair presentation of a financial report that 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 presents fairly, in all material respects, the entity's financial position as at 30 June 2016 and its performance and its cash flows for the year ended on that date in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 2016 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



M J HARRISON
Partner

Date 28 September 2016



PITCHER PARTNERS
Melbourne