

# Merri Community Health Services Limited

**ABN 24 550 946 840**

Financial Statements

For the Year Ended 30 June 2023

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## Directors' Report

### 30 June 2023

The directors present their report on Merri Community Health Services Limited for the financial year ended 30 June 2023.

#### Directors

The names of the directors in office at any time during, or since the end of, the year are:

NAME	ROLES DURING 2022-2023	BOARD MEETINGS	
		<i>Eligible</i>	<i>Attended</i>
<b>Julie McCormack</b>	<b>Director (Chair)</b> Quality, Safety and Clinical Governance Committee Commissioning Committee Finance, Audit & Risk Management Committee	11	11
<b>Benjamin Maxfield</b>	<b>Director (Deputy Chair)</b> Commissioning Committee Quality, Safety and Clinical Governance Committee Community Engagement Committee	11	10
<b>Ann Taylor</b>	<b>Director</b> Community Engagement Committee Commissioning Committee	11	11
<b>Anne Jungwirth</b>	<b>Director</b> Quality, Safety and Clinical Governance Committee Commissioning Committee	11	11
<b>Joe Caputo</b>	<b>Director</b> Community Engagement Committee	11	11
<b>Seide Raffoul</b>	<b>Director</b> Community Engagement Committee	9	8
<b>Sam Garrasi</b>	<b>Director</b> Finance, Audit & Risk Management Committee Commissioning Committee	11	10
<b>Michael de Bruyn</b>	<b>Director</b> Quality, Safety and Clinical Governance Committee Commissioning Committee	11	11
<b>Roxanne Adams</b> (to 3 December 2022)	<b>Director</b> Quality, Safety and Clinical Governance Committee Commissioning Committee	5	4
<b>Kenneth Cheng</b> (from 11 September 2022)	<b>Director</b> Finance, Audit & Risk Management Committee	9	9

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The Directors attended the following Board sub-committee meetings.

NAME	Quality, Safety & Clinical Gov.		Finance, Audit & Risk Mgt		Community Engagement		Commissioning	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
Julie McCormack	4	4	3	2			4	4
Benjamin Maxfield	1	1	3	3			4	4
Ann Taylor	4	4			4	4	4	3
Anne Jungwirth	4	4					2	2
Joe Caputo					4	2		
Seide Raffoul					4	0		
Sam Garrasi			6	6			4	1
Michael de Bruyn	4	3					2	0
Roxanne Adams	1	1					2	1
Kenneth Cheng			4	3				

### 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.

No significant changes in the nature of the Company's activity occurred during the financial year.

### Short and long term objectives

The Company's 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.

### Strategy for achieving the objectives

To achieve these objectives, the entity has adopted the following 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.

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- 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.

### **How principal activities assisted in achieving the objectives**

To help evaluate whether the activities of the entity 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 the defined objectives for the financial year.

### **Members' Guarantee**

Merri Community Health Services Limited 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 member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$2 for members, subject to the provisions of the company's constitution.

At 30 June 2023 the collective liability of members was \$ 650 (2022: \$ 644).

### **Review of operations**

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

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### 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.

On October 11, 2023, Merri Community Health Services Limited and Banyule Community Health announced that they had approved the exploration of a merger between the two organisations.

Both organisations are undertaking due diligence processes with a view to a formal merger proposal, should those processes reach a satisfactory conclusion.

### Significant changes in state of affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

### Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year ended 30 June 2023 is provided with this report.

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



Chair of the Board

Dated at Coburg this 31<sup>st</sup> day of OCTOBER 2023.

## Auditor-General's Independence Declaration

### To the Board of Directors, Merri Community Health Services Limited

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

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

### *Independence Declaration*

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

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

MELBOURNE  
15 November 2023



Sanchu Chummar

*as delegate for the Auditor-General of Victoria*

**Statement of Comprehensive Income**  
**For the year ended 30 June 2023**

	Note	2023 \$	2022 \$
Revenue		56,601,323	41,535,518
Income		18,615,161	31,626,784
Gain on disposal of property, plant & equipment		1,064,436	-
<b>Total revenue and income</b>	<b>2</b>	<b>76,280,920</b>	<b>73,162,302</b>
Employee benefits expense	3	(36,013,933)	(37,632,005)
Depreciation and amortisation expense	3	(2,646,402)	(2,629,370)
Client costs		(10,153,016)	(8,888,882)
Payments to Other Agencies	3	(16,266,232)	(14,069,940)
Occupancy costs		(1,090,909)	(1,018,790)
Repairs and Maintenance		(286,436)	(230,090)
Communication		(403,865)	(629,035)
Supplies		(275,741)	(270,558)
Computer expenses		(1,889,687)	(1,591,605)
Employment expenses		(696,309)	(755,924)
Motor vehicle expenses		(264,169)	(243,251)
Consulting & legal costs		(1,244,004)	(1,058,512)
Other expenses		(2,371,398)	(2,675,274)
Finance costs	3	(232,926)	(114,872)
Loss on disposal of property, plant & equipment		-	(234)
<b>Total expenses</b>		<b>(73,835,027)</b>	<b>(71,808,342)</b>
<b>Surplus for the year</b>		<b>2,445,893</b>	<b>1,353,960</b>
<b>Other comprehensive income:</b>			
Items that will not be subsequently classified to profit and loss			
- Revaluation of property, plant and equipment		1,634,760	-
- Net fair value movements for financial assets		34,349	(297,410)
<b>Other comprehensive income for the year</b>		<b>1,669,109</b>	<b>(297,410)</b>
<b>Total comprehensive income for the year</b>		<b>4,115,002</b>	<b>1,056,550</b>



**Statement of Financial Position**  
**As at 30 June 2023**

	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	30,375,858	16,804,856
Trade and other receivables	5	355,277	513,171
Financial assets	6	1,153,224	1,184,140
Other current assets	7	4,330,524	5,887,485
Asset classified as held for sale	8	-	4,018,448
<b>Total current assets</b>		<b>36,214,883</b>	<b>28,408,100</b>
<b>Non-current assets</b>			
Right of use assets	9	2,322,385	1,767,528
Financial assets	6	6,510,897	6,152,953
Property, plant and equipment	10	7,912,713	6,855,480
<b>Total non-current assets</b>		<b>16,745,995</b>	<b>14,775,961</b>
<b>Total assets</b>		<b>52,960,878</b>	<b>43,184,061</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	5,484,449	5,445,575
Employee benefits	13	4,808,866	4,846,059
Other liabilities	14	18,669,990	10,342,170
Lease liabilities	9	1,203,200	1,001,576
<b>Total current liabilities</b>		<b>30,166,505</b>	<b>21,635,380</b>
<b>Non-current liabilities</b>			
Borrowings	12	-	2,852,500
Employee benefits	13	1,016,846	1,466,183
Lease liabilities	9	1,318,194	885,667
<b>Total non-current liabilities</b>		<b>2,335,040</b>	<b>5,204,350</b>
<b>Total liabilities</b>		<b>32,501,545</b>	<b>26,839,730</b>
<b>NET ASSETS</b>		<b>20,459,333</b>	<b>16,344,331</b>
<b>Equity</b>			
Reserves		3,095,052	1,425,943
Accumulated surplus		17,364,281	14,918,388
<b>TOTAL EQUITY</b>		<b>20,459,333</b>	<b>16,344,331</b>

**Statement of Changes in Equity**  
**For the year ended 30 June 2023**

	<b>Total</b>	<b>Accumulated surplus</b>	<b>Reserves</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2023</b>			
<b>Balance at 1 July 2022</b>	<b>16,344,331</b>	<b>14,918,388</b>	<b>1,425,943</b>
Surplus for the year	2,445,893	2,445,893	-
Revaluation of property, plant and equipment	1,634,760		1,634,760
Revaluation of financial assets	34,349	-	34,349
<b>Balance at 30 June 2023</b>	<b>20,459,333</b>	<b>17,364,281</b>	<b>3,095,052</b>
<b>2022</b>			
<b>Balance at 1 July 2021</b>	<b>15,287,781</b>	<b>13,564,428</b>	<b>1,723,353</b>
Surplus for the year	1,353,960	1,353,960	-
Revaluation of financial assets	(297,410)	-	(297,410)
<b>Balance at 30 June 2022</b>	<b>16,344,331</b>	<b>14,918,388</b>	<b>1,425,943</b>

**Statement of Cash Flows**  
**For the year ended 30 June 2023**

	<b>Note</b>	<b>2023</b> \$	<b>2022</b> \$
<b>Cash flows from operating activities</b>			
Government grants received		86,069,956	68,866,861
Receipts from clients		1,345,865	2,247,401
Interest payments		(232,926)	(114,872)
Payments to suppliers and employees		(77,060,691)	(76,378,637)
Interest received		644,489	185,447
Other income received		3,068,082	2,765,429
<b>Cash provided by/(used in) operating activities</b>		<b>13,834,775</b>	<b>(2,428,371)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant & equipment		5,023,046	-
Purchase of property, plant and equipment		(1,254,525)	(839,723)
<b>Net cash provided by/(used in) investing activities</b>		<b>3,768,521</b>	<b>(839,723)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(2,852,500)	-
Payment for lease liabilities		(1,179,794)	(1,296,496)
<b>Net cash used in financing activities</b>		<b>(4,032,294)</b>	<b>(1,296,496)</b>
Net increase/(decrease) in cash held		<b>13,571,002</b>	<b>(4,564,590)</b>
Cash at the beginning of the financial year		16,804,856	21,369,446
<b>Cash at end of the financial year</b>	<b>4</b>	<b>30,375,858</b>	<b>16,804,856</b>

## **1 Summary of Significant Accounting Policies**

### **Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the disclosure requirements of AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

Merri Community Health Services Limited ('the Company') is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" entity under the Australian Accounting Standards.

The financial statements are prepared on a going concern basis. All amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

### **(a) Impact of COVID-19 pandemic**

In 2020, a global pandemic caused by the COVID-19 Coronavirus (COVID-19) was declared. To contain the spread of COVID-19 and prioritise the health and safety of our community, Merri Community Health Services Limited was required to comply with various restrictions announced by the Commonwealth and State Governments, which had impacted the way in which the Company operates.

As restrictions eased during the 2021-22 financial year, the Company had been able to return to previous levels of operation. There is no impact noted in the current financial statements.

### **(b) Revenue and other income**

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as discussed below.

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

**(b) Revenue and other income** (continued)

Income from grants that are enforceable and with sufficiently specific performance obligations are recognised in the Statement of Comprehensive Income when the Company has satisfied the performance obligations under the terms of the grant. The Company exercises judgement over whether the performance obligations have been met, on a grant by grant basis. The performance obligations for activity-based funding are the number of services provided or program objectives achieved in accordance with terms and conditions agreed to with the grant providers. Revenue is recognised when a service provision is completed or a program objective is achieved. The performance obligations have been selected as they align with funding conditions set out in the agreements issued by the grant providers.

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

Grant revenue was previously recognised in the statement of comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

Fee for service and contract revenue are earned from provision of services when performance obligations are either satisfied over time or at a point in time. Generally, the supply of health services under a contract with a customer will represent the satisfaction of a performance obligation at a point in time, which is when health advice and treatment are provided to the customer.

Donations and bequests are recognised as income when received.

Interest income is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

Other income is recognised on an accruals basis when performance obligations are satisfied.

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

Where estimates are required in the recognition of revenue and income, the organisation uses assumptions based on performance data available, historical experience and other factors that are considered to be relevant.

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

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

**Property**

Leasehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

**Plant and equipment**

Plant and equipment are measured on the cost basis. Cost includes expenditure that is directly attributable to the asset. Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

**Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

Where estimates are required in the calculation of an asset's useful life, the organisation uses assumptions based on historical experience of existing asset classes where applicable.

The depreciation rates used for each class of depreciable assets are:

Buildings **2.5%**

Building leasehold improvements **10-20%**

Plant and Equipment **8.33-33%**

The depreciation rates are consistent with the prior year.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

**(d) Financial instruments**

Financial instruments are recognised initially on the date that the entity becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**Financial assets**

All recognised financial assets are subsequently in their entirety measured at either amortised cost or fair value, depending on the classification of financial assets.

The entity uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the entity in full, without recourse to actions such as realising security (if any is held).

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

**Fixed interest investment portfolio**

The fixed interest investment portfolio is managed by JBWere and is measured at fair value according to the active market price at at balance date. Net changes in fair value are recognised in other comprehensive income for the financial year.

**Trade receivables**

Trade receivable impairments are recorded in a separate provision account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated provision.

Where the entity renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the Statement of Comprehensive Income.

**Amortised cost**

Assets measured at amortised cost are financial assets where:

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

The entity's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in the Statement of Comprehensive Income.

**Financial liabilities**

The entity measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the entity comprise trade payables, bank and other loans and finance lease liabilities.

**(e) Expenses from transactions**

Expenses are recognised as they are incurred and reported in the financial year to which they relate. All expenses are stated net of the amount of goods and services tax (GST).

Employee benefits expense includes salaries and wages (including associated on-costs), leave expenses, termination payments, superannuation expenses (i.e. employer contributions), fringe benefits tax, work cover premium and other employee related expenses.

Client costs and Payments to Other Agencies are recognised as expenses in the reporting period in which they relate.

Other expenses are recognised as expense in the reporting period in which they are incurred.

**(f) Impairment of non-financial assets**

At the end of each reporting year, the entity reviews the carrying values of its tangible 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 higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income. Impairment losses are recognised as an expense immediately, unless the relevant asset is property, plant and equipment held at fair value (other than investment property carried at a revalued amount) in which case the impairment loss is treated as a revaluation decrease as described in the accounting policy for property, plant and equipment.

**(g) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

**(h) Leases**

At inception of a contract, the entity assesses whether a lease exists i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The entity has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The entity has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the entity recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the entity believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the entity's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the entity's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

*Exceptions to lease accounting*

The entity has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The entity recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

**(i) Employee benefits**

*Employee Benefit Recognition*

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

*Provisions*

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

*Annual Leave*

Liabilities for annual leave are recognised in the provision for employee benefits as 'current liabilities' because the Company does not have an unconditional right to defer settlements of these liabilities. Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:

- Nominal value – if the Company expects to wholly settle within 12 months; or
- Present value – if the Company does not expect to wholly settle within 12 months.

*Long Service Leave*

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Company does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period. The components of this current LSL liability are measured at:

- Nominal value – if the Company expects to wholly settle within 12 months; or
- Present value – if the Company does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

*Termination Benefits*

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

*On-Costs Related to Employee Benefits*

Provision for on-costs such as workers compensation and superannuation are recognised separately from provisions for employee benefits. They are a consequence of employing employees but are not employee benefits. As such provisions for on-costs are to be disclosed separately from provision for employee benefits.

**(j) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.



## **Merri Community Health Services Limited**

ABN 24 550 946 840

### **(k) Income tax**

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

### **(l) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a Statement of Financial Position as at the beginning of the earliest comparative period will be presented.

### **(m) Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the entity during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

### **(n) Economic dependence**

Merri Community Health Services Limited is dependent on the State and Federal Government bodies for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the State and Federal Government bodies will not continue to support Merri Community Health Services Limited.

### **(o) Adoption of new and revised accounting standards**

During the current year, the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these Standards has not had a significant impact on the recognition, measurement and disclosure of transactions.

### **(p) Accounting standards issued but not yet effective**

An assessment of Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to Merri Community Health Services Limited and their potential impact when adopted in future periods are discussed below:

- AASB 17: Insurance Contracts (applicable for reporting periods commencing on or after 1 January 2023). Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatory to the company in future periods.

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>2 Revenue</b>		
<b>(a) Revenue from contracts with customers</b>		
Government grants (State) - Operating	18,112,200	8,987,791
Government grants (Commonwealth) - Operating	35,617,987	28,863,937
Other revenue	1,613,649	1,607,064
Fees for service	1,239,487	2,076,726
	<b>56,601,323</b>	<b>41,535,518</b>
<b>(b) Other sources of income</b>		
Government grants (State) - Operating	4,258,659	15,801,632
Government grants (Commonwealth) - Operating	12,115,324	14,607,319
Interest income	1,022,043	235,055
Donation income	4,000	5,000
Other income from operating activities	1,215,135	977,778
	<b>18,615,161</b>	<b>31,626,784</b>
<b>(c) Gain on disposal of property, plant &amp; equipment</b>		
Gain on disposal of property, plant & equipment	1,064,436	-
	<b>1,064,436</b>	<b>-</b>
<b>Total revenue and income</b>	<b>76,280,920</b>	<b>73,162,302</b>
<b>3 Result for the Year</b>		
<b>Finance costs:</b>		
Interest and bank fees	144,232	42,785
Interest expense on lease liabilities	88,694	72,087
	<b>232,926</b>	<b>114,872</b>
<b>Amortisation of:</b>		
right of use assets	1,259,088	1,260,707
	<b>1,259,088</b>	<b>1,260,707</b>
<b>Depreciation of:</b>		
buildings	89,130	96,160
leasehold improvements	569,498	545,581
plant and equipment	728,686	726,922
	<b>1,387,314</b>	<b>1,368,663</b>
<b>Total depreciation and amortisation costs</b>	<b>2,646,402</b>	<b>2,629,370</b>
<b>Employee benefits:</b>		
Salaries & wages	32,344,836	33,991,921
Superannuation	3,139,695	3,023,931
Workers compensation	141,343	154,381
Long-term & post-employment benefits	388,059	461,772
	<b>36,013,933</b>	<b>37,632,005</b>

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Other costs:</b>		
Payments to Other Agencies	16,266,232	14,069,940
<p>Payments to Other Agencies represents contracted payments to external agencies for delivery of funded services.</p>		
<b>4 Cash and cash equivalents</b>		
Cash on hand	7,300	7,550
Cash at bank	8,691,401	3,718,725
Short-term term deposits	21,331,461	12,746,176
Cash trust account	345,696	332,405
	<b><u>30,375,858</u></b>	<b><u>16,804,856</u></b>
<b>5 Trade and other receivables</b>		
<b>Current</b>		
Receivables for funding and client fees	481,597	567,391
Less: Provision for impairment of receivables	(143,000)	(70,900)
	<b><u>338,597</u></b>	<b><u>496,491</u></b>
Other receivables	16,680	16,680
	<b><u>16,680</u></b>	<b><u>16,680</u></b>
<b>Total current trade and other receivables</b>	<b><u>355,277</u></b>	<b><u>513,171</u></b>
<b>(a) Provision for impairment of receivables</b>		
Movement in provision for impairment of receivables is as follows:		
Balance at beginning of the year	70,900	107,300
Increase in allowance	84,651	-
Amounts written off during the year	(12,551)	(36,400)
<b>Balance at the end of the year</b>	<b><u>143,000</u></b>	<b><u>70,900</u></b>
<b>6 Other financial assets</b>		
<b>Current</b>		
Fixed interest investment portfolio	<u>1,153,224</u>	<u>1,184,140</u>
<b>Non-Current</b>		
Fixed interest investment portfolio	<u>6,510,897</u>	<u>6,152,953</u>
<b>7 Other assets</b>		
<b>Current</b>		
Prepayments	861,255	851,099
Accrued revenue from contracts with customers	2,779,533	4,711,528
Accrued Income	689,736	324,858
	<b><u>4,330,524</u></b>	<b><u>5,887,485</u></b>

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>8 Asset classified as held for sale</b>		
Land and buildings - at fair value	-	4,018,448
	<u>-</u>	<u>4,018,448</u>

In June 2023, the organisation sold the property known as 'Coburg Corner' situated at 491-495 Sydney Road, Coburg and 83-91 Bell Street, Coburg. This property was purchased in 2016 with a view for potential development into an operational site.

**9 Leases**

**(a) Right-of-use assets**

Under lease at beginning of the year	5,539,521	5,231,584
Additions	1,180,409	307,937
Accumulated amortisation	(4,397,545)	(3,771,993)
<b>Total carrying amount of lease assets</b>	<u><b>2,322,385</b></u>	<u><b>1,767,528</b></u>

The company's lease portfolio includes rental properties, motor vehicles and office equipment. The lease terms for each type of lease arrangements are:

<b>Class of Lease</b>	<b>Lease Term</b>
Rental Properties	1 - 6 years
Motor Vehicles	2 - 5 years
Office Equipment	3 years

**(b) Lease liabilities**

Current lease liabilities	1,203,200	1,001,576
Non-current lease liabilities	1,318,194	885,667
<b>Total Carrying Amount of Lease Liabilities</b>	<u><b>2,521,394</b></u>	<u><b>1,887,243</b></u>

**Maturity Analysis of future lease payments**

Not later than 1 year	1,238,313	994,027
Later than 1 year and not later than 5 years	1,343,520	902,562
Later than 5 years	-	-
	<u><b>2,581,833</b></u>	<u><b>1,896,589</b></u>

**(c) Lease expenses and cashflow**

Interest expense on lease liabilities	88,694	72,087
Amortisation	1,259,088	1,260,707

**10 Property, plant and equipment**

Land and buildings - at fair value	4,305,000	2,768,526
Less: Accumulated depreciation	-	(79,899)
	<u><b>4,305,000</b></u>	<u><b>2,688,627</b></u>
Building improvements on leasehold land - at cost	8,933,351	8,159,560
Less: Accumulated depreciation	(6,348,978)	(5,800,049)
	<u><b>2,584,373</b></u>	<u><b>2,359,511</b></u>
Plant and equipment - at cost	5,683,700	5,740,015
Less: Accumulated depreciation	(4,660,360)	(3,932,673)
	<u><b>1,023,340</b></u>	<u><b>1,807,342</b></u>
	<u><u><b>7,912,713</b></u></u>	<u><u><b>6,855,480</b></u></u>

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Movements in Carrying Amounts</b>		
<b>Land and buildings</b>		
Balance at the beginning of year	2,688,627	6,803,235
Additions/Adjustment	70,743	-
Reclassified as asset held for sale	-	(4,018,448)
Revaluations / (Devaluations)	1,634,760	
Depreciation expense	(89,130)	(96,160)
Balance at 30 June 2023	<b>4,305,000</b>	<b>2,688,627</b>
<b>Building improvements on leasehold land</b>		
Balance at the beginning of year	2,359,511	2,852,820
Additions	461,040	52,272
Disposals	(10,906)	-
Transfers in/(out)	344,226	-
Depreciation expense	(569,498)	(545,581)
Balance at 30 June 2023	<b>2,584,373</b>	<b>2,359,511</b>
<b>Plant and equipment</b>		
Balance at the beginning of year	1,807,342	1,748,577
Additions	449,260	787,451
Disposals/Adjustment	(160,350)	(1,764)
Transfers in/(out)	(344,226)	-
Depreciation expense	(728,686)	(726,922)
Balance at 30 June 2023	<b>1,023,340</b>	<b>1,807,342</b>
<b>Total property, plant &amp; equipment</b>		
Balance at the beginning of year	6,855,480	11,404,632
Additions	981,043	839,723
Disposals	(171,256)	(1,764)
Reclassified as asset held for sale	-	(4,018,448)
Revaluations / (Devaluations)	1,634,760	
Depreciation /Amortisation	(1,387,314)	(1,368,663)
Balance at 30 June 2023	<b>7,912,713</b>	<b>6,855,480</b>

**Valuations**

The fair value of freehold land, and buildings on freehold land have been determined for the purposes of assessing impairment by reference to independent valuation assessments obtained in 2023. The independent valuations are performed on a fair value basis, being the amounts for which the assets could be exchanged between market participants in an arm's length transaction considering the specific nature of the asset.

The assessment by directors, based on the independent valuations, was that the carrying value of the freehold land and building at 11 Glenlyon Road, Brunswick, should increase by \$1,634,760 to \$4,305,000.

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>11 Trade and other payables</b>		
<b>Current</b>		
<b>Unsecured liabilities</b>		
Trade payables	1,015,300	659,091
Salary and wage accruals	1,425,584	1,480,417
Accrued expenses	691,043	928,757
Client funds held	381,074	1,692,445
Other current liabilities	1,971,448	684,865
	<b><u>5,484,449</u></b>	<b><u>5,445,575</u></b>

Trade payable terms vary from 7 to 30 days generally. No interest is charged on trade payables. Other payables and accruals comprise invoices for goods and services received subsequent to the close off of trade creditors. Client funds held represent balances of Commonwealth Home Care Packages held by the Company on behalf of Home Care Package recipients. Other current liabilities includes regular statutory amounts due for payment following the close of the financial year.

**12 Borrowings**

Property Loan - Commonwealth Bank of Australia	-	2,852,500
<b>Total non-current borrowings</b>	<b><u>-</u></b>	<b><u>2,852,500</u></b>

**13 Employee Benefits**

**Current**

**Annual leave**

Unconditional & expected to be settled wholly within 12 months (i)	2,109,260	2,194,887
Unconditional & expected to be settled wholly after 12 months (ii)	-	-
	<b><u>2,109,260</u></b>	<b><u>2,194,887</u></b>

**Long service leave**

Unconditional & expected to be settled wholly within 12 months (i)	742,720	705,912
Unconditional & expected to be settled wholly after 12 months (ii)	1,654,815	1,663,215
	<b><u>2,397,535</u></b>	<b><u>2,369,127</u></b>

**Provisions related to employee benefit on-costs**

Unconditional & expected to be settled wholly within 12 months (i)	89,118	79,582
Unconditional & expected to be settled wholly after 12 months (ii)	212,953	202,463
	<b><u>302,071</u></b>	<b><u>282,045</u></b>
	<b><u>4,808,866</u></b>	<b><u>4,846,059</u></b>

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

	2023	2022
	\$	\$
<b>Non Current</b>		
<b>Long service leave</b>		
Conditional long service leave	899,460	1,301,302
Provisions related to employee benefit on-costs	117,386	164,881
	<b><u>1,016,846</u></b>	<b><u>1,466,183</u></b>

i The amounts disclosed are nominal amounts.

ii The amounts disclosed are discounted to present values.

**14 Other Liabilities**

**Current**

**Unsecured liabilities**

Contract liabilities	17,619,347	9,106,369
Prepaid grant income	1,050,643	935,801
Deferred capital income	-	300,000
	<b><u>18,669,990</u></b>	<b><u>10,342,170</u></b>

Contract liabilities represent revenue received for unperformed performance obligations.

**15 Key Management Personnel Compensation**

The totals of remuneration paid to the key management personnel of Merri Community Health Services Limited during the year are as follows:

Short-term employee benefits	1,435,934	1,294,414
Post-employment benefits	155,310	132,017
Termination benefits	137,596	-
	<b><u>1,728,840</u></b>	<b><u>1,426,431</u></b>

The key management personnel of Merri Community Health Services Limited during the year are as follows:

Ms Julie McCormack	Board Member
Ms Seide Raffoul	Board Member
Ms Anne Jungwirth	Board Member
Mr Sam Garrasi	Board Member
Mr Joe Caputo	Board Member
Ms Ann Taylor	Board Member
Mr Benjamin Maxfield	Board Member
Mr Darryl Annett	Board Member
Ms Roxanne Adams	Board Member
Mr Kenneth Cheng	Board Member
Mr Michael de Bruyn	Board Member
Ms Tassia Michaleas	Chief Executive Officer
Dr Antoinette Mertins	Member of Executive
Dr Carolyn Wallace	Member of Executive
Ms Nessa Wright	Member of Executive

**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Mr Gavin Thompson	Member of Executive	
Ms Maryanne Tadic	Member of Executive	
Ms Amie Reed	Member of Executive	
Mr Shadi Hanna	Member of Executive	
Ms Jillian Dent	Member of Executive	
Mr Adam Demirtel	Member of Executive	
Ms Heleni Bagiartakis	Member of Executive	

**16 Remuneration of auditors**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Remuneration of auditors for auditing the financial report		
Victorian Auditor-General's Office	47,500	47,000
Remuneration of auditors for auditing financial funding acquittals		
RSD Audit	12,500	14,700
Pitcher Partners	-	6,600
	<b>60,000</b>	<b>68,300</b>

**17 Contingent liabilities and contingent assets**

The company holds a \$62,700 bank guarantee with the Commonwealth Bank of Australia in relation to the operating lease for the premises at 110 Chifley Drive, Preston that commenced in September 2021.

There are no other known contingent assets or contingent liabilities.

**18 Events Subsequent to Reporting Date**

On October 11, 2023, Merri Community Health Services Limited and Banyule Community Health announced that they had approved the exploration of a merger between the two organisations.

Both organisations are undertaking due diligence processes with a view to a formal merger proposal, should those processes reach a satisfactory conclusion.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the organisation, the results of the operations or the state of affairs of Merri Community Health Services Limited in the future financial years.

**19 Related parties**

Other than compensation paid to Key Management Personnel (refer note 15), there were no related party transactions that involved key management personnel, their close family members and their personal business interests. There were no related party transactions required to be disclosed for the Company's Board of Directors, Chief Executive Officer and Executive Leadership Team in 2023.



**Notes to the Financial Statements**  
**For the year ended 30 June 2023**

**20 Financial Risk Management**

The company's financial instruments consist mainly of deposits with banks, borrowings from banks, accounts receivable and payable and lease liabilities.

The carrying amount for each category of financial instruments, measured in accordance with AASB9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	Note	2023 \$	2022 \$
<b>Financial assets at fair value</b>			
Cash and cash equivalents	4	30,375,858	16,804,856
Trade and other receivables	5	355,277	513,171
Fixed Interest Investment portfolio	6	7,664,121	7,337,093
<b>Total financial assets</b>		<b><u>38,395,256</u></b>	<b><u>24,655,120</u></b>
<b>Financial liabilities at fair value</b>			
Trade and other payables	11	5,484,449	5,445,575
Borrowings	12	-	2,852,500
		<b><u>5,484,449</u></b>	<b><u>8,298,075</u></b>
<b>Financial liabilities at amortised cost</b>			
Lease liabilities	9	2,521,394	1,887,243
		<b><u>2,521,394</u></b>	<b><u>1,887,243</u></b>
<b>Total financial liabilities</b>		<b><u>8,005,843</u></b>	<b><u>10,185,318</u></b>

**20 Company Details**

The financial statements are for Merri Community Health Services Limited as an individual entity, incorporated and domiciled in Australia. Merri Community Health Services Limited is a not-for-profit company limited by guarantee.

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

Merri Community Health Services Limited  
 11 Glenlyon Road  
 Brunswick Vic 3056

## **Notes to the Financial Statements**

### **For the year ended 30 June 2023**

#### **Responsible Entities' Declaration**

The Directors of the entity are the responsible persons and the responsible persons declare that:

1. The financial statements and notes, as set out on pages 7 to 24, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
  - (a) comply with Australian Accounting Standards - Simplified Disclosures and the Australian Charities and Not-for-profits Commission Regulation 2022; and
  - (b) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the entity.
2. In the responsible persons' opinion, there are reasonable grounds to believe that the entity 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.



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

Dated at Coburg this <sup>31<sup>st</sup></sup> day of ~~17~~ <sup>October</sup> 2023.

# Independent Auditor's Report

## To the Director of Merri Community Health Services Limited

<b>Opinion</b>	<p>I have audited the financial report of Merri Community Health Services Limited (the company) which comprises the:</p> <ul style="list-style-type: none"> <li>• statement of financial position as at 30 June 2023</li> <li>• statement of comprehensive income for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flow for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• responsible entities' declaration.</li> </ul> <p>In my opinion the financial report in accordance with Division 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, including:</p> <ul style="list-style-type: none"> <li>• giving a true and fair view of the financial position of the company as at 30 June 2023 and of its financial performance and its cash flows for the year then ended</li> <li>• complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2022</i>.</li> </ul>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the audit independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Directors' responsibilities for the financial report</b>	<p>The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, and for such internal control as the Directors determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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


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

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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MELBOURNE  
15 November 2023



Sanchu Chummar

*as delegate for the Auditor-General of Victoria*