

Bendigo Community Health Services  
Limited  
ABN: 76 026 154 968

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Financial Report  
For the year ended 30 June 2023

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# Bendigo Community Health Services Limited - Directors Report

Your directors present their report of the Bendigo Community Health Services Limited for the year ended 30 June 2023.

## Directors

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

|                  |                       |                 |                   |
|------------------|-----------------------|-----------------|-------------------|
| Vicki Pearce     |                       | Lauren Bean     |                   |
| Abhishek Awasthi |                       | Larissa Seymour | Elected 9/11/2022 |
| Josh Pell        | Resigned 9/8/2022     | Ellyse McNish   | Elected 9/11/2022 |
| Michael Carney   |                       |                 |                   |
| Melanie Eddy     |                       |                 |                   |
| Mark Morley      |                       |                 |                   |
| Danielle Couch   | End of term 9/11/2022 |                 |                   |

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

## Company Secretary

The following person held the position of company secretary at the end of the financial year.

Kevin Pittman      Qualifications : Masters of Business Administration, Master of Human Services.

The principal activities of the company during the course of the financial year were to address health inequalities and disadvantage through the provision of a broad range of health and community services.

## Significant Changes

There were no significant changes to the entities operations to the year ended 30th June 2023. The continuation of the COVID-19 pandemic continued into the financial year, however the impacts were not as severe as had been experienced in the previous years.

## Operating Result

The company recorded a surplus of \$2,734,053 for the year ended 30 June 2023, (2022: Deficit - \$273,041).

## After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations of the state of affairs of the company in future financial years

## Environmental Issues

The company is not subject to any significant environmental regulation.

## Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in Note 20 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

## Indemnification and Insurance of Directors and Officers

The company has indemnified all directors and the Chief Executive Officer in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or Chief Executive Officer of the company except where the liability arises out of conduct involving the lack of good faith. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

## Proceedings on Behalf of the Entity

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

The entity was not a party to any such proceedings during the year.

## Information on Directors

### Vicki Pearce

Qualifications:      NFP Community and Business Advisor; MAICD, F Fin.

Experience:          Director, Treasurer and Trustee Bendigo Art Gallery Board; Treasurer, Ulumbarra Foundation Inc. Committee member of Greater Bendigo against Family Violence and Regional Committee member AICD. Past Trustee, National Gallery of Victoria; Former director Foundation Housing Ltd. Perth and Curtin University School of Economics and Finance Advisory Board. Leadership and Management positions in Banking and Finance.

Special                  Member Corporate Governance, Community Governance and Quality, Safety & Experience committees.

Responsibilities:

## Bendigo Community Health Services Limited - Directors Report (Continued)

### Information on Directors (Continued)

#### Larissa Seymour

Qualifications: Graduate Australian institute of Company Directors (GAICD), Bachelor of Social Science (PGDipPsych), Diploma of Population Health (Dip PH), Diploma of Community Development (DipCD)

Experience: Current Company Director of Bendigo Health and Taskforce. Past Company Director of Manningham Community Health Service, Women's Health East and Glen Park Community Centre. Currently a Senior Manager in the Victorian Department of Health, Mental Health and Wellbeing Division, System planning and transformation. Holds extensive sector leadership experience in health and social services organisation and Primary Health Networks.

Special Responsibilities: Member Quality, Safety and Experience, and Nominations Committees

#### Lauren Bean

Qualifications: Graduate, Australian Institute of Company Directors and Columbia Business School executive education program. MA in communications from RMIT.

Experience: Past directorships include Bendigo Cemetery Trust, Bendigo TAFE, Community Sector Bank and Community 21. Currently a General Manager at Bendigo and Adelaide Bank, previously held CEO and leadership roles in the community, commercial media and financial services sectors.

Special Responsibilities: Chair of Quality, Safety and Consumer Experience Committee, and a member of the Nomination and Board CEO Relationship committees.

#### Ellyse McNish

Qualifications: Bachelor of Business (Marketing), Graduate Certificate of Business Administration, 2022 Loddon Murray Community Leadership Graduate.

Experience: Currently managing a rural medical program focused on recruiting and retaining regional practitioners. Board member of the Bendigo Football Netball League. Member of the Bendigo Education Plan Committee.

Special Responsibilities: Member Community Governance and Nominations Committees

#### Melanie Eddy

Qualifications: CPA

Experience: Owner of a small business with 25 years' experience in public practice advising small business in all areas of business management. Extensive community activities through sporting clubs and coaching with representation on the Relay for Life Committee Bendigo and Echuca (Committee member), Apex Lions Madison Committee (Treasurer), St Francis of the Fields Primary School (Board member), St Francis of the Fields Primary School Parents and Friends (Committee member), St Francis of the Fields Netball club (Treasurer), Storm Junior netball club (Treasurer), Priests retirement foundation Sandhurst committee member and Bendigo Diggers (Board member), Finance Council of the Diocese of Sandhurst (Committee member) and the Gianna Centre (Treasurer).

Special Responsibilities: Chair of Corporate Governance Committee and Member of Community Governance Committee.

#### Mark Morley

Qualifications: Bachelor of Arts (Arabic), Bachelor of Commerce (Economics), Master of International Relations, Doctor of Juridical Science (Law)

Experience: A former senior trade diplomat in Egypt, Saudi Arabia, India and Pakistan, with experience in Australia with Telstra, and Regional Development Victoria, and the Victorian Government in management, marketing, government policy, trade and investment. With deep experience in government policy and implementation, Mark is a director, Bendigo Anglican Diocese Corporation with responsibility for trusts: Bencourt Care and New Horizons Welfare Services; Committee Member, Loddon Campaspe Regional Partnership, Director: The Leprosy Mission.

Special Responsibilities: Chair of Community Governance Committee and member of Corporate Governance Committee.

## Bendigo Community Health Services Limited - Directors Report (Continued)

### Information on Directors (Continued)

#### Michael Carney

Qualifications: Bachelor of Physiotherapy (University of Melbourne); Master of Business Administration Executive (RMIT)

Experience: Registered Physiotherapist (Australian Health Practitioner Regulation Agency). Various management roles in health including aged care and occupational rehabilitation, with current position at Royal Australasian College of Physicians. Extensive community activities formerly through sporting clubs and now local school community.

Special Responsibilities: Member of Quality, Safety and Experience and Board CEO Relationship committees; Chair of the Corporate Governance Committee.

#### Abhishek Awasthi

Qualifications: Master of Business Administration (MBA), Lean Six Sigma (Yellow Belt) International ISO18404 Certificate, Company Directors Course, Graduate Certificate in Higher Education Curriculum, Teaching and Learning, Master of Biotechnology and Bioinformatics, Bachelor of Technology (Engineering).

Experience: President, Indian Association of Bendigo Inc.; Chair, Loddon Campaspe Multicultural Services; Chair, LEAD Loddon Murray; Member, Bendigo Interfaith Council; Member, Regional Advisory Committee AICD; Member, Rural and Regional Advisory Committee, FECCA; Member, Regional Advisory Council; Victorian Multicultural Commission; Multicultural Community Ambassador, AFL; Manager, Student Engagement and Retention – Bendigo Kangan Institute (Bendigo TAFE and Kangan Institute); Director eiConsulting; and Student Engagement and Transition Officer, La Trobe University.

Special Responsibilities: Member of Quality, Safety and Experience and Community Governance Committees.

### Meeting of Directors

During the financial year, 9 meetings of directors were held. Attendances by each director were as follows:

|                  | Board of Directors |          | Corporate Governance Committee |          | Quality, Safety and Consumer Experience |          | Community Governance Committee |          | Nominations Committee |          |
|------------------|--------------------|----------|--------------------------------|----------|---|----------|--------------------------------|----------|-----------------------|----------|
|                  | Eligible           | Attended | Eligible                       | Attended | Eligible                                | Attended | Eligible                       | Attended | Eligible              | Attended |
| Abhishek Awasthi | 9                  | 8        |                                |          | 6                                       | 5        | 2                              | 2        | 2                     | 2        |
| Lauren Bean      | 9                  | 8        |                                |          | 5                                       | 5        | -                              | -        | -                     | -        |
| Michael Carney   | 9                  | 8        | 6                              | 6        | 6                                       | 6        | -                              | -        | -                     | -        |
| Danielle Couch   | 4                  | 4        | -                              | -        | 2                                       | 1        | 1                              | 1        | -                     | -        |
| Melanie Eddy     | 9                  | 8        | 11                             | 10       | 6*                                      | 4        | 1                              | 1        | 2                     | 2        |
| Ellyse McNish    | 5                  | 5        | -                              | -        | -                                       | -        | 1                              | 1        | -                     | -        |
| Mark Morley      | 9                  | 8        | 11                             | 10       | -                                       | -        | 2                              | 2        | -                     | -        |
| Vicki Pearce     | 9                  | 9        | 11                             | 11       | 6*                                      | 3        | 2                              | 1        | -                     | -        |
| Larissa Seymour  | 5                  | 5        | 11                             | 10       | 4                                       | 2        |                                |          |                       |          |
| Josh Pell        | 1                  | 0        |                                |          |   |          |                                |          |                       |          |

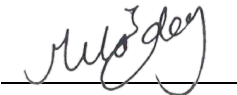
\* - Ex-officio

### Members' Guarantee

The entity is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the entity. At 30 June 2023 the number of members was 68 (2022: 64).

### Auditors' Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on **page 24** of the financial reports. The directors' report is signed in accordance with a resolution of the board of directors.



Melanie Eddy,  
Chair



Michael Carney, Director  
and Chair of the Corporate  
Governance Committee

## Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023



|   | Notes  | 2023<br>\$       | 2022<br>\$       |
|---|--------|------------------|------------------|
| Revenue   | 2(a) 2 | 15,460,364       | 16,034,550       |
| Other income  | 2(b) 2 | 14,506,240       | 9,196,363        |
| Employee benefits expense   |        | (20,057,497)     | (18,269,566)     |
| Child care expenses   |        | (895,405)        | (893,467)        |
| Program expenses  |        | (3,878,908)      | (3,272,220)      |
| Fleet expenses  |        | (44,611)         | (30,047)         |
| Depreciation and amortisation expenses                                  | 3      | (1,169,227)      | (1,065,759)      |
| Technology expenses   |        | (759,962)        | (691,664)        |
| Facility expenses   |        | (636,477)        | (680,741)        |
| Administration expenses   |        | (229,386)        | (275,974)        |
| Net gain/(loss) on change in fair value of investments                  |        | 438,921          | (324,517)        |
| Profit from continuing operations                                       |        | <b>2,734,053</b> | <b>(273,041)</b> |
| Items that will not be reclassified to profit or loss:                  |        |                  |                  |
| <b>Total comprehensive income attributable to members of the entity</b> |        | <b>2,734,053</b> | <b>(273,041)</b> |

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

## As at 30 June 2023



|                                      | Notes | 2023<br>\$        | 2022<br>\$        |
|--------------------------------------|-------|-------------------|-------------------|
| <b>Current assets</b>                |       |                   |                   |
| Cash and cash equivalents            | 4     | 13,122,124        | 8,309,850         |
| Other financial assets               | 5     | 1,564,434         | 1,526,668         |
| Trade and other receivables          | 6     | 508,714           | 365,530           |
| Other assets                         | 7     | 634,197           | 251,996           |
| <b>Total current assets</b>          |       | <b>15,829,469</b> | <b>10,454,044</b> |
| <b>Non-current assets</b>            |       |                   |                   |
| Other financial assets               | 5     | 7,277,426         | 6,658,924         |
| Property, plant and equipment        | 8     | 11,165,688        | 11,365,346        |
| Right of use assets                  | 9     | 1,504,493         | 1,531,345         |
| Capital work in progress             | 10    | 683,692           | 132,549           |
| Intangible assets                    | 11    | 7,208             | -                 |
| Other assets                         | 7     | 55,570            | 35,936            |
| <b>Total non-current assets</b>      |       | <b>20,694,077</b> | <b>19,724,100</b> |
| <b>Total assets</b>                  |       | <b>36,523,547</b> | <b>30,178,144</b> |
| <b>Current liabilities</b>           |       |                   |                   |
| Trade and other payables             | 12    | 6,296,630         | 3,729,829         |
| Funds held in trust                  | 13    | 1,500,041         | 933,924           |
| Lease liabilities                    | 14    | 555,579           | 440,707           |
| Provisions                           | 15    | 3,166,082         | 2,883,114         |
| <b>Total current liabilities</b>     |       | <b>11,518,333</b> | <b>7,987,574</b>  |
| <b>Non-current liabilities</b>       |       |                   |                   |
| Lease liabilities                    | 14    | 1,214,625         | 1,304,413         |
| Provisions                           | 15    | 909,705           | 739,325           |
| <b>Total non-current liabilities</b> |       | <b>2,124,330</b>  | <b>2,043,738</b>  |
| <b>Total liabilities</b>             |       | <b>13,642,663</b> | <b>10,031,312</b> |
| <b>Net assets</b>                    |       | <b>22,880,884</b> | <b>20,146,832</b> |
| <b>Equity</b>                        |       |                   |                   |
| Retained earnings                    |       | 16,726,637        | 13,992,585        |
| Asset revaluation reserve            |       | 6,154,247         | 6,154,247         |
| <b>Total equity</b>                  |       | <b>22,880,884</b> | <b>20,146,832</b> |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

### For the Year Ended 30 June 2023



|   | Retained earnings<br>\$ | Asset revaluation<br>reserve<br>\$ | Total<br>\$       |
|---|-------------------------|------------------------------------|-------------------|
| Balance at 1 July 2021                        | 14,265,626              | 6,154,247                          | 20,419,873        |
| Deficit for the year                          | (273,041)               | -                                  | (273,041)         |
| Total other comprehensive income for the year | -                       | -                                  | 0                 |
| Balance at 30 June 2022                       | 13,992,585              | 6,154,247                          | 20,146,832        |
| Balance at 1 July 2022                        | 13,992,585              | 6,154,247                          | 20,146,832        |
| Surplus for the year                          | 2,734,053               | -                                  | 2,734,053         |
| Total other comprehensive income for the year | -                       | -                                  | -                 |
| Balance at 30 June 2023                       | <b>16,726,637</b>       | <b>6,154,247</b>                   | <b>22,880,884</b> |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Statement of Cashflow

### For the Year Ended 30 June 2023



|  | Notes | 2023<br>\$         | 2022<br>\$       |
|--|-------|--------------------|------------------|
| Cash flows from operating activities                             |       |                    |                  |
| Receipts from customers and government grants                    |       | 32,582,391         | 27,465,514       |
| Payments to suppliers and employees and others                   |       | (26,277,371)       | (23,447,570)     |
| Interest received  |       | 41,898             | 6,936            |
| Interest paid on lease liabilities                               |       | (58,659)           | (70,864)         |
| Net cash provided by operating activities                        | 16    | <b>6,288,259</b>   | <b>3,954,016</b> |
| Cash flows from investing activities                             |       |                    |                  |
| Payments for financial assets                                    |       | -                  | (4,440)          |
| Payments for property, plant and equipment                       |       | (1,082,140)        | (358,779)        |
| Net cash used in investing activities                            |       | <b>(1,082,140)</b> | <b>(363,219)</b> |
| Cash flows from financing activities                             |       |                    |                  |
| Repayment of lease liabilities                                   |       | (393,845)          | (398,829)        |
| Net cash used in financing activities                            |       | <b>(393,845)</b>   | <b>(398,829)</b> |
| Net increase / (decrease) in cash held                           |       | 4,812,274          | 3,191,968        |
| Cash and cash equivalents at the beginning of the financial year |       | 8,309,850          | 5,117,882        |
| Cash and cash equivalents at the end of the financial year       | 4     | <b>13,122,124</b>  | <b>8,309,850</b> |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



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**Note 1. Summary of Significant Accounting Policies**

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The financial statements cover Bendigo Community Health Services Ltd. (BCHS) as an individual entity, incorporated and domiciled in Australia. Bendigo Community Health Services Ltd. is a company limited by guarantee.

**Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

The financial statements were authorised for issue on 15 November 2023 by the directors of the company.

**Going Concern basis**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing Bendigo Community Health Limited'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 management either intends to liquidate the health service, or to cease operations, or has no realistic alternative but to do so. Considering these requirements, Bendigo Community Health Limited management has prepared the financial statements based on the health services ability to continue as a going concern.

**(a) New and amended accounting policies adopted during the reporting period**

The Company has not adopted any new accounting policies during the reporting period.

**(b) Revenue**

During the year ended 30 June 2023, COVID-19 has impacted revenue recognition. The Department of Health (Vic) (DH) provided a waiver of the outstanding performance obligations related to the year ended 30 June 2023 for Alcohol and Other Drugs funding streams.

**Performance obligations**

- Department of Health (Vic) - Alcohol and Other Drug funding streams

The performance obligations for each of these government grants are:

- Alcohol and Other Drug Streams      This program involves the provision of alcohol and drug treatment services. Bendigo Community Health Services Ltd. are required to provide a set number of drug treatment activity units within the Loddon Mallee region.

For other grants with performance obligations, Bendigo Community Health Services Ltd. exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

**National Disability Insurance Scheme**

This activity includes the provision of individualised support and services to people with a disability. The company's performance obligation is to deliver services in accordance with each participant's approved plan, which is developed based on the participant's needs and requirements. Revenue is recognised over time as the individual simultaneously receives and consumes the benefits provided by the company as it performs. The company uses the output method to measure its progress in satisfying its performance obligations.

**Child Care Services**

The company is a registered family day care provider. Services are funded by the Child Care Subsidy received from the Department of Education, Skills and Employment from which an administrative fee is retained. The balance of the Child Care Subsidy is paid to the individual educators. Revenue is recognised over time as the families simultaneously receive and consume the benefits provided by the company. The company uses the output method to measure its progress in satisfying its performance obligations.

**Interest income**

Interest income is recognised using the effective interest method.

**Donations**

Donations are recognised when the payment is received.

On initial recognition of an asset, the company recognises related amounts being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer. The company recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amounts.

All revenue is stated net of the amount of goods and services tax. In the comparative reporting period. Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and 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.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied. When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Client income is recognised upon the delivery of the service to the customers.

Revenue from the rendering of a service is recognised upon delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax.

**Volunteer services:**

A not-for-profit entity may, as an accounting policy choice, elect to recognise volunteer services, if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Bendigo Community Health Services Ltd. receives volunteer services from members of the community. Whilst the provision of such volunteer services are important to the achievement of the companies objectives, as an accounting policy choice, the company has not elected to recognise such volunteer contributions as revenue and expenditure within profit or loss. The election has no impact upon the company's surplus or net assets.

**Bendigo Community Health Services Ltd.**

**Note 1. Summary of Significant Accounting Policies (continued)**

**(c) Expenses**

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

Employee benefits expense

Employee benefits expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- On-costs
- WorkCover premium.

Child care expenses

Bendigo Community Health Services Ltd. are a registered family day care provider. This expenditure represents payments made to educators as part of the scheme.

Program expenses

Bendigo Community Health Services Ltd. are the lead agency of a consortia providing alcohol and other drug services to the Loddon Mallee Region. Program expenses are most significantly comprised of payments made to the other seven partner organisations.

Other operating expenses

Other operating expenses represent the day to day running costs incurred in normal operations and include things such as:

- Advertising and promotion
- Occupancy and associated costs
- General administration expenses

**(d) Income Tax**

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

**(e) 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, and bank overdrafts.

**(f) Trade and Other Receivables**

Trade and other receivables includes amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses (Note 1(h)).

**(g) Property, Plant and Equipment**

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

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least every five years, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in the statement of profit or loss and other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of asset shall be recognised in the statement of profit or loss and other comprehensive income under the heading of revaluation surplus. All other decreases are charged to the statement of profit or loss and other comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings 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.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

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, excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates are consistent with the prior period. The depreciation rates used for each class of depreciable assets

| <b>Class of Fixed Asset</b> | <b>Depreciation Rate</b> |
|-----------------------------|--------------------------|
| Motor Vehicles              | 15%                      |
| Plant and Equipment         | 20-25%                   |
| Buildings                   | 5%                       |
| Building Improvements       | 5-10%                    |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**Note 1. Summary of Significant Accounting Policies (continued)**

**(h) Financial Instruments Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

**Classification and Subsequent Measurement**

*Financial liabilities*

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

Bendigo Community Health Services Ltd. recognise trade and other payables and lease liabilities in this category.

**(h) Financial Instruments Initial Recognition and Measurement (continued)**

**Financial assets**

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss.

Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets are subsequently measured at amortised costs if both of the following criteria are met and the net assets are not designated at fair value through profit or loss:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method less any impairment.

Bendigo Community Health Services Ltd. recognise cash and cash equivalents and trade and other receivables in this category.

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the Statement of Financial Position.

*Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Recognition of expected credit losses in financial statements**

The company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. The approach is applicable to trade receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc).

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the Statement of Financial Position to recognise the loss allowance.

**(i) Impairment of Assets**

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible 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 of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

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.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

**(j) Employee Benefits**

**Short term employee benefits**

Provision is made for the entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including salaries, wages, ADOs, annual leave and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The entity's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the Statement of Financial Position.

**Long term employee benefits**

The entity classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the entity's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

**(k) Trade and Other Payables**

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

**(l) Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(m) 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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Cash flows are presented in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**(n) Comparative Figures**

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

**(o) Critical Accounting Estimates and Judgements**

The director's 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 both externally and within the company.

**Key Estimates**

**Impairment of assets**

The company assesses impairment at each reporting period by evaluating the conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amount of the relevant assets are reassessed using the value-in-use calculation which incorporates various key assumptions.

**Useful lives of property, plant and equipment**

The company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

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**Note 1. Summary of Significant Accounting Policies (continued)**

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**(o) Critical Accounting Estimates and Judgements (continued)**

*Identifying performance obligations under AASB 15*

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/-type, cost/-value, quantity and the period of transfer related to the goods or services promised.

*Determination and timing of revenue recognition under AASB 15*

For each revenue stream, the company applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation.

*Lease term and option to extend under AASB 16*

The lease term is defined as the non-cancellable period of a lease together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the company will make.

The company determines the likelihood to exercise the options on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to future strategy of the company, in addition to the following:

- If there are significant penalties to terminate (or not to extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Two property leases have been calculated including all renewal options, as it is reasonably certain the leases will be extended (or not terminated). The lease term is reassessed if an option is not exercised or the company becomes obliged to not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

*Borrowing rate under AASB 16*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the company's leases, the company's incremental borrowing rate is used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, eg term, country, currency and security.

*Annual leave*

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The entity expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

*Long service leave calculation*

The company assesses the long service leave liability in accordance with the requirements of AASB 119: *Employee Benefits* and applies probability factors reducing the balance of the liability on employees' balances that have not reached their vesting period, i.e. not entitled to be paid out as at 30 June 2022. The probability factors are increased as the respective employees' years of service increase and are provided for at 100% probability at vesting period (in accordance with employment conditions). The probability rates have been determined based on past retention data.

**(p) Economic Dependence**

Bendigo Community Health Services Ltd. is dependent upon the State of Victoria, via the Department of Health and the Department of Families, Fairness and Housing for the funding of a significant proportion of its operations. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support Bendigo Community Health Services Ltd.

**(q) Fair Value of Assets and Liabilities**

The company measures some of its assets and liabilities at fair value either on a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standards.

"Fair value" is the price the company would sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market information.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset and minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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

The fair value of liabilities and the entity's own equity instrument (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

**(r) Insurance**

VMIA advised Bendigo Community Health Services Ltd. that the total amount of insurance premiums paid by the Department of Health and Human Services on its behalf was \$43,791 for the 2023 financial year (2022: \$21,532).

**(s) New Standards Applicable to Future Periods**

Other than the adoption of AASB 1060 to comply with the *Australian Accounting Standards - Simplified Disclosures* (See basis of preparation), the company has not adopted any other standard, interpretation or amendment that has been issued but not yet effective.

**(t) Right of use assets**

Right-of-use assets comprise the initial measurement of the associated lease liability, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**Bendigo Community Health Services Ltd.**

|                |   | 2023 | 2022              |                   |
|----------------|---|------|-------------------|-------------------|
| <b>Note 2.</b> | <b>Revenue and Other Income</b>   | Note |                   |                   |
|                |   | \$   | \$                |                   |
|                | Revenue from contracts with customers   | 2(a) | 15,460,364        | 16,034,550        |
|                | Other sources of revenue  | 2(b) | 14,506,240        | 9,196,363         |
|                | <b>Total Revenue and Other Income</b>   |      | <b>29,966,604</b> | <b>25,230,913</b> |
| (a)            | Disaggregated revenue   |      |                   |                   |
|                | The Company has disaggregated revenue by the nature of revenue and timing of revenue recognition. |      |                   |                   |
|                | Categories of disaggregation  |      |                   |                   |
|                | State/Commonwealth government funding   |      | 9,725,220         | 10,129,170        |
|                | Other funding   |      | 1,016,995         | 1,036,696         |
|                | Fees for service  |      | 4,718,148         | 4,868,684         |
|                | <b>Total disaggregated revenue from contracts with customers under AASB 15</b>                    |      | <b>15,460,364</b> | <b>16,034,550</b> |
|                | Timing of revenue recognition   |      |                   |                   |
|                | Services transferred to customers:  |      |                   |                   |
|                | - at a point in time  |      | 1,568,814         | 1,424,013         |
|                | - over time   |      | 13,891,550        | 14,610,537        |
|                |   |      | <b>15,460,364</b> | <b>16,034,550</b> |
| (b)            | Other sources of Income   |      |                   |                   |
|                | State/Commonwealth government funding   |      | 9,769,566         | 5,152,685         |
|                | Other funding   |      | 4,072,011         | 3,570,045         |
|                | Rental Income   |      | 108,298           | 105,666           |
|                | Interest received   |      | 45,911            | 7,958             |
|                | Bequests and donations received   |      | 35,780            | 28,935            |
|                | Gain/(loss) on sale of assets   |      |                   | 2,090             |
|                | Other income  |      | 474,674           | 328,984           |
|                | <b>Total other sources of revenue</b>   |      | <b>14,506,240</b> | <b>9,196,363</b>  |

Comparative figures have been adjusted for changes in mapping of accounts from original financial statements for the 2022 financial year.

| <b>Note 3.</b> | <b>Depreciation and amortisation expenses</b>       |  | \$               | \$               |
|----------------|---|--|------------------|------------------|
|                | Buildings   |  | 389,600          | 389,600          |
|                | Building improvements                               |  | 175,858          | 153,941          |
|                | Plant and equipment                                 |  | 157,989          | 131,541          |
|                | Right of use assets                                 |  | 445,780          | 390,677          |
|                | <b>Total Depreciation and Amortisation Expenses</b> |  | <b>1,169,227</b> | <b>1,065,759</b> |

| <b>Note 4.</b> | <b>Cash and Cash Equivalents</b>       |    | \$                | \$               |
|----------------|--|----|-------------------|------------------|
|                | Cash on hand                           |    | 4,400             | 4,300            |
|                | Cash at bank                           |    | 13,117,724        | 8,305,550        |
|                | <b>Total Cash and Cash Equivalents</b> | 17 | <b>13,122,124</b> | <b>8,309,850</b> |
|                | <i>Represented by:</i>                 |    |                   |                  |
|                | Operational funds                      |    | 7,583,201         | 5,136,190        |
|                | Monies held in trust                   |    | 5,538,924         | 3,173,660        |
|                |  |    | <b>13,122,124</b> | <b>8,309,850</b> |

| <b>Note 5.</b> | <b>Other Financial Assets</b>                          |  | \$               | \$               |
|----------------|--|--|------------------|------------------|
|                | Current  |  |                  |                  |
|                | Financial assets at amortised cost                     |  |                  |                  |
|                | Term Deposits > 3months                                |  | 1,564,434        | 1,526,668        |
|                | <b>Total current</b>                                   |  | <b>1,564,434</b> | <b>1,526,668</b> |
|                | Non Current  |  |                  |                  |
|                | Financial assets at fair value through profit and loss |  |                  |                  |
|                | Managed investment schemes                             |  | 7,277,426        | 6,658,924        |
|                | <b>Total non-current</b>                               |  | <b>7,277,426</b> | <b>6,658,924</b> |
|                | <b>Total other financial assets</b>                    |  | <b>8,841,860</b> | <b>8,185,592</b> |

**Bendigo Community Health Services Ltd.**

|  |       | 2023    | 2022    |
|--|-------|---------|---------|
| <b>Note 6. Trade and Other Receivables</b> | Notes | \$      | \$      |
| Trade receivables                          |       | 508,714 | 365,530 |
| Total Trade and Other Receivables          | 18    | 508,714 | 365,530 |

**(a) Credit Risk**

The company has no significant concentration of credit risk with respect to any single counterparty or entity of counterparties other than those receivables specifically provided for and mentioned within this note. The main source of credit risk to the company is considered to relate to the class of assets described as trade and other receivables.

The company always measures the loss allowance for accounts receivables at an amount equal to lifetime expected credit loss. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques used or significant assumptions made during the current reporting period.

The company writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (eg when the debtor has been placed under liquidation or has entered into bankruptcy proceedings) or when the trade receivables are over two years past due, whichever occurs earlier. None of the accounts receivable that have been written off are subject to enforcement activities.

| <b>Note 7. Other Assets</b>                                      |    |          |          |
|--|----|----------|----------|
| <i>Current</i>   |    |          |          |
| Prepayments  |    | 49,955   | 44,087   |
| Accrued income   |    | 584,242  | 207,909  |
|  |    | 634,197  | 251,996  |
| <i>Non Current</i>   |    |          |          |
| Property bond  |    | 55,570   | 35,936   |
|  |    | 55,570   | 35,936   |
| Total Other Assets   |    | 689,767  | 287,931  |
| <i>(a) Financial assets classified as other assets (note 16)</i> |    |          |          |
| Total other assets   |    | 689,767  | 287,931  |
| Prepayments  |    | (49,955) | (44,087) |
| Total financial assets classified as other assets                | 18 | 639,812  | 243,844  |

| <b>Note 8. Property, Plant and Equipment</b> |  |            |            |
|--|--|------------|------------|
| Land and Buildings                           |  |            |            |
| Freehold land:                               |  |            |            |
| At fair value                                |  | 2,968,000  | 2,968,000  |
| Buildings                                    |  |            |            |
| At fair value                                |  | 7,792,000  | 7,792,000  |
| Less accumulated depreciation                |  | (779,200)  | (389,600)  |
|  |  | 7,012,800  | 7,402,400  |
| Building Improvements                        |  |            |            |
| At cost                                      |  | 1,047,831  | 740,017    |
| Less accumulated depreciation                |  | (289,613)  | (131,541)  |
|  |  | 758,218    | 608,476    |
| Total Land and Buildings                     |  | 10,739,018 | 10,978,876 |
| Plant and Equipment                          |  |            |            |
| At cost                                      |  | 1,190,764  | 974,706    |
| Less accumulated depreciation                |  | (764,094)  | (588,236)  |
|  |  | 426,670    | 386,470    |
| Total Property, Plant and Equipment          |  | 11,165,688 | 11,365,346 |



**Bendigo Community Health Services Ltd.**
**Note 8. Property, Plant and Equipment (continued)**

| Movements in carrying amounts: | Freehold Land | Buildings | Building Improvements | Plant & Equipment | Total      |
|--------------------------------|---------------|-----------|-----------------------|-------------------|------------|
|                                | \$            | \$        | \$                    | \$                | \$         |
| Balance at 1 July 2021         | 2,968,000     | 7,792,000 | 651,713               | 402,486           | 11,814,199 |
| Additions                      | -             | -         | 88,304                | 137,925           | 226,229    |
| Revaluation                    | -             | -         | -                     | -                 | -          |
| Disposals                      | -             | -         | -                     | -                 | -          |
| Depreciation expense           | -             | (389,600) | (131,541)             | (153,941)         | (675,082)  |
| Balance at 1 July 2022         | 2,968,000     | 7,402,400 | 608,476               | 386,470           | 11,365,346 |
| Additions                      | -             | -         | 307,814               | 216,058           | 523,872    |
| Revaluation                    | -             | -         | -                     | -                 | -          |
| Disposals                      | -             | -         | -                     | -                 | -          |
| Depreciation expense           | -             | (389,600) | (158,072)             | (175,858)         | (723,529)  |
| Balance at 30 June 2023        | 2,968,000     | 7,012,800 | 758,218               | 426,670           | 11,165,688 |

As at 30 June 2021 the land and buildings held by the company were valued by an independent valuer, Countrywide Valuers. CountryWide Valuers are members of the Australian Property Institute, and have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The valuation was performed as at the current date of valuation only. The fair value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation).

The fair value of the freehold land and buildings, based on their fair values less cost to sell, based on an active market, was determined to be \$10,760,000 at that time. BCHS will undergo valuation of land and buildings through formal revaluation in 2023-24.

Comparative figures have been adjusted for changes in mapping of accounts from original financial statements for the 2022 financial year.

**Note 9. Right of Use Assets**

The Company's lease portfolio includes property and motor vehicle leases. The lease terms for property leases are between one and ten years and the lease terms for motor vehicles are between three and four years.

**Options to extend or terminate**

The options to extend or terminate are contained in several of the Company's property leases. There were no extension options for motor vehicle leases. These clauses provide the Company opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

**Concessionary/peppercorn leases**

Holdsworth Road - The company holds a 20 year concessionary lease with the Department of Health and Human Services (DHHS) for the exclusive use of the property located at Holdsworth Road, Bendigo, from which Bendigo Community Health Services Ltd. conduct services in accordance with the company's Service Agreement with DHHS. The company may not use this space for any other purpose during the lease term without prior consent of DHHS. The lease payments are \$104 (ex GST) per annum, payable yearly in advance. The company is dependent on this lease to further its objectives. Without the concessionary lease, the company's service delivery to the community would be impacted. As at 30/06/2023 the lease has 16 years remaining.

| Notes                     | 2023        | 2022        |
|---------------------------|-------------|-------------|
|                           | \$          | \$          |
| Lease property            | 3,209,706   | 2,918,335   |
| Accumulated amortisation  | (1,835,277) | (1,514,500) |
|                           | 1,374,429   | 1,403,835   |
| Leased motor vehicles     | 638,229     | 510,672     |
| Accumulated amortisation  | (508,165)   | (383,162)   |
|                           | 130,064     | 127,510     |
| Total Right of Use Assets | 1,504,493   | 1,531,345   |

**(a) Movements in carrying amounts**

Movements in carrying amounts for each class of right of use asset between the beginning and the end of the current financial year.

|  | Leased buildings | Leased motor vehicles | Total     |
|--|------------------|-----------------------|-----------|
| Carrying amount at the start of the year | 1,403,835        | 127,510               | 1,531,345 |
| Adjustments to right-of-use assets       | 291,371          | 127,557               | 418,928   |
| Amortisation expense                     | (320,777)        | (125,003)             | (445,780) |
| Carrying amount at the end of the year   | 1,374,429        | 130,064               | 1,504,493 |

**(b) AASB 16 related amounts recognised in the statement of profit or loss**

|  |         |         |
|--|---------|---------|
| Depreciation charge related to right-of-use assets | 445,780 | 390,677 |
| Interest expense on lease liabilities              | 58,659  | 70,864  |
|  | 504,438 | 461,541 |

**Bendigo Community Health Services Ltd.**
**Note 10. Capital work in progress**

| Capital work in progress       |         |         |
|--------------------------------|---------|---------|
| - Eaglehawk RHIF Development   | 412,132 | -       |
| - BCHS Capital masterplan      | 271,560 | 132,549 |
| Total Capital work in progress | 683,692 | 132,549 |

The company has capital work in progress in relation to the Eaglehawk RHIF building development and capital masterplan. These amounts are capitalised in the accounts until associated assets are recognised as being completed and in use as required by *AASB 116 - Property, Plant and Equipment*.

Comparative figures have been adjusted for changes in mapping of accounts from original financial statements for the 2022 financial year.

**Note 11. Intangible Assets**

|                          | Notes |       |
|--------------------------|-------|-------|
| Website Development      |       | 7,208 |
| Accumulated amortisation |       | 0     |
|                          |       | 7,208 |
| Total Intangible Assets  |       | 7,208 |

BCHS has begun a re-development of its website in 2022/23, with initial development work completed by the end of the period. The overall expenditure on the re-development is estimated to be in the vicinity of \$50,000 and be completed by the end of the 2023/24 financial year. The amortisation method used once the website is functional will be straight line over the websites estimated useful life, which BCHS has estimated to be five years.

**Note 12. Trade and Other Payables**

|  |    |           |           |
|--|----|-----------|-----------|
| Accrued expenses   |    | 347,980   | 372,036   |
| Net GST payable  |    | 306,395   | 225,474   |
| Creditors  |    | 466,110   | 154,656   |
| Accrued wages  |    | 478,725   | 273,522   |
| Credit cards   |    | 7,027     | 9,193     |
| Headspace Capital Refit - Funds in Advance                                 |    | 393,583   | 53,925    |
| Eaglehawk RHIF Development - Funds in Advance                              |    | 3,225,776 | 2,185,810 |
| Other payables   |    | 1,071,034 | 455,213   |
| Total Trade and Other Payables   |    | 6,296,630 | 3,729,829 |
| (a) Financial liabilities classified as trade and other payables (note 17) |    |           |           |
| Total trade and other payables   |    | 6,296,630 | 3,729,829 |
| Net GST payable  |    | (306,395) | (225,474) |
| Total financial liabilities classified as trade and other payables         | 18 | 5,990,235 | 3,504,355 |

**Note 13. Funds Held in Trust**

|  |  |           |         |
|--|--|-----------|---------|
| Holdsworth Rd AoD Facility Development Total Funds Held in Trust |  | 1,500,041 | 447,469 |
|  |  | 1,500,041 | 447,469 |

BCHS is committed to project manage the building of an Alcohol and Other Drugs Integrated Treatment facility at 137 Holdsworth Road, North Bendigo. The total funding for the building project is \$3,945,574. To June 2023, \$2,963,804 of this funding has been received and \$1,463,763 expended on the project.

**Note 14. Lease Liabilities**

|                         | \$        | \$        |
|-------------------------|-----------|-----------|
| <i>Current</i>          |           |           |
| Lease liability         | 609,540   | 497,689   |
| Unexpired interest      | (53,961)  | (56,982)  |
|                         | 555,579   | 440,707   |
| <i>Non Current</i>      |           |           |
| Lease liability         | 1,302,086 | 1,430,747 |
| Unexpired interest      | (87,461)  | (126,334) |
|                         | 1,214,625 | 1,304,413 |
| Total Lease Liabilities | 1,770,204 | 1,745,120 |

The leases for properties have terms of between one and ten years, including options that are reasonably certain to be exercised. The leases for motor vehicles have terms of between three and four years, and do not include optional terms or purchase options.

The present value of future lease payments due at the end of the reporting period are as follows:

|   |           |           |
|---|-----------|-----------|
| Not later than one year                           | 555,579   | 394,821   |
| Later than one year and not later than five years | 1,097,048 | 1,545,031 |
| Later than 5 years                                | 117,577   | 276,868   |
| Total   | 1,770,204 | 1,745,120 |

**Bendigo Community Health Services Ltd.**

| <b>Note 15.</b>    | <b>Provisions</b>                | <b>Notes</b> | <b>\$</b>        | <b>\$</b>        |
|--------------------|----------------------------------|--------------|------------------|------------------|
| <i>Current</i>     |                                  |              |                  |                  |
|                    | Provision for annual leave       |              | 1,666,157        | 1,458,474        |
|                    | Provision for long service leave |              | 1,499,925        | 1,424,640        |
|                    | Provision for redundancy         |              | -                | -                |
|                    |                                  |              | <u>3,166,082</u> | <u>2,883,114</u> |
| <i>Non Current</i> |                                  |              |                  |                  |
|                    | Provision for long service leave |              | 909,705          | 739,325          |
|                    | <b>Total Provisions</b>          |              | <u>4,075,787</u> | <u>3,622,439</u> |

|   | <b>Annual Leave</b> | <b>LSL - Current</b> | <b>LSL - Non-Current</b> |
|---|---------------------|----------------------|--------------------------|
| Carrying amount as at 1 July 2022         | 1,458,474           | 1,424,640            | 739,325                  |
| <b>Additions</b>                          | 1,830,844           | 248,029              | 51,302                   |
| <b>Amounts charged</b>                    | (1,623,161)         | (172,744)            | -                        |
| <b>Unused amounts reversed</b>            | -                   | -                    | (26,750)                 |
| <b>Carrying amount as at 30 June 2023</b> | <u>1,666,157</u>    | <u>1,499,925</u>     | <u>909,705</u>           |

**Provision for Employee Benefits**

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

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

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

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(j).

**Portable long service**

In addition to traditional long service, Victoria Government offer portable long service benefits for eligible workers in the community services sector under the Long Service Benefits Portability Act 2018, supported by the Long Service Benefits Portability Regulations 2020. The Portable Long Service Benefits Scheme allows eligible workers to build up long service entitlements based on time spent in their industry, rather than with a single employer. This means that eligible workers can keep their portable long service leave entitlement even if they work for different employers over the years. The health service has identified employees eligible for portable long service benefits and pays a levy to the Portable Long Service Benefits Authority of 1.65% of wages for eligible employees.

| <b>Note 16.</b>  | <b>Cash flow Information</b>                                 |                  |                  |
|--|--|------------------|------------------|
| Reconciliation of surplus to net cash provided by operating activities |  |                  |                  |
|  | Surplus/(Deficit)  | 2,734,053        | (273,041)        |
| Non cash items:  |  |                  |                  |
| -  | depreciation   | 1,169,227        | 1,065,759        |
| -  | Change in fair value through P&L of financial assets         | (438,921)        | 324,517          |
| -  | Dividend income and interest from investment                 | (217,347)        |                  |
| Changes in assets and liabilities:                                     |  |                  |                  |
| -  | (Increase)/Decrease in trade and other receivables           | (143,184)        | (7,302)          |
| -  | (Increase)/Decrease in prepayment and other assets           | (401,836)        | (160,599)        |
| -  | Increase/(Decrease) in trade and other payables              | 2,690,129        | 2,541,746        |
| -  | Increase/(Decrease) in funds held in trust                   | 566,117          | 486,457          |
| -  | Increase/(Decrease) in provision for current tax liabilities | (123,327)        | -                |
| -  | Increase/(Decrease) in grants in advance                     | -                | -                |
| -  | Increase/(Decrease) in provisions                            | 453,348          | (23,521)         |
|  | <b>Net cash flows provided by operating activities</b>       | <u>6,288,259</u> | <u>3,954,016</u> |

**Note 17. Capital Commitments**
**(a) Capital Expenditure Commitments**

BCHS has capital commitments to undertake a capital refit of the Eaglehawk site, predominantly funded by the State government Regional Health Infrastructure Fund as at 30 June 2023. The overall investment in the refit is \$7,286,032 and BCHS has capital commitment of \$5,100,222 as at 30th June 2023. BCHS has capital commitments to undertake a capital refit of the Headspace site, predominantly funded by the Murray Primary Health Network and Agnico Eagle as at 30 June 2023. The overall investment in the refit is \$624,429 and BCHS have a capital commitment of \$500,589 as at June 30th, 2023 (2022:\$nil).

**Bendigo Community Health Services Ltd.**

**Note 18. Financial Risk Management**

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

|   | Note  | 2023       | 2022       |
|---|-------|------------|------------|
|   |       | \$         | \$         |
| Financial assets measured at fair value through profit or loss            |       |            |            |
| Cash and cash equivalents   | 4     | 13,122,124 | 8,309,850  |
| Other financial assets  | 5     | 8,841,860  | 8,185,592  |
| Trade and other receivables   | 6     | 508,714    | 365,530    |
| Other assets  | 7(a)  | 639,812    | 243,844    |
| Total financial assets measured at fair value through profit or loss      |       | 23,112,510 | 17,104,816 |
| Financial liabilities measured at fair value through profit or loss       |       |            |            |
| Trade and other payables  | 12(a) | 5,990,235  | 3,504,355  |
| Total financial liabilities measured at fair value through profit or loss |       | 5,990,235  | 3,504,355  |
| Financial liabilities measured at amortised cost                          |       |            |            |
| Lease liabilities   | 14    | 1,770,204  | 1,745,120  |
| Total financial liabilities measured at amortised cost                    |       | 1,770,204  | 1,745,120  |
| Total financial liabilities   |       | 7,760,439  | 5,249,475  |

**Note 19. Fair Value Hierarchy**

The company measures and recognises freehold land and building at fair value on a recurring basis after initial recognition.

The company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

| Level 1   | Level 2  | Level 3   |
|---|--|---|
| Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date. | Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. | Measurements based on unobservable inputs for the asset or liability. |

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

**Valuation Techniques**

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach* uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach* converts estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**Bendigo Community Health Services Ltd.****Note 19. Fair Value Hierarchy (Continued)**

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

|  | Level 1 | Level 2 | Level 3    | Total June 2023 |
|--|---------|---------|------------|-----------------|
|  | \$      | \$      | \$         | \$              |
| Recurring fair value measurements  |         |         |            |                 |
| <i>Non-financial assets</i>  |         |         |            |                 |
| Freehold Land  | -       | -       | 2,968,000  | 2,968,000       |
| Buildings  | -       | -       | 7,792,000  | 7,792,000       |
| Total non-financial assets recognised at fair value on a recurring basis | -       | -       | 10,760,000 | 10,760,000      |

**Valuation Techniques and Inputs Used to Measure Level 3 Fair Values**

| Description                     | Fair Value 30 June 2023 | Fair Value 30 June 2022 | Valuation Technique(s)   | Inputs Used   |
|---------------------------------|-------------------------|-------------------------|--------------------------|---|
| <i>Non-financial assets</i>     |                         |                         |                          |   |
| Freehold land and buildings (i) | 10,760,000              | 10,760,000              | Current replacement cost | Sales evidence, Unit of value by comparative basis (\$ per m2). |

(i) The fair value of freehold land and buildings is determined at least every five years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

|   | Freehold Land | Buildings | Total      |
|---|---------------|-----------|------------|
|   | \$            | \$        | \$         |
| Opening balance as at 1 July 2022                               | 2,968,000     | 7,402,400 | 10,370,400 |
| Total gains or losses for the period:                           |               |           |            |
| Revaluation increments recognised in other comprehensive income | -             | -         | -          |
| Other movements:  |               |           |            |
| Transfers from Level 2  | -             | -         | -          |
| Additions   | -             | -         | -          |
| Depreciation and impairment                                     | -             | (389,600) | (389,600)  |
| Disposals (WDV)   | -             | -         | -          |
| Carrying amount as at 30 June 2023                              | 2,968,000     | 7,012,800 | 9,980,800  |

**Note 20. Contingent Liabilities and Contingent Assets**

There are no known contingent assets or contingent liabilities for Bendigo Community Health Services Ltd. as at 30 June 2023.

**Note 21. Events after the Reporting Period**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years

**Bendigo Community Health Services Ltd.****Note 22. Key Management Personnel Compensation and related parties**

Key Management Personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Bendigo Community Health Services Ltd., directly or indirectly.

The KMP of Bendigo Community Health Services Ltd. are deemed to be the:

- Board of Directors
- Chief Executive Officer
- Executive Leader - Community Services
- Executive Leader - Better Health
- Executive Leader - Wellbeing, Inclusion and Independence
- Executive Leader - Resources & Enterprise Development
- Executive Leader - Communications and Community Engagement
- Executive Leader - People & Culture
- Executive Leader - Risk, Quality and Compliance

The totals of remuneration paid to KMP of the entity during the year are as follows:

|                                | 2023             | 2022             |
|--------------------------------|------------------|------------------|
|                                | \$               | \$               |
| - Short term employee benefits | 1,409,579        | 1,333,791        |
| - Long term employee benefits  | 53,185           | 4,819            |
| - Post employment benefits     | 142,354          | 126,390          |
| - Termination benefits         | -                | -                |
| Total Compensation             | <u>1,605,117</u> | <u>1,465,000</u> |

Outside of normal citizen type transactions with the company, there were no related party transactions that involved key management personnel, their close family members and their personal business interests.

**Note 23. Auditor's Remuneration**

|  | 2023          | 2022          |
|--|---------------|---------------|
| Remuneration of Auditor's relating to the 2023 accounts: |               |               |
| - auditing or reviewing the financial report             | 31,100        | 30,500        |
| - other  | 4,000         | 2,240         |
| Total Auditor's Remuneration                             | <u>35,100</u> | <u>32,740</u> |

**Note 24. Registered Office/Principal Place of Business**

|  |  |
|--|--|
| The registered office of the company is: | The principal place of business is:    |
| Bendigo Community Health Services Ltd.   | Bendigo Community Health Services Ltd. |
| 3 Seymoure Street                        | 165-171 Hargreaves Street              |
| Eaglehawk, VIC, 3556                     | Bendigo, VIC, 3551                     |

## Bendigo Community Health Services Limited - Directors Declaration


In accordance with a resolution of the directors of Bendigo Community Health Services Limited, the directors of the entity 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
  - b. give a true and fair view of the company's financial position as at 30 June 2023 and of its performance and cash flows for the year ended on that date.
  
- 2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2022.



Michael Carney, Chair Corporate Governance Committee



Melanie Eddy, Chair

Dated this 15th day of November 2023