COBAW COMMUNITY HEALTH SERVICES LIMITED

ABN 35 823 252 867

[A company limited by guarantee]

FINANCIAL REPORTS

FOR THE YEAR ENDED 30TH JUNE 2018

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DIRECTORS' REPORT

The Directors of Cobaw Community Health Services Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Information about the Directors

The names and particulars of the Directors of the company during or since the end of the financial year are:

Name:	**Particulars:**
Ms Riwka Hagen	B GAICD; B.App.Sc(MLS); Fellow – Australian Association of Practice Management; Certified Practice Manager - Australian Association of Practice Managers. Owner/Principal Consultant of Medical Business Services and works as an assessor in general practice accreditation. Ms Hagen was appointed a Director on 20 February 2014 and was Deputy Chair until 26 February 2017 after which time she became Chair. Ms Hagen has been a member of the Compliance and Risk Committee, and is on the RHIF Project Control Group.
Dr Ian Colclough	MB, BS. Director of Integrated Health Systems International Pty Ltd. Joined the Board of Management in 2007 and became a Director on 31 March 2009. Dr Colclough is Chair of the Compliance and Risk Committee and the RHIF Project Control Group.
Ms Donna Fabris	GradDipAppSci; DipMan. Managing Director Primacare, a local mobile healthcare company. Appointed a Director on 24 November 2010. Ms Fabris has been on the Finance and Audit Committee and the RHIF Project Control Group. Ms Fabris has board experience in clinical governance, audit and risk. Stood down from the Board on 15 November 2017.
Mr Andrew Hynson	BEng (Hons). Strategy and Program Consultant and Founder and Director of Great Place Australia. Appointed a Director on 21 November 2012 and was Deputy Chair from 8 April 2015 before serving as Chair from 12 August 2015 to 26 February 2017; Mr Hynson served on the Governance Committee.
Mr Simon Meadows	BBus; BA; graduate of the Australian Institute of Company Directors. Currently CEO of Barkers Trailers. Mr Meadows has a background in leadership, culture development, sales and marketing. Appointed a Director on 18 November 2015. Chair of the Finance and Audit Committee and Treasurer for part of this financial year.
Mr Michael Quinn	BCom; Accountant (Fellow Institute of Chartered Accountants). Consultant in aged care and the retirement living sector. Appointed a Director in May 2009; Chair of the Finance and Audit Committee and Treasurer from February to April 2018. Mr Quinn retired from the Board on 5 April 2018.
Ms Samantha Read	BEng (Hons); graduate of the Australian Institute of Company Directors. CEO of a major national industry association. Appointed a Director on 18 November 2015. Ms Read is currently Chair of the Governance Committee and has been Deputy Chair since 27 February 2017.

Dr Priscilla Seyfort — Bed; Med; PhD (University of Melbourne). Worked in the area of family and children's services for over 30 years and has extensive experience both as a service provider and in policy formulation, analysis and evaluation. Appointed a Director on 18 November 2015, a member of the Compliance and Risk Committee until December 2017 following which Dr Seyfort joined the Governance Committee and the RHIF Project Control Group.

Ms Kate Pryde — RN; RM; B.Ed; MBA (International Business). Ms Pryde has over 25 years' experience in healthcare and community services management and is currently employed as Operations Director in the regional health sector. Joined the Board in November 2017. Member of the both the Finance and Audit and Compliance and Risk Committees.

Mr Bryan Smith — BBus (Accounting); GradDip (Applied Corporate Governance). General Manager Corporate Services for the Master Plumbers Association. Mr Smith re-joined the Board in November 2017. Member of the Compliance and Risk Committee from March 2018 and of the Finance and Audit Committee from May 2018.

The above named Directors held office during the whole of the financial year and since the end of the financial year except where stated.

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member). During the financial year, 9 Board meetings, 11 Finance and Audit Committee meetings, 4 Compliance and Risk Committee meetings, 3 Governance Committee meetings and 12 RHIF Project Control Group meetings were held.

	Board Meetings		Finance and Audit Committee		Compliance and Risk Committee		Governance Committee		RHIF Project Control Group	
Name	E	A	E	A	E	A	E	A	E	A
I. Colclough	9	7	-	-	4	4	-	-	12	10
M. Quinn	6	2	9	6	-	-	-	-	-	-
D. Fabris	3	3	5	5	-	-	-	-	4	4
A. Hynson	9	6	-	-	-	-	3	3	-	-
R. Hagen	9	8	1	1	2	2	-	-	12	11
S. Read	9	8	-	-	-	-	3	2	-	-
P. Seyfort	9	7	-	-	2	1	3	3	7	6
S. Meadows	9	7	11	8	-	-	-	-	-	-
B Smith	6	5	2	2	2	1	-	-	-	-
K Pryde	6	6	5	4	2	1	-	-	-	-

E – Eligible to attend; A - Attended

Principal Activities
The principal activities of the organisation during the financial year were the provision of health, wellbeing and community services predominantly in the Macedon Ranges Shire.

The company's short-term objectives are to deliver to the community:
1. Responsive, accessible services for all
2. Excellence in services
3. Local planning and service opportunities
4. Highly skilled and well supported staff
5. A strong sustainable organisation.

The company's long-term objectives are to:
1. Maintain successful business operations through efficient and effective practices and systems
2. Developing capabilities that allow us and the communities we serve to continue to thrive
3. Ensuring our financial viability in a changing competitive environment for the next thirty years.

Strategies
To achieve its stated objectives, the company has adopted the following strategies in the five areas of:

Clients
- 1.1. Provide the highest quality services in contemporary local facilities
- 1.2. Design services jointly with individuals, families and the community
- 1.3. Increase access to current and new services
- 1.4. Actively encourage feedback through new systems and improve services based on feedback
- 1.5. Expand capacity to provide services in more flexible and innovative ways.

Quality
- 2.1. Provide services that reflect evidence-based practice
- 2.2. Exceed standards in quality service provision
- 2.3. Provide flexible services to meet the needs of a diverse and growing community
- 2.4. Always measure and report on effectiveness of services
- 2.5. Prioritise the safety of clients and staff.

Community
- 3.1. Expand service delivery to locations across catchments
- 3.2. Grow and maintain partnerships that sustain health promotion activity in the community
- 3.3. Deliver local services that are defined by consumer-led choice and control
- 3.4. Advocate for change to ensure equity of access to services for anyone in the community
- 3.5. Communicate effectively with stakeholders.

Staff
- 4.1. Ensure staff access opportunities to build capabilities
- 4.2. Share practice skills/knowledge as a way of increasing opportunities to learn and develop skilled professionals
- 4.3. Build health and wellbeing opportunities in an environment of collaboration
- 4.4. Build capabilities and resilience of staff and volunteers in a complex, changing operating environment.

Business
- 5.1. Continually refine our scope of services in response to changing community needs
- 5.2. Social media and mobile technology strengthen our flexible, innovative community engagement
- 5.3. Lead and embrace changes in service design
- 5.4. Build the best systems and organisational structures

5.5. Build the highest standards of accountability.

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute to a maximum of $1 each towards meeting any outstandings and obligations of the entity. At 30 June 2018 the number of members was 81.

Key Performance Measures
The entity measures its own performance through the use of benchmarks and the Directors assess the financial sustainability using these as a guide and to determine whether short-term and long-term objectives are being achieved.

Auditor's Independence Declaration
The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 5 of the financial report.

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

R. Hag

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Riwka Hagen
Director, Cobaw Community Health
17 / 10 /2018

rsd Audit

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
THE DIRECTORS OF COBAW COMMUNITY HEALTH SERVICES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there has been:

i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii) No contraventions of any applicable code of professional conduct in relation to the audit.

RICHMOND SINNOTT & DELAHUNTY

Chartered Accountants

P.P. DELAHUNTY
Partner
Bendigo
Dated this 17th October 2018

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Notes	2018 $	2017 $
Revenue	2	7,400,565	6,172,984
Employee benefits expense	3	(5,581,312)	(5,033,601)
Depreciation expense	3	(139,632)	(136,653)
Operating lease expense	3	(109,195)	(99,428)
Finance costs	3	(2,519)	(24,121)
Administration and other expenses	3	(1,415,361)	(1,252,721)
Net current year surplus/(deficit)		152,546	(373,541)
Other comprehensive income			
Gain on revaluation of non-current assets	13	-	-
Total Other comprehensive Income for the year		-	-
Total comprehensive income for the year		152,546	(373,541)
Net comprehensive income attributable to members of the entity		152,546	(373,541)

Statement of Financial Position as at 30 June 2018

	Notes	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,077,660	1,179,825
Trade and other receivables	6	95,402	117,222
Other assets	7	114,155	54,426
Financial assets	8	2,562,226	2,493,611
Total Current Assets		4,849,443	3,845,084
Non-Current Assets			
Property, plant and equipment	9	2,398,784	1,633,847
Total Non-Current Assets		2,398,784	1,633,847
Total Assets		7,248,227	5,478,931
LIABILITIES			
Current Liabilities			
Trade and other payables	10	4,077,359	2,409,481
Short-term borrowings	11	5,886	9,589
Employee benefits	12	626,941	817,892
Total Current Liabilities		4,710,186	3,236,962
Non-Current Liabilities			
Employee benefits	12	287,468	143,942
Total Non-Current Liabilities		287,468	143,942
Total Liabilities		4,997,654	3,380,904
Net Assets		2,250,573	2,098,027
EQUITY			
Property revaluation reserve	13	918,990	918,990
Retained surplus	13	1,331,583	1,179,037
Total Equity		2,250,573	2,098,027

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the year ended 30 June 2018

	Notes	Retained Surplus $	Property Revaluation Reserve $	Total Equity $
Balance at 1 July 2016		1,552,578	918,990	2,471,568
Comprehensive Income				
Surplus for the year attributable to members of the entity		(373,541)	-	(373,541)
Balance at 30 June 2017		1,179,037	918,990	2,098,027
Balance at 1 July 2017		1,179,037	918,990	2,098,027
Comprehensive Income				
Surplus for the year attributable to members of the entity		152,546	-	152,546
Balance at 30 June 2018		1,331,583	918,990	2,250,573

Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 $	2017 $
Cash Flows From Operating Activities			
Receipts from customers and operating grants		7,542,575	6,683,533
Payments to suppliers and employees		(6,508,972)	(6,050,026)
Interest received		83,466	74,969
Finance costs paid		(2,519)	(24,121)
Net cash generated from operating activities	14(b)	1,114,550	684,355
Cash Flows From Investing Activities			
Receipts from capital grants		761,137	90,850
Payment for property, plant and equipment		(907,652)	(196,565)
Proceeds from sale of property, plant and equipment	2(a)	12,727	-
Purchase of Investments		(62,901)	(901,090)
Net cash flows used in investing activities		(196,689)	(1,006,805)
Cash Flows From Financing Activities			
Net receipts from borrowings		(3,703)	5,825
Net cash flows from/(used in) financing activities		(3,703)	5,825
Net increase / (decrease) in cash held		914,158	(316,625)
Cash and cash equivalents at beginning of the financial year		1,142,148	1,458,773
Cash and cash equivalents at end of the financial year	14(a)	2,056,306	1,142,148

The accompanying notes form part of these financial statements

The financial statements cover Cobaw Community Health Services Limited as an individual Company, incorporated and domiciled in Australia. Cobaw Community Health Services Limited is a company limited by guarantee.

Note 1: Summary of Significant Accounting Policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Australian Charities and Not-for-profit Commission Act 2012*. The company is a not for profit Company for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

The financial statements were authorised for issue on 15th October 2017 by the directors of the company.

Accounting Policies

a. Revenue

The company receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the Company to treat grants monies as unexpended grants in the statement of financial position where the Company is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

This approach is not in accordance with AASB 1004 Contributions which would require the monies be recognised when controlled.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue for the rendering of a service is recognised upon the delivery of the service to the customers.

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

b. Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.
Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

Note 1: Summary of Significant Accounting Policies (continued)

b. Fair Value of Assets and Liabilities (continued)

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 value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

The fair value of liabilities and the Company's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, 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.

c. Property, Plant and Equipment

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

Property

Freehold land and buildings are measured initially at cost and subsequently revalued at fair value less accumulated depreciation.

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

The carrying amount of plant and equipment is reviewed annually by management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts. 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.

Note 1: Summary of Significant Accounting Policies (continued)

c. Property, Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but 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. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Assets	Depreciation Rate
Buildings	5% to 10%
Plant & Equipment	5% to 33%
Vehicles	25 %
Leasehold Improvements	3% to 11%

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

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

d. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e. Financial Instruments

Initial recognition and measurement

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

Note 1: Summary of Significant Accounting Policies (continued)

e. Financial Instruments (continued)

Financial instruments are initially measured at fair value plus transactions 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.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

i. The amount at which the financial asset or financial liability is measured at initial recognition;

ii. Less principal repayments;

iii. Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

iv. Less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is recognised.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(ii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

Note 1: Summary of Significant Accounting Policies (continued)

e. Financial Instruments (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible it is written off against the allowance account. Subsequent recoveries of amounts written off are credited against the allowance account. Changes I the carrying amount of the allowance account are recognised in the profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Impairment of Assets

At the end of each reporting period, the Company reviews the carrying values 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 to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the Company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued 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 same class of asset.

g. Employee Benefits

Short-term benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for unpaid short-term employee benefits at year end such as wages, salaries and sick leave are recognised as a part of employee benefits in the statement of financial position.

Note 1: Summary of Significant Accounting Policies (continued)

g. Employee Benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

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

h. Cash and cash equivalents

Cash on hand includes 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. Credit cards are shown within short-term borrowings in current liabilities on the statement of financial position.

i. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and 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 impairment losses.

j. Goods and Services Tax (GST)

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

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

k. Income Tax

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

Note 1: Summary of Significant Accounting Policies (continued)

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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

m. Comparative Figures

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

When a Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed. There have been no changes to accounting policy in the current year.

n. Trade and Other Payables

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

o. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments 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
All non-financial assets are assessed annually for indications of impairment.

Useful lives of property, plant and equipment
As described in Note 1(c), the entity reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Key Judgements
Employee Benefits

For the purpose of measurement, AASB 119: Employee Benefits (September 2011) 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 services. The company 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.

Note 1: Summary of Significant Accounting Policies (continued)

p. Economic Dependence

Cobaw Community Health Services Limited is dependent on various Australian Government Departments for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Departments will not continue to support Cobaw Community Health Services Limited.

q. Going Concern Basis

The financial statements show a profit of $152,546. This includes revenue from capital grants of $761,137. This funding was used for investment in assets of $700,565 and $60,572 of expenditure recognised in the financial statements associated with the administration of the capital projects. These assets will be depreciated over the expected useful economic life of the asset. After adjusting for capital grants income invested in assets the accounts show an operating loss of $548,109 for the 2017-18 financial year. The operating loss was incurred due to expenditure directly attributed to the transition costs of the NDIS rollout with associated revenue below expectations. At 30th June 2018, the Company had net assets of $2,250,573 including cash and term deposits of $4,639,886 offset by $4,077,359 in trade and other payables. The Directors have implemented measures to improve the profitability of the Company and will continue to review their cash flow budgets throughout 2018-19 and beyond. In any budget there are inherent uncertainties surrounding the estimates and assumptions used. In determining the budget, the company has recognised that its operations are in a period of significant transition in relation to grant funding, user fees and charges and the associated cost of provision of services. However, the company has entered this transition phase in a sound financial position, supported by significant cash reserves. Should the company fail to meet its considered budget projections, the company believes that the cash reserves will support the company through at least the next 12 month period. Based on the above, and after making additional enquiries, the Directors believe that it is reasonably foreseeable that the Company will continue as a going concern, and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

r. Joint Ventures

Interests in jointly controlled assets are accounted for by recognising in the Cobaw Community Health Services Limited's financial statements, its share of assets, liabilities and any revenue and expenses of such joint ventures. Details of the joint venture are set out in note 17.

s. New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards as they will not have any significant impact on future financial reports.

Notes to the Financial Statements for the year ended 30 June 2018

2. Revenue	**2018 $**	**2017 $**
Operating Revenue from government grants and other grants:		
- Operating grants	5,217,098	5,002,665
- Other grants	507,233	448,320
	5,724,331	5,450,985
Other operating revenue:		
- Donations	20,723	22,386
- Fees & charges	571,977	284,217
- Rental income	14,098	2,122
- Sundry other income	3,619	11,556
- Reimbursements	59,561	87,777
	669,978	408,058
Non-operating activities:		
- Interest received	83,466	74,969
- Profit/(loss) on disposal of non current assets (refer note 2(a) below)	9,645	-
- Share of Joint Venture revenues (refer Note 16)	152,008	148,122
- Capital Grants	761,137	90,850
	1,006,256	313,941
	7,400,565	6,172,984

2(a) Profit/(loss) on disposal of non current assets:

	2018	2017
Proceeds on disposal	12,727	-
Disposals at written down value		
- Motor vehicles	3,082	-
- Plant & equipment	-	-
- Assets held for sale	-	-
Net gain/(loss) on disposal	9,645	-

3. Expenses

	2018	2017
Employee benefits expense		
Salaries & wages	4,939,344	4,280,975
Annual leave accruals	-	139,583
Sub-contractors	46,438	63,295
Superannuation	443,177	388,809
Workcover	69,093	48,442
Other employment related expenses	83,260	112,497
	5,581,312	5,033,601
Depreciation of non-current assets		
- Buildings at valuation	29,212	29,212
- Leasehold improvements	22,665	6,818
- Freehold improvements	6,936	22,587
- Plant and equipment	63,260	51,042
- Motor vehicles	16,162	24,302
- Depreciation - share of Joint Venture (refer Note 16)	1,397	2,692
	139,632	136,653
Amortisation of leased non-current assets:		
- Motor vehicles	-	-
Operating lease payments	109,195	99,428
Finance costs	2,519	24,121
Administration and other expenses		
- Program delivery & other expenses	407,198	340,128
- Motor vehicle expenses	63,586	74,643
- Occupancy costs	178,150	154,988
- Other administration costs	612,890	547,477
- Share of Joint Venture operating expenses (refer Note 16)	154,852	131,870
- Share of Joint Venture capital expenditure (refer Note 16)	5,179	3,615
- Additional Investment in Joint Venture	(6,494)	-
	1,415,361	1,252,721

Notes to the Financial Statements for the year ended 30 June 2018

	2018 $	2017 $
4. Auditors' Remuneration		
Remuneration of the auditor of the company for:		
- Auditing or reviewing the financial report	8,190	7,900
- Other services	-	-
	8,190	7,900
5. Cash and Cash Equivalents		
Current		
Cash at bank	2,055,090	1,140,997
Cash on hand	1,216	1,151
Short-term bank deposits	-	-
Cash - Share of Joint Venture (refer Note 16)	21,354	37,677
	2,077,660	1,179,825
6. Trade and Other Receivables		
Current		
Trade debtors	67,575	89,392
Accrued Revenue	17,658	21,295
Trade debtors - Share of Joint Venture (refer Note 16)	9,000	3,814
Accrued revenue - Share of Joint Venture (refer Note 16)	221	169
GST receivable - Share of Joint Venture (refer Note 16)	3,548	2,641
Total	98,002	117,311
Less: Provision for doubtful debts	(2,600)	(89)
	95,402	117,222

Provision for Doubtful Debts
Movement in the provision for doubtful debts as follows:

	$
Provision for doubtful debts as at 1 July 2016	381
- Charge for the year	(292)
- Written off	-
Provision for doubtful debts 30 June 2017	89
- Charge for the year	2,575
- Written off	(64)
Provision for doubtful debts 30 June 2018	2,600

Credit Risk - Trade and other Receivables

The company does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the company's accounts receivable and other debtors exposed to credit risk with ageing analysis. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality.

	Gross Amount	Past Due and Impaired	Past Due and Not Impaired			
			< 30	31- 60	61 - 90	> 90
	$	$	$	$	$	$
2018						
Trade Debtors	67,575	2,600	59,738	1,412	230	3,595
Other Receivables	17,658	-	17,658	-	-	-
Trade Debtors - Share of Joint Venture (refer Note 16)	9,221	-	9,221	-	-	-
Total	94,454	2,600	86,617	1,412	230	3,595
2017						
Trade Debtors	89,392	89	82,981	5,962	360	-
Other Receivables	21,295	-	21,295	-	-	-
Trade Debtors - Share of Joint Venture (refer Note 16)	3,983	-	3,983	-	-	-
Total	114,670	89	108,259	5,962	360	-

(a) Ageing analysis of receivables
Please refer to Note 23 for the ageing analysis of receivables .

(b) Nature and extent of risk arising from receivables
Please refer to Note 23 for the nature and extent of credit risk arising from receivables.

Notes to the Financial Statements for the year ended 30 June 2018

	2018	2017
7. Other Assets	$	$
Current		
Prepayments	100,200	39,807
Prepayments - Share of Joint Venture (refer Note 16)	11,781	13,690
Inventory - Share of Joint Venture (refer Note 16)	2,174	929
	114,155	54,426
8. Financial Assets		
Investments in fixed interest securities	2,448,343	2,385,442
Deposits at call - Share of Joint Venture (refer Note 16)	113,883	108,169
	2,562,226	2,493,611
9. Property, Plant and Equipment		
Capital Works in Progress		
Capital Works in Progress at cost	946,944	90,850
	946,944	90,850
Land		
Land at fair value	415,000	415,000
	415,000	415,000
Buildings		
Buildings at fair value	584,233	584,233
Less accumulated depreciation	(131,437)	(102,225)
	452,796	482,008
Leasehold Improvements		
Leasehold Improvements at cost	572,800	572,799
Less accumulated depreciation	(217,175)	(194,509)
	355,625	378,290
Freehold Improvements		
Freehold Improvements at cost	80,325	80,325
Less accumulated depreciation	(28,823)	(21,887)
	51,502	58,438
Plant and equipment		
Plant and Equipment at cost	322,584	281,493
Less accumulated depreciation	(191,564)	(128,304)
Plant and Equipment - share of Joint Venture (refer Note 16)	28,323	17,454
Less accumulated depreciation - share of Joint Venture (refer Note 16)	(16,047)	(14,248)
	143,296	156,395
Motor vehicles		
Motor vehicles at cost	118,902	163,776
Less accumulated depreciation	(85,281)	(110,910)
	33,621	52,866
Total Property, Plant and Equipment	2,398,784	1,633,847

Notes to the Financial Statements for the year ended 30 June 2018

9. Property, Plant and Equipment (continued)

2017	**Capital Works in Progress**	**Land** $	**Buildings at Valuation** $	**Leasehold Improvements** $	**Freehold Improvements** $	**Plant & Equipment** $	**Motor Vehicles** $	**Total** $
Balance at the beginning of the year	-	415,000	511,220	395,368	43,791	133,888	74,668	1,573,935
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-
Additions	90,850	-	-	5,509	21,465	76,241	2,500	196,565
Disposals	-	-	-	-	-	-	-	-
Depreciation Expense	-	-	(29,212)	(22,587)	(6,818)	(53,734)	(24,302)	(136,653)
Carrying amount at the end of the year	90,850	415,000	482,008	378,290	58,438	156,395	52,866	1,633,847

2018	**Capital Works in Progress**	**Land** $	**Buildings at Valuation** $	**Leasehold Improvements** $	**Freehold Improvements** $	**Plant & Equipment** $	**Motor Vehicles** $	**Total** $
Balance at the beginning of the year	90,850	415,000	482,008	378,290	58,438	156,395	52,866	1,633,847
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-
Additions	856,094	-	-	-		51,558	-	907,652
Disposals	-	-	-	-	-	-	(3,083)	(3,083)
Depreciation Expense	-	-	(29,212)	(22,665)	(6,936)	(64,657)	(16,162)	(139,632)
Carrying amount at the end of the year	946,944	415,000	452,796	355,625	51,502	143,296	33,621	2,398,784

Notes to the Financial Statements for the year ended 30 June 2018

10. Trade and Other Payables	**2018**	**2017**
Current	**$**	**$**
Trade creditors	806,467	70,784
Accrued Expenses	42,793	57,486
Provision for Audit Fees	8,190	3,950
Net amount of GST payable	(35,849)	115,656
PAYG payable	106,907	46,058
Employee related expenses	102,200	37,073
Funds in Trust	9,832	115
Grants in advance (a)	3,000,365	2,048,773
Capital Reserves	2,969	2,969
Trade creditors - Share of Joint Venture (refer Note 16)	28,854	23,506
Accrued expenses - Share of Joint Venture (refer Note 16)	4,631	3,111
	4,077,359	2,409,481

Financial liabilities at amortised cost classified as accounts payable and other payables

Accounts payable and other payables:		
- total current	4,077,359	2,409,481
- total non-current	-	-
	4,077,359	2,409,481
Less deferred income	(3,000,365)	(2,048,773)
Less net amount of GST payable	35,849	(115,656)
Financial liabilities as accounts payable and other payables	1,112,843	245,052

(a) Grants in Advance

Grants received in advance include:

- $2,816,241 RHIF Funding from Department of Health Victoria for the development of a community health community health hub facility. Total funding over three years will be $9,771,000.

- $184,124 Department of Health and other funding agencies for programs which will be run in 2018-2019 and where the expenditure will be incurred in the next financial year

11. Borrowings	**2018**	**2017**
	$	**$**
Current		
Credit Cards	5,886	9,589
Loan	-	-
Lease liabilities	-	-
Total Current Borrowings	5,886	9,589
Non-Current		
Loan	-	-
Hire Purchase liabilities	-	-
Lease liabilities	-	-
Total Non-Current Borrowings	-	-

12. Employee Benefits	**2018**	**2017**
	$	**$**
Current		
Annual leave entitlements	351,963	416,422
Accrued salaries and wages	120,187	186,067
Unconditional Long Service Leave entitlement	154,791	215,403
Total Current Employee Benefits	626,941	817,892
Non-Current		
Conditional Long service leave entitlements (present value)	287,468	143,942
Total Employee Benefits	914,409	961,834

Employee Benefits		
Opening Balance as at 1 July	961,834	714,658
Additional provisions accrued in the year	559,600	579,592
Amounts used	(607,025)	(332,416)
Balance as at 30 June	914,409	961,834

Notes to the Financial Statements for the year ended 30 June 2018

13. Equity

	2018 $	2017 $
(a) Reserves		
Property Revaluation Reserve		
Balance at beginning of reporting period	918,990	918,990
Revaluation increments/(decrements)		
- Land	-	-
- Buildings	-	-
- Land	-	-
- Buildings	-	-
Balance at end of reporting period	918,990	918,990
Represented by:		
- Land	387,000	387,000
- Buildings	531,990	531,990
	918,990	918,990
(b) Accumulated Surpluses		
Balance at beginning of reporting period	1,179,037	1,552,578
Net Result for the year	152,546	(373,541)
Balance at end of reporting period	1,331,583	1,179,037
Total Equity at end of financial year	2,250,573	2,098,027

14. Cash Flow Information

(a) *Reconciliation of cash*

	2018 $	2017 $
Operating accounts	2,055,090	1,140,997
Cash on hand	1,216	1,151
	2,056,306	1,142,148

The company holds term deposit accounts with Bendigo Bank that are classified as a Financial Asset rather than cash (see Note 8).

(b) *Reconciliation of cash flow from Operating Activities with Current Year Surplus*

	2018 $	2017 $
Profit/(Loss) from ordinary activities	152,546	(373,541)
Receipts from capital grants	(761,137)	(90,850)
Non cash flows		
- Depreciation	139,632	136,653
- Provision for Doubtful Debts	2,600	89
- (Profit)/Loss on disposal of asset	(9,645)	-
Movement in:		
- Joint Venture cash assets	10,609	(10,290)
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	19,220	(6,174)
- Increase/(decrease) in trade and other payables	1,667,878	747,602
- (Increase)/decrease in prepayments	(59,729)	33,690
- Increase/(decrease) in provisions	(47,424)	247,176
Net cash flows from operating activities	1,114,550	684,355

15. Leases

Operating lease commitments
Non cancellable operating leases contracted for but not recognised in the financial statements

	2018 $	2017 $
Motor vehicles		
Payable:		
No later than 1 year	78,256	97,660
Later than 1 year & not later than 5 years	52,101	157,396
	130,357	255,056
Equipment		
Payable:		
No later than 1 year	11,946	12,786
Later than 1 year & not later than 5 years	1,254	28,409
	13,200	41,195
Buildings		
Payable:		
No later than 1 year	61,375	62,444
Later than 1 year & not later than 5 years	86,453	64,578
Later than 5 years	14,162	15,120
	161,990	142,142

Notes to the Financial Statements for the year ended 30 June 2018

16. Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest 2018 %	Ownership Interest 2017 %
Loddon Mallee Rural Health Alliance	Information Systems	2.07	2.07

Cobaw Community Health Services Ltd's interest in assets and liabilities employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements under their respective asset categories:

	2018 $	2017 $
Current Assets		
Cash and Cash Equivalents	21,354	37,677
Investments	113,883	108,169
Debtors	9,000	3,814
Provision for Doubtful Debts	-	-
Accrued Revenue	221	169
GST Receivable	3,548	2,641
Inventory	2,174	929
Prepayments	11,781	13,690
Total Current Assets	**161,961**	**167,089**
Non Current Assets		
Plant and Equipment	28,323	17,454
- Less Accumulated Depreciation	(16,047)	(14,248)
Total Non Current Assets	**12,276**	**3,206**
Total Assets	**174,237**	**170,295**
Current Liabilities		
Creditors	28,854	23,506
Accrued Expenses	4,631	3,111
Total Current Liabilities	**33,485**	**26,617**
Total Liabilities	**33,485**	**26,617**
NET ASSETS	**140,752**	**143,678**

Cobaw Community Health Services interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2018 $	2017 $
Revenue from Operating Activities	152,008	151,498
Expenditure from Operating Activities	(154,852)	(135,484)
Net Result Before Capital & Specific Items	**(2,844)**	**16,014**
Capital Purpose Income	(5,179)	-
Depreciation	(1,397)	(2,692)
Capital Expenditure/Income	-	(3,375)
Additional Investment	6,494	-
Net Result for the period	**(2,926)**	**9,947**

17. Key Management Personnel Compensation
(a) Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

	2018	2017
Short-term benefits	481,669	448,281
	481,669	**448,281**

18. Related Party Disclosures
There were no loans to, or transactions with Directors or their immediate family members during the year. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

The directors of the board did not receive any remuneration for their services in the year ending 30 June 2018 (2017:nil)

19. Contingent Liabilities and Contingent Assets
There are no contingent assets or liabilities known as at the signing of this report.

20. Segment Reporting
The Company operates in the Community Health service sector in the Macedon Ranges region.

21. Registered office/Principal place of business
The registered office and principal place of business is 47 High Street Kyneton VIC 3444.

22. Member's Guarantee
The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute to a maximum of $1 each towards meeting any outstandings and obligations of the entity. At 30 June 2018 the number of members was 81.

Notes to the Financial Statements for the year ended 30 June 2018

23. Financial Instruments

a. 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 (excluding statutory receivables and payables). The company does not have any derivate instruments at 30 June 2018.

The totals for each category of financial instruments, measured in acoordance with AASB139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 $	2017 $
Financial Assets			
Cash and cash equivalents	5	2,077,660	1,179,825
Trade receivables	6	95,402	117,222
Investments	8	2,562,226	2,493,611
Financial Liabilities			
Trade and other payables	10	4,113,208	2,293,825
Borrowings	11	5,886	9,589

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis.
These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures & Management

The main risk that the Company is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.
There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

Interest rate risk	Interest rate risk is managed with a mixture of fixed and floating rates.
Liquidity risk	Liquidity risk is monitored by forecasting cash flows and review of any borrowing facilities.
Credit risk	The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements. There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the company.
Price risk	The company is not exposed to any material price risks.

Notes to the Financial Statements for the year ended 30 June 2018

23. Financial Instruments (continued)

b. Financial Liability and financial asset maturity analysis

	Within 1 Year		1 Year to 5 Years		Over 5 Years		Total	
	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $	2018 $	2017 $
Financial liabilities due for payment								
Trade and other Payables	4,113,208	2,293,825	-	-	-	-	4,113,208	2,293,825
Borrowings	5,886	9,589	-	-	-	-	5,886	9,589
Total Expected Outflows	4,119,094	2,303,414	-	-	-	-	4,119,094	2,303,414
Financial assets - cash flows realisable								
Cash and cash equivalents	2,077,660	1,179,825	-	-	-	-	2,077,660	1,179,825
Trade term and loans receivables	95,402	117,222	-	-	-	-	95,402	117,222
Investments	2,562,226	2,493,611	-	-	-	-	2,562,226	2,493,611
Total anticipated inflows	4,735,288	3,790,658	-	-	-	-	4,735,288	3,790,658
Net (outflows)/inflows on financial instruments	616,194	1,487,244	-	-	-	-	616,194	1,487,244

Notes to the Financial Statements for the year ended 30 June 2018

23. Financial Instruments (continued)

c. Net Fair Values

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Areas of judgement and the assumptions used have been detailed below.

Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

	2018		2017	
	Carrying Value	Net Fair Value	Carrying Value	Net Fair Value
Financial Assets	$	$	$	$
Cash and cash equivalents	2,077,660	2,077,660	1,179,825	1,179,825
Trade receivables	95,402	95,402	117,222	117,222
Investments	2,562,226	2,562,226	2,493,611	2,493,611
	4,735,288	4,735,288	3,790,658	3,790,658
Financial Liabilities				
Trade and other payables (excl. GST payable)	4,113,208	4,113,208	2,293,825	2,293,825
Borrowings	5,886	5,886	9,589	9,589
	4,119,094	4,119,094	2,303,414	2,303,414
Net Financial Assets	616,194	616,194	1,487,244	1,487,244

The fair values disclosed in the previous table have been determined based on the following methodologies:

i. Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value.
ii. For listed available-for-sale financial assets, closing quoted bid prices at reporting date are used.

d. Sensitivity Analysis

The following table illustrates sensitivities to the Company's exposure to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivites assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Year ended 30 June 2017	$	$
+/- 2% in interest rates	92,798	92,798
Year ended 30 June 2016		
+/- 2% in interest rates	73,469	73,469

Notes to the Financial Statements for the year ended 30 June 2018

24. Fair value measurements

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- freehold land and buildings

The company subsequently measures some items of freehold land and buildings at fair value on a non-recurring basis.

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

a. Fair value hierarchy

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 entity 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.

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.

Notes to the Financial Statements for the year ended 30 June 2018

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:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect 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.

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:

Notes to the Financial Statements for the year ended 30 June 2018

24. Fair value measurements (continued)

a. Fair value hierarchy (continued)

	30 June 2018			
	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	415,000	-	415,000
Freehold buildings	-	584,233	-	584,233
Total non-financial assets recognised at fair value on a recurring basis	-	999,233	-	999,233
Non-recurring fair value measurements	-	-	-	-

	30 June 2017			
	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	415,000	-	415,000
Freehold buildings	-	584,233	-	584,233
Total non-financial assets recognised at fair value on a recurring basis	-	999,233	-	999,233
Non-recurring fair value measurements	-	-	-	-

b. Valuation techniques and inputs used to measure Level 2 fair values

Description	**Fair value at 30 June 2018 $**	**Description of valuation techniques**	**Inputs used**
47 High St, Kyneton	999,233	Market value approach using valuation of land and buildings at 30 June 2018.	Registered valuer

(i) The fair value of freehold land and buildings is determined at least every three 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.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

COBAW COMMUNITY HEALTH SERVICES LIMITED

ABN 35 823 252 867

The directors, in accordance with a resolution of the directors of Cobaw Community Health Services Limited, declare that:

1. The financial statements and notes set out on pages 6 to 29 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012,
   a) including complying with Australian Accounting Standards and
   b) give a true and fair view of the Company's financial position as at 30th June 2018 and of its performance for the financial year ended on that date.

2. In the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

R. Hagen

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Riwka Hagen
Director, Cobaw Community Health

Dated at this 17th day of October 2018.