Link
Health and Community

2020-2021

Annual Report

Letter from the CEO and Board Chairperson

The 2020-21 financial year has been one of integration for Link Health and Community.

The process of merging Link Health and Community's business and operations into Latrobe Community Health Service is now complete.

As a result of the merger, Link Health and Community's operational activities concluded during the financial year. The majority of Link Health and Community's assets and all liabilities have been transferred to Latrobe Community Health Service. A residual cash amount remained with Link Health and Community at the end of the financial year to finalise the eventual closure of the company.

The Link Health and Community Board held 11 meetings throughout 2020-21. In November 2020, we farewelled original and long-standing Board Directors Felicity Smith, Sin Fong Chan, and Shree Vijayan.

Thank you to Felicity, Sin Fong, and Shree for your dedication and service to the Link Health and Community Board over many years. Your vision, courage and perseverance was instrumental in steering the strong future of community health in the City of Monash and surrounds. You should be immensely proud of the legacy you leave behind.

Thank you also to Stelvio Vido and Mark Biggs, who were appointed to the Board in November 2020, along with myself, Judith Walker as Board Chairperson. Your expertise has helped enormously throughout the Link Health and Community merger into Latrobe Community Health Service.

Link Health and Community staff and volunteers are now well and truly part of the Latrobe Community Health Service family, and continue to deliver much-needed services to the communities of Monash and surrounds.

Importantly, Melbourne's south-eastern suburbs continue to benefit from the community health services and activities that are so important to our health and social wellbeing.

The merger only strengthens the future of community health in Victoria.

Ben Leigh
Chief Executive Officer

Judith Walker
Board Chairperson

Judith H Walker

Link Health and Community Limited

ABN 12 136 877 702

Financial Statements

For the Year Ended 30 June 2021

Link Health and Community Limited

ABN 12 136 877 702

Contents

For the Year Ended 30 June 2021

Link Health and Community Limited

ABN 12 136 877 702

Directors' Declaration

The directors of the Link Health and Community Limited declare that:

1. The financial statements and notes, as set out on pages 3 to 26, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*:

    a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and

    b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Link Health and Community Limited and its controlled entity.

2. In the directors' opinion, there are reasonable grounds to believe that the Link Health and Community Limited 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.

Director Judith H Walker ....

Dated this 29th day of November 2021

HLB MANN JUDD

AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Link Health and Community Limited and its controlled entity for the year ended 30 June 2021.

This declaration is in relation to the Link Health and Community Limited and its controlled entity during the year.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
29 November 2021

Link Health and Community Limited

ABN 12 136 877 702

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

Discontinued operations

	Note	2021 $	2020 $
Service revenue	3	**1,639,490**	23,447,720
Other income	3	**375,780**	1,100,841
	3	**2,015,270**	24,548,561
Employee benefits expense		**(26,834)**	(19,647,678)
Other expenses		**(19,715)**	(1,292,220)
Transfer of assets for no consideration		**(8,816,256)**	-
Depreciation and amortisation	4	**-**	(1,228,126)
Consumables		**-**	(452,040)
Occupancy expense		**(1,391)**	(385,090)
Repairs and maintenance		**-**	(271,101)
Oral vouchers		**-**	(228,867)
Advertising		**(2,145)**	(79,157)
Finance costs	4	**(4,665)**	(53,796)
Medical supplies		**(905)**	(268,301)
Insurance		**-**	(71,121)
Telephone expenses		**-**	(252,641)
Printing and photocopying		**-**	(70,521)
Interpreter services		**-**	(159,558)
Memberships and subscriptions		**(201)**	(110,152)
Consultancy expenses		**-**	(245,019)
Motor vehicle expenses		**(37)**	(68,337)
Electricity		**-**	(177,495)
Legal fees		**(17,811)**	(80,294)
Recruitment costs		**-**	(172,961)
Computer expenses		**(4,477)**	(732,687)
Cleaning		**(11,101)**	(154,092)
Professional fees		**-**	(36,274)
Impairment loss on non-financial assets		**(125,648)**	(15,616)
Net gain/(loss) on disposal of non-current assets	4	**589,850**	(41,077)
		(8,441,336)	(26,294,221)
Surplus/(deficit) for the year		**(6,426,066)**	(1,745,660)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		**-**	-
Items that will be reclassified to profit or loss when specific conditions are met		**-**	-
Total comprehensive income for the year		**(6,426,066)**	(1,745,660)

The accompanying notes form part of these financial statements.

Link Health and Community Limited

ABN 12 136 877 702

Statement of Financial Position

As At 30 June 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**1,614,060**	3,164,353
Trade and other receivables	6	-	60,080
Inventories	7	-	108,547
Other financial assets	8	-	2,000,000
Contract assets	9	-	461,333
Other assets	11	-	67,369
TOTAL CURRENT ASSETS		**1,614,060**	5,861,682
NON-CURRENT ASSETS			
Property, plant and equipment	10	-	8,465,000
Right-of-use assets		-	2,567,674
TOTAL NON-CURRENT ASSETS		-	11,032,674
TOTAL ASSETS		**1,614,060**	16,894,356
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	-	809,193
Employee benefits	14	-	1,904,599
Other liabilities	13	-	4,416,611
Lease liabilities		-	538,985
TOTAL CURRENT LIABILITIES		-	7,669,388
NON-CURRENT LIABILITIES			
Employee benefits	14	-	832,379
Buildings		-	352,463
TOTAL NON-CURRENT LIABILITIES		-	1,184,842
TOTAL LIABILITIES		-	8,854,230
NET ASSETS		**1,614,060**	8,040,126
MEMBERS' FUNDS			
Accumulated surplus	15	**1,614,060**	8,040,126
TOTAL MEMBERS' FUNDS		**1,614,060**	8,040,126

The accompanying notes form part of these financial statements.

Consolidated Statement of Members' Funds
For the Year Ended 30 June 2021

2021

	Accumulated Surplus	Total
	$	$
Balance at 1 July 2020	**8,040,126**	**8,040,126**
Deficit for the year	**(6,426,066)**	**(6,426,066)**
Balance at 30 June 2021	**1,614,060**	**1,614,060**

2020

	Accumulated Surplus	Total
	$	$
Balance at 1 July 2019	9,785,786	9,785,786
Deficit for the year	(1,745,660)	(1,745,660)
Balance at 30 June 2020	8,040,126	8,040,126

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**3,093,891**	29,119,794
Payments to suppliers and employees		**(1,176,007)**	(29,667,665)
Interest received		**-**	86,833
Interest paid		**(4,665)**	(49,992)
Net cash provided by/(used in) operating activities		**1,913,219**	(511,030)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**2,599,849**	97,915
Payment on transfer of operations		**(6,063,360)**	-
Purchase of property, plant and equipment		**-**	(59,353)
Proceeds from disposal of financial assets		**-**	2,107,837
Net cash provided by/(used in) investing activities		**(3,463,511)**	2,146,399
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**-**	100,000
Payment of finance lease liabilities		**-**	(522,091)
Net cash provided by/(used in) financing activities		**-**	(422,091)
Net increase/(decrease) in cash and cash equivalents held		**(1,550,292)**	1,213,278
Cash and cash equivalents at beginning of year		**3,164,352**	1,951,074
Cash and cash equivalents at end of financial year	5(a)	**1,614,060**	3,164,352

The financial report covers Link Health and Community Limited and its controlled entities ('the Group'). Link Health and Community Limited is aLink Health and Community Limited, incorporated and domiciled in Australia.

The financial report was authorised for issue by the Directors on 29 November 2021.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

Non-Going Coincern Basis of Preparation

Financial statements are normally prepared on a going concern basis where there is neither the intention nor need to suspend operations of an entity. Where such an intention or need exists, the accounting standards preclude the preparation of financial statements on a going concern basis.

During the year, the Group transferred its operations, along with its assets and liabilities, to Latrobe Community Health Service ("LCHS") and remained dormant for the remainder of the year and utilised its cash reserves to meet its operating costs. The Directors have commenced winding down the the Group's operations.

Given the above circumstances, prepration of the financial statements on a going concern basis is considered inappropriate and thus these accounts have been prepared on a non-going concern basis. Adoption of the non-going concern basis means that assets are measured at their net realisable value. Any gains or losses resulting from measuring at net realisable value are recognised in the surplus or deficit.

Under the non-going concern basis of accounting, the assets and liabilities otherwise classified as non-current are classified as current. In adopting the non-gpoing concern basis, the Group continues to apply disclosure requirements of the Australian Accouting Standards to the extent that they are relevant and modified when considered appropriate. In particular, the financial report does not include all of the disclosures required by AASB 5 on the basis that those disclosures are not considerd relevant for the decision making by users of this financial report as described below:

AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* - Given the Group is considered a discontinued operation, the disclosures under AASB 5 that separate between continuing and discontinuing operations on the profit and loss and other comprehensive income statement are not considered relevant to users.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

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

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Rendering of services

Revenue from provision of services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided as the customer receives and uses the benefit simultaneously.

Client fees

Client fees income is recognised when the service is provided.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Group presents the contract as a contract asset, unless the Group's rights to that amount of consideration are unconditional, in which case the Group recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Group presents the contract as a contract liability.

Grant revenue

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 Revenue from Contracts with Customers as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Group has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, the Group recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

a) contributions by owners, in accordance with AASB 1004 Contributions, contributions by owners;

b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15 Revenue from Contracts with Customers;

c) a lease liability in accordance with AASB 16 Leases;

d) a financial instrument, in accordance with AASB 9 Financial Instruments; or

e) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Asset.

As a result of the transitional impacts of adopting AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit entities, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15 Revenue from Contracts with Customers, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the company controls has been recognised in accordance with AASB 1058 Income of Not-for-profit entities, and recognised as deferred grant revenue.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Grant revenue

Performance obligations

Revenue is measured based on the consideration specified in the contract with the customer. The Group recognises revenue when it transfers control of a good or a service to the customer. As the fees are generated and sales made with a short credit term, there is no financing element present. There has been no change in the recognition of revenue from the rendering of services as a result of the adoption of AASB 15. Revenue is recognised when, or as, the performance obligation for the sale of goods or rendering of services to the customer are satisfied. Income from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

The types of government grants recognised under AASB 15 Revenue from Contracts with Customers includes:

- NDIS grant
- other one-off grants if funding condtiions contain enforceable and sufficiently specific performance obligations

The performance obligations for NDIS are number and mix of customers provided care in accordance with levels of activity agreed with National Disability Insurance Agency (NDIA). Revenue is recognised when the service is provided. The performance obligations have been selected as they align with the funding conditions set out in the agreement with NDIA.

For other grants with performance obligations, the Group exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Interest revenue

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

Donations and contributions

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

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

(c) Inventories

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

2 Summary of Significant Accounting Policies

(d) Financial instruments

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

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

Financial assets

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

Classification

On initial recognition, the Group classifies its financial assets into the following category, those measured at:

- amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

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

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost.

2 Summary of Significant Accounting Policies

(d) Financial instruments

Financial assets

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

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

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

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

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

2 Summary of Significant Accounting Policies

(d) Financial instruments

Financial liabilities

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

The financial liabilities of the Group comprise trade payables.

(e) Property, plant and equipment

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

Properties that are held for strategic purpose or to provide a social service and that generate cash inflows where the rental revenue is incidental to the purpose for holding the property, do not meet the definition of investment properties and are classified as properties in accordance with AASB 116.

Land and buildings

Land and buildings are measured using the cost model. Freehold land and buildings are initially recorded at cost. Where freehold land and buildings were acquired at no cost or for a nominal amount, cost is deemed to be the fair value as at the acquisition date.

Freehold land and buildings are subsequently measured at cost, less any subsequent accumulated depreciation and accumulated impairment losses. At each balance date, the carrying amount of each asset is reviewed for impairment losses at reporting date.

Plant and equipment

Plant and equipment are measured using the cost model. Where plant and equipment was acquired at no cost or for a nominal amount, cost is deemed to be the fair value as at the acquisition date.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Leasehold Land	Nil
Plant and Equipment	10-35%
Furniture, Fixtures and Fittings	10%
Motor Vehicles	20-25%
Computer Equipment	20-33.3%
Clinical equipment	15-35%

2 Summary of Significant Accounting Policies

(e) Property, plant and equipment

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate. The depreciation rates are same as last year.

(f) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is any evidence of impairment for its non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the company would, if deprived of the asset, replace its remaining future economic benefits, the recoverable amount is assessed on the basis of the asset's depreciated replacement cost which is defined as the current replacement cost less accumulated depreciation calculated on the basis of such cost.

(g) Provisions

Provisions are recognised when the Group 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.

(h) Employee benefits

Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

2 Summary of Significant Accounting Policies

(h) Employee benefits

Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. 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 change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(i) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(j) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

2 Summary of Significant Accounting Policies

(j) Basis for consolidation

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 18 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(k) Income Tax

The Link Health and Community Limited is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(l) Leases

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

This involves an assessment of whether:

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

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

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

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

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

2 Summary of Significant Accounting Policies

(l) Leases

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

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

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

Exceptions to lease accounting

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Revenue and Other Income

	2021	2020
	$	$
Revenue and income		
- Grants	**1,639,490**	21,860,257
- Client fees	**-**	1,546,515
- Program charges	**-**	40,948
Revenue and income	**1,639,490**	23,447,720
Other Income		
- Interest income	**35,166**	86,833
- Other revenue	**340,614**	1,014,008
	375,780	1,100,841
Total revenue and other income	**2,015,270**	24,548,561

4 Result for the Year

The result for the year includes the following specific expenses:

	2021	2020
	$	$
Finance costs		
- Bank charges	**4,665**	13,530
- Interest expense on lease liability	**-**	40,266
Total finance costs	**4,665**	53,796
Depreciation and amortisation		
Depreciation		
- Buildings	**-**	79,121
- Plant and equipment	**-**	20,652
- Furniture, fixtures and fittings	**-**	29,177
- Motor vehicles	**-**	176,327
- Computer equipment	**-**	185,361
- Leasehold improvements	**-**	69,589
- Clinical equipment	**-**	39,274
- Right-of-use assets	**-**	628,625
Total depreciation and amortisation	**-**	1,228,126
Net loss on disposal of property, plant and equipment	**(589,850)**	41,077
Impairment of receivables:		
- Bad debts written off	**94,649**	5,809
Short-term and/or low value leases:		
- Minimum lease payments	**-**	355,295

Notes to the Financial Statements

For the Year Ended 30 June 2021

5 Cash and Cash Equivalents

	Note	2021 $	2020 $
Cash on hand		**-**	1,020
Cash at bank		**1,614,060**	381,500
Short-term deposits		**-**	2,772,723
Other cash and cash equivalents		**-**	9,110
Total cash and cash equivalents	5(a)	**1,614,060**	3,164,353

(a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	Note	2021 $	2020 $
Cash and cash equivalents	5	**1,614,060**	3,164,353
Balance as per statement of cash flows		**1,614,060**	3,164,353

6 Trade and Other Receivables

	Note	2021 $	2020 $
CURRENT			
Trade receivables		**-**	62,879
Loss allowance	6(a)	**-**	(2,799)
Total trade and other receivables		**-**	60,080

(a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2021 $	2020 $
Balance at beginning of the year	**2,799**	-
Additional impairment loss recognised	**-**	2,799
Reversal of impairment	**(2,799)**	-
Balance at end of the year	**-**	2,799

All of the above trade and other receivables are categorised as financial assets at amortised cost as discussed in Note 2(d).

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2021

7 Inventories

	2021 $	2020 $
CURRENT		
At cost:		
Finished goods	-	108,547
Total current inventories	-	108,547

8 Other Financial Assets

	2021 $	2020 $
CURRENT		
Financial assets at amortised cost		
Term deposit	-	2,000,000
Total other financial assets	-	2,000,000

9 Contract Assets

	2021 $	2020 $
CURRENT		
Accrued revenue	-	461,333
Total current contract assets	-	461,333

Notes to the Financial Statements

For the Year Ended 30 June 2021

10 Property, plant and equipment

	2021	2020
	$	$
Land and Buildings*		
At cost	-	8,576,004
Accumulated depreciation	-	(317,430)
Accumulated impairment loss	-	(1,002,884)
Total land and buildings	-	7,255,690
Capital works in progress		
At cost	-	122,357
Total capital works in progress	-	122,357
Plant and equipment		
At cost	-	549,863
Accumulated depreciation	-	(470,849)
Total plant and equipment	-	79,014
Furniture, fixtures and fittings		
At cost	-	519,581
Accumulated depreciation	-	(408,401)
Total furniture, fixtures and fittings	-	111,180
Motor vehicles		
At cost	-	1,327,368
Accumulated depreciation	-	(831,055)
Total motor vehicles	-	496,313
Computer equipment		
At cost	-	1,128,552
Accumulated depreciation	-	(989,008)
Total computer equipment	-	139,544
Leasehold Improvements		
At cost	-	304,252
Accumulated amortisation	-	(206,348)
Total leasehold improvements	-	97,904
Clinical equipment		
At cost	-	752,854
Accumulated depreciation	-	(589,856)
Total clinical equipment	-	162,998
Total property, plant and equipment	-	8,465,000

Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Other Assets

	2021 $	2020 $
CURRENT		
Prepayments	-	7,563
Other current assets	-	59,806
Total current other assets	-	67,369

12 Trade and Other Payables

	2021 $	2020 $
CURRENT		
Financial liabilities measured at amortised cost		
Trade payables	-	157,525
Accrued expenses	-	209,604
	-	367,129
Other		
GST payable	-	442,064
	-	442,064
Total trade and other payables	-	809,193

The above liabilities are all unsecured.

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

13 Contract Liabilities

	2021 $	2020 $
CURRENT		
Grants received in advance	-	4,379,635
Other liabilities	-	36,976
Total current contract liabilities	-	4,416,611

Notes to the Financial Statements

For the Year Ended 30 June 2021

14 Employee Benefits

	2021	2020
	$	$
CURRENT		
Provision for long service leave	-	776,508
Provision for annual leave	-	1,128,091
Total current employee benefits	-	1,904,599
NON-CURRENT		
Provision for annual leave	-	832,379
Total non-current employee benefits	-	832,379

15 Accumulated Surplus

	2021	2020
	$	$
Accumulated surplus at the beginning of the financial year	**8,040,126**	9,785,786
Net surplus/(deficit)	**(6,426,066)**	(1,745,660)
Retained earnings at end of the financial year	**1,614,060**	8,040,126

16 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts receivable and payable.

The totals 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:

		2021	2020
		$	$
Financial Assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5	**1,614,060**	3,164,353
- Trade and other receivables	6	-	60,080
- Term deposits	8	-	2,000,000
Total financial assets		**1,614,060**	5,224,433
Financial Liabilities			
Financial liabilities measured at amortised cost			
- Trade and other payables	12	-	367,129
Total financial liabilities		-	367,129

Notes to the Financial Statements

For the Year Ended 30 June 2021

17 Key Management Personnel Remuneration

The Group's key management personnel consist of the directors and senior management.

The names of the directors in office at any time during the year are:

- Felicity Smith
- Sin Fong Chan
- Anton Gaudry
- Mark Biggs
- Stelvio Vido
- Shree Vijayan
- Suzi Chen
- Gina Lyons
- Judith Walker

Key management personnel remuneration included within employee expenses for the year is shown below:

	2021	2020
	$	$
Short-term employee benefits	-	943,067
Long-term benefits	-	10,079
Post-employment benefits	-	97,726
Total key management personnel remuneration	-	1,050,872

18 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2021	Percentage Owned (%)* 2020
Subsidiaries:			
Link Private Practice Pty Ltd	Australia	**100**	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

Link Private Practice Pty Ltd

Link Private Practice Pty Ltd was incorporated on 26 September 2017. The Company was wound up on 29 August 2021.

19 Parent entity

The following information has been extracted from the books and records of the parent, Link Health and Community Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Link Health and Community Limited has been prepared on the same basis as the financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2021	2020
	$	$
Statement of Financial Position		
Assets		
Current assets	**1,614,060**	7,298,720
Non-current assets	**-**	10,633,810
Total Assets	**1,614,060**	17,932,530
Liabilities		
Current liabilities	**-**	7,505,626
Non-current liabilities	**-**	951,706
Total Liabilities	**-**	8,457,332
Equity		
Retained earnings	**-**	9,475,198
Total Equity	**-**	9,475,198
Statement of Profit or Loss and Other Comprehensive Income		
Total surplus or deficit for the year	**(7,861,137)**	(904,908)
Total comprehensive income	**(7,861,137)**	(904,908)

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

20 Contingencies

In the opinion of the Directors, the Link Health and Community Limited did not have any contingencies at 30 June 2021 (30 June 2020: None).

21 Members' Guarantee

The Link Health and Community Limited is incorporated under the *Corporations Act 2001* and is a Link Health and Community Limited limited by guarantee. If the Link Health and Community Limited is wound up, the constitution states that each member is required to contribute a maximum of $NIL each towards meeting any outstandings and obligations of the Link Health and Community Limited. At 30 June 2021 the number of members was 120 (2020: 120).

22 Events after the end of the Reporting Period

The financial report was authorised for issue on 29 November 2021 by the Board of Directors.

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

23 Group Details

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

Link Health and Community Limited
2 Euneva Ave
GLEN WAVERLY VIC 3150

Independent Auditor's Report to the Members of Link Health and Community Limited and its controlled entity

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Link Health and Community Limited ("the Company") and its controlled entity (collectively referred to as "the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity and the Group in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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T: +61 (0) 3 9606 3888 F: +61 (0) 3 9606 3800 E: mailbox@hlbvic.com.au

Responsibilities of Directors for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group'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 intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Director's are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
29 November 2021