AMITY HEALTH LIMITED
ACN 062 628 924

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

AMITY HEALTH LIMITED
ACN 062 628 924

CONTENTS

DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2022.

Directors

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

Mr Richard Keeler
Dr Ligia Galvez
Dr Mark Victor
Ms Patricia Ryans-Taylor
Dr Carl Heslop

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

Principal Activities

The principal activity of the company during the financial year was the delivery of primary health and community care within the Great Southern, Wheatbelt & Southeast Coastal Goldfields.

The company's objectives are to:

- Increase community access to primary health services through interdisciplinary primary health care teams.
- Improve effective delivery of primary health care in the region.
- Develop and maintain partnerships to promote, improve the delivery of primary health care in the region.
- Coordinate prevention and early intervention programs for families with children who are at risk of disadvantage and disconnected from childhood services.

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

- Implement interdisciplinary primary health care teams, partner with other service providers to promote integrated care and referral pathways, actively support learning opportunities for rural health students.
- Promote evidence based primary health care, partner with others to facilitate health need identification and service improvement for small communities with links to general practice and other primary health care providers in the region.
- Seek funding to improve and support sustainable primary health care; develop strategic partnerships with service providers to achieve optimum collaboration; facilitate an increased access to localised specialist services.

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

DIRECTORS' REPORT

Information on Directors

Mr Richard Keeler	–	Director
Qualifications	–	Nil recorded
Experience	–	Business Consultant 24 years
Special Responsibilities	–	Chairperson
Dr Ligia Galvez	–	Director
Qualifications	–	MBBS, FRACGP, DCH, DRANZCOG
Experience	–	General Practitioner
Special Responsibilities	–	None
Dr Mark Victor	–	Director
Qualifications	–	MBChB, FRACGP, MFamMed, Dip. Diving & Submarine Medicine
Experience	–	General Practitioner 32 years
Special Responsibilities	–	None
Ms Patricia Ryans-Taylor	–	Director
Qualifications	–	BA, Juris Doctor (Hons), GDLP, GAICD
Experience	–	Director – Albany Community Hospice SCNRM Nominations and Renumeration Committee
Special Responsibilities	–	Vice Chairperson
Dr Carl Heslop	–	Director
Qualifications	–	PhD, MPH, BSc (Nursing), Grad Cert (Nursing).
Experience	–	President AHPA WA Branch
Special Responsibilities	–	Treasurer

Meetings of Directors

During the financial year,10 meetings of directors (including committee meetings) were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Mr Richard Keeler	10	10
Dr Ligia Galvez	10	10
Dr Mark Victor	10	9
Ms Patricia Ryans-Taylor	10	10
Dr Carl Heslop	10	9

The company is registered with the Australian Securities and Investments Commission as well as the Australian Charities and Not-for-profits Commission, and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $10.00 each towards meeting any outstanding obligations of the company. At 30 June 2022, the total amount that members of the company are liable to contribute if the company is wound up is $110 (2021: $110).

DIRECTORS' REPORT

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 4 of the financial report.

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

Richard Keeler
Chairperson

Dated this 27th day of September 2022

AUDITOR'S INDEPENDENCE DECLARATION
UNDER ACNC ACT SECTION 60-40
TO THE DIRECTORS OF AMITY HEALTH LIMITED

In accordance with Subdivision 60-C of the Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the directors of Amity Health Limited. As the audit partner for the audit of the financial report of Amity Health Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

i. the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

AMW Audit

AMW AUDIT
Chartered Accountants

Billy-Joe Thomas
Director

Joondalup, WA

Dated this 28th day of September 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
Revenue	2	8,174,343	7,978,347
Other income	2	4,378	13,903
Total revenue		8,178,721	7,992,250
Employee benefits expense		(4,439,700)	(4,492,958)
Board remuneration		(50,557)	(50,103)
Depreciation expense	3	(143,414)	(82,888)
Depreciation expense - ROUA	3	(244,088)	(297,496)
Motor vehicle expenses		(68,855)	(103,848)
Interest expense - ROUA	3	(49,011)	(53,936)
Repairs and maintenance expenses		(123,665)	(74,441)
Utility expense		(30,249)	(27,447)
Rental expense	3	(157,006)	(131,947)
Training and development expenses		(85,210)	(20,513)
Accounting, audit and legal fees		(29,758)	(37,792)
Contractors / consultancy fees		(1,706,869)	(1,491,221)
Travelling expenses		(92,898)	(87,559)
Administration expense		(342,609)	(315,190)
GP payments		(237,313)	(206,389)
Loss on disposal/written off of non-current assets		(63)	-
Other expenses		(166,368)	(139,945)
Total expenses		(7,967,633)	(7,613,673)
Surplus for the year before income tax	3	211,088	378,577
Income tax expense		-	-
Net current year surplus		211,088	378,577
Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income attributable to members of the entity		211,088	378,577

AMITY HEALTH LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 $	2021 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,209,138	3,003,906
Trade and other receivables	5	49,368	165,624
Other assets	6	83,168	69,691
TOTAL CURRENT ASSETS		3,341,674	3,239,221
NON-CURRENT ASSETS			
Property, plant and equipment	7	150,514	196,186
Right of use assets	8	1,027,713	1,239,531
TOTAL NON-CURRENT ASSETS		1,178,227	1,435,717
TOTAL ASSETS		4,519,901	4,674,938
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	265,845	280,632
Lease liabilities	10	302,770	280,092
Provision for employee benefits	11	698,934	568,785
Unexpended grants	12	193,058	438,728
TOTAL CURRENT LIABILITIES		1,460,607	1,568,237
NON-CURRENT LIABILITIES			
Lease liabilities	10	849,112	1,062,715
Provision for employee benefits	11	47,763	92,655
TOTAL NON-CURRENT LIABILITIES		896,875	1,155,370
TOTAL LIABILITIES		2,357,482	2,723,607
NET ASSETS		2,162,419	1,951,331
EQUITY			
Retained surplus		2,162,419	1,951,331
TOTAL EQUITY		2,162,419	1,951,331

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Retained Surplus $	Total $
Balance at 1 July 2020	1,572,754	1,572,754
Surplus for the year attributable to members of the entity	378,577	378,577
Other comprehensive income for the year	-	-
Total comprehensive income for the year	378,577	378,577
Balance at 30 June 2021	1,951,331	1,951,331
Balance at 1 July 2021	1,951,331	1,951,331
Surplus for the year attributable to members of the entity	211,088	211,088
Other comprehensive income for the year	-	-
Total comprehensive income for the year	211,088	211,088
Balance at 30 June 2022	2,162,419	2,162,419

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipt of grants		7,005,837	7,455,383
Other receipts		1,039,092	1,236,420
Interest received		4,378	6,980
Payments to suppliers and employees		(7,475,954)	(7,132,948)
Interest paid		(11,706)	(8,991)
Net cash generated from operating activities	17	561,647	1,556,844
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed asset		-	7,818
Purchase of property, plant and equipment	7, 8	(27,548)	(79,539)
Net cash used in investing activities		(27,548)	(71,721)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of lease liabilities		(328,867)	(304,143)
Net cash used in financing activities		(328,867)	(304,143)
Net increase in cash held		205,232	1,180,980
Cash and cash equivalents at beginning of the financial year		3,003,906	1,822,926
Cash and cash equivalents at the end of the financial year	4	3,209,138	3,003,906

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The financial statements covers Amity Health Limited as an individual entity, incorporated and domiciled in Australia. Amity Health Limited is a company limited by guarantee.

The financial statements were authorised for issue on 27th September 2022 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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 amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Revenue

Revenue recognition
Contributed Assets
The company receives assets from the government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9, AASB 16, AASB 116 and AASB 138).

On initial recognition of an asset, the company recognises related amounts being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer.

The company recognises income immediately in profit or loss as the difference between initial carrying amount of the asset and the related amounts.

Operating Grants, Donations and Bequests

When the company receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15,

When both these conditions are satisfied, the company:
- identifies each performance obligation relating to the grant
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the company:
- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9. AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the company recognises income in profit or loss when or as it satisfies its obligations under the contract.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Revenue (continued)

Capital Grant

When the company receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The company recognises income in profit or loss when or as the company satisfies its obligations under terms of the grant.

Interest Income

Interest income is recognised using the effective interest method.

Dividend Income

The company recognises dividends in profit or loss only when the company's right to receive payment of the dividend is established.

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

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 (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie 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 (ie 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).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Fair Value of Assets and Liabilities (continued)

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 value as indicated, less, where applicable, accumulated depreciation and any impairment losses.

Plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value method over the asset's useful life to the company commencing from the time the asset is available 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 Asset	**Depreciation Rate**
Motor Vehicle	40%
Plant and equipment	10% - 50%
Leased motor vehicles	40%

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Property, Plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

d. Leases

The company as lessee

At inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the company where the company is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

– fixed lease payments less any lease incentives;
– variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
– the amount expected to be payable by the lessee under residual value guarantees;
– the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
– lease payments under extension options if lessee is reasonably certain to exercise the options; and
– payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

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

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

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the company to further its objectives (commonly known as peppercorn/concessionary leases), the company has adopted the temporary relief under AASB 2018-8 and measures the right of use assets at cost on initial recognition.

The company as lessor

The company leases some rooms in their building to external parties

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Leases (continued)

Upon entering into each contract as a lessor, the company assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the company's net investment in the leases.

When a contract is determined to include lease and non-lease components, the company applies AASB 15 to allocate the consideration under the contract to each component.

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 the purchase or sale of the asset (ie trade date accounting is adopted).

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

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities
Financial liabilities are subsequently measured at:
– amortised cost; or
– fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
– a contingent consideration of an acquirer in a business combination to which AASB 3 applies;
– held for trading; or
– initially designated as at fair value through profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Financial Instruments (continued)

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

– incurred for the purpose of repurchasing or repaying in the near term;
– part of a portfolio where there is an actual pattern of short-term profit taking;
– a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship); or
– any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses are taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial asset

Financial assets are subsequently measured at:

– amortised cost;
– fair value through other comprehensive income; or
– fair value through profit and loss

on the basis of the two primary criteria, being:

– the contractual cash flow characteristics of the financial asset; and
– the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

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

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
– the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Financial Instruments (continued)

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit or loss.

The company initially designates financial instruments as measured at fair value through profit or loss if:

– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
– it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the company made an irrevocable election to measure the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the company's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Financial Instruments (continued)

All of the following criteria need to be satisfied for derecognition of a financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the company no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

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

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment
The company recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company uses the following approaches to impairment, as applicable under AASB 9:
- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach
Under the general approach, at each reporting period, the company assesses whether the financial instruments are credit-impaired, and if:
- the credit risk of the financial instrument has increased significantly since initial recognition, the company measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there has been no significant increase in credit risk since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Financial Instruments (continued)

Simplified approach
The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:
– trade receivables; and
– lease receivables.

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

Purchased or originated credit impaired approach
For a financial asset that is considered to be credit-impaired (not on acquisition or originations), the company measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment has been recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:
– significant financial difficulty of the issuer or borrower;
– a breach of contract (eg default or past due event);
– Where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
– It is probable that the borrower will enter bankruptcy or other financial reorganisation; and
– the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach
If a financial asset is determined to have low credit risk at the initial reporting date, the company assumes that the credit risk has not increased significantly since initial recognition and accordingly the company can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such determination that the financial asset has low credit risk, the company applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:
– there is a low risk of default by the borrower;
– the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
– adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Financial Instruments (continued)

Recognition of expected credit losses in financial statements

At each reporting date, the company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

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

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. An amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

f. Impairment of Assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

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

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where 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.

g. Employee Provisions

Provision is made for the company's liability for employee entitlements arising from services rendered by employees up to balance date. These entitlements include wages and salaries, annual leave, and long service leave. Employee entitlements have been measured at the current values of leave owing to the respective employee, plus related on-costs. The calculation has been made for all employees from the date of commencement and the liability is classified as current for all employees who have completed four years of continuous service at the reporting date.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Employee Provisions (continued)

Employees are entitled to take that balance as leave in the current financial year and / or have it paid out to them if they cease employment with the company.

The company's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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.

i. Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold. 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.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

j. Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

k. Income Tax

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

l. Intangible Assets

Software

Software is recorded at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value, as at the date of acquisition. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. 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.

n. Comparative Figures

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

When the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period, in addition to the minimum comparative financial statements, must be disclosed.

o. Accounts Payable and Other Payables

Accounts 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 the liability.

p. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates

(i) *Impairment*
Nil.

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

Key judgements

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Critical Accounting Estimates and Judgements (continued)

(ii) *Lease term and Option to Extend under AASB 16*

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the company will make. The company determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the company.

(iii) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The 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.

q. Economic Dependence

Amity Health Limited is dependent on the Department of Health and Department of Social Services 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 Amity Health Limited.

r. New and Amended Accounting Policies Not Yet Adopted by the company

There are no new or amended accounting standards which had an impact on the company during this reporting period.

s. New and Amended Accounting Policies Not Yet Adopted by the company

– AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

The company plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

– AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*

AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments* is an omnibus standard that amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The company plans on adopting the amendment for the reporting period ending 30 June 2023. The impact of the initial application is not yet known.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s. New and Amended Accounting Policies Not Yet Adopted by the company (continued)

– AASB 2021-2: *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).
The company plans on adopting the amendment for the reporting period ending 30 June 2023. The impact of the initial application is not yet known.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 2: REVENUE AND OTHER INCOME

	Note	2022 $	2021 $
Revenue.			
Grants		7,135,251	6,741,927
Other revenue	2a	1,039,092	1,236,420
		8,174,343	7,978,347
Other income			
Gain on disposal of assets		-	6,923
Interest received		4,378	6,980
Total Other income		4,378	13,903
Total Revenue		8,178,721	7,992,250

		2022 $	2021 $
a.	Other revenue:		
	— Clinician room rental	178,247	213,978
	— Cost recovery: funded programs	67,612	99,197
	— Private allied health services	261,570	276,049
	— Sundry income	281	5,635
	— WA country health services	484,703	569,053
	— Others	46,679	72,508
Total Revenue		1,039,092	1,236,420

NOTE 3: SURPLUS FOR THE YEAR BEFORE INCOME TAX

Surplus for the year before income tax from continuing operations includes the following specific expenses:

		2022 $	2021 $
a.	**Expenses**		
	Interest expense - ROUA	49,011	53,936
	Depreciation		
	— Plant and equipment	73,157	82,888
	— Right of use assets	314,345	297,496
	Total depreciation	387,502	380,384
	Rental expense on operating leases		
	— Minimum lease payments	157,006	131,947
	Total rental expense on operating leases	157,006	131,947
	Auditor remuneration		
	— Audit services	12,695	27,444
	— Other audit services	3,850	3,850
	Total audit remuneration	16,545	31,294
b.	**Significant Revenue and Expenses**		
	Property, plant and equipment:		
	Disposals at carrying amount	(63)	6,923
	Net (loss)/ gain on disposals/written off	(63)	6,923

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
NOTE 4: CASH AND CASH EQUIVALENTS			
CURRENT			
Petty cash		1,100	1,100
Undeposited funds		1,295	1,691
Cash at bank		3,206,743	3,001,115
	18	3,209,138	3,003,906

NOTE 5: TRADE AND OTHER RECEIVABLES

	Note	2022 $	2021 $
CURRENT			
Trade receivables		48,586	165,624
Other receivables		782	-
Total current trade and other receivables	18	49,368	165,624

No impairment of trade receivables and other receivable was required as at 30 June 2022 (2021: Nil).

Credit Risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the company is considered to relate to the class of assets described as “accounts receivable and other debtors”.

The following table details the company’s accounts receivable and other debtors exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. 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 counter party 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) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within Initial Trade Terms
			< 30	31–60	61–90	> 90	
	$	$	$	$	$	$	$
2022							
Trade receivables	48,586	-	43,663	3,133	385	1,405	-
Other receivables	782	-	782	-	-	-	-
Total	49,368	-	44,445	3,133	385	1,405	-
2021							
Trade receivables	165,624	-	158,967	5,181	-	1,476	-
Total	165,624	-	158,967	5,181	-	1,476	-

	2022 $	2021 $
NOTE 6: OTHER ASSETS		
CURRENT		
Prepayments	83,168	69,691
	83,168	69,691

	2022 $	2021 $
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Motor vehicles		
– At cost	125,155	125,155
– Less: accumulated depreciation	(122,185)	(120,210)
Total motor vehicles	2,970	4,945
Plant and equipment		
– At cost	592,051	579,545
– Less: accumulated depreciation	(505,832)	(459,888)
Total plant and equipment	86,219	119,657
Furniture and fittings		
– At cost	191,632	188,024
– Less: accumulated depreciation	(130,307)	(116,440)
Total furniture and fittings	61,325	71,584
Total property, plant and equipment	150,514	196,186

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Motor vehicles $	Plant and equipment $	Furniture and fitting $	Total $
2021				
Balance at the beginning of the year	8,675	121,737	70,018	200,430
Additions at cost or fair value	-	63,086	16,452	79,538
Disposals and written off – net written down value	(428)	(466)	-	(894)
Depreciation expense	(3,302)	(64,700)	(14,886)	(82,888)
Carrying amount at end of year	4,945	119,657	71,584	196,186
2022				
Balance at the beginning of the year	4,945	119,657	71,584	196,186
Additions at cost	-	23,939	3,609	27,548
Disposals and written off – net written down value	-	(63)	-	(63)
Depreciation expense	(1,975)	(57,314)	(13,868)	(73,157)
Carrying amount at end of year	2,970	86,219	61,325	150,514

NOTE 8: RIGHT OF USE ASSETS

The company's lease portfolio includes motor vehicles and buildings.

i) AASB 16 related amounts recognised in the balance sheet

Right of use assets	**2022**	**2021**
	$	**$**
Leased building	1,647,598	1,647,598
Accumulated depreciation	(732,266)	(488,178)
	915,332	1,159,420
Leased motor vehicles	282,279	297,939
Accumulated depreciation	(169,898)	(217,828)
	112,381	80,111
Total right of use assets	1,027,713	1,239,531
Movement in carrying amounts:		
Leased buildings:		
Opening balance	1,159,420	1,403,509
Additions	-	-
Depreciation expense	(244,088)	(244,089)
Net carrying amount	915,332	1,159,420
Leased motor vehicles:		
Opening balance	80,111	133,518
Additions	120,596	-
Depreciation expense	(70,257)	(53,407)
Disposals	(18,069)	-
Net carrying amount	112,381	80,111

ii) AASB 16 related amounts recognised in the statement of profit or loss

Depreciation charge related to right-of-use assets	314,345	297,496
Interest expense on lease liabilities	49,011	53,936

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NOTE 9: TRADE AND OTHER PAYABLES

		2022 $	2021 $
CURRENT			
Trade payables		135,664	126,142
GST (refundable)/ payable		1,346	(2,100)
Accrued expenses		76,207	102,373
PAYG withholding payable/ refundable		52,628	54,217
	9a	265,845	280,632

a. **Financial liabilities at amortised cost classified as trade and other payables**

		2022 $	2021 $
Trade and other payables			
— Total current		265,845	280,632
		265,845	280,632
Less: GST (refundable)/ payable		(1,346)	2,100
Less: PAYG withholding payable/ refundable		(52,628)	(54,217)
Financial liabilities as trade and other payables	18	211,871	228,515

The average credit period on accounts payable and other payables (excluding GST payable) is one month. No interest is payable on outstanding payables during this period. For payables outstanding longer than two months, no interest is payable on the outstanding balance.

NOTE 10: LEASE LIABILITIES

		2022 $	2021 $
Current		302,770	280,092
Non-current		849,112	1,062,715
Total lease liabilities	18	1,151,882	1,342,807

Lease liabilities are secured by the underlying leased assets.

NOTE 11: PROVISIONS FOR EMPLOYEE BENEFITS

	Employee Provisions $
Opening balance at 1 July 2021	661,440
Additional provisions raised during the year	428,955
Amounts used	(343,698)
Balance at 30 June 2022	746,697

	2022 $	2021 $
Analysis of Employee Provisions		
Current		
– annual leave and toil entitlements	246,469	234,283
– long service leave entitlements	452,465	334,502
	698,934	568,785
Non-Current		
– long service leave entitlements	47,763	92,655
	47,763	92,655

NOTE 12: UNEXPENDED GRANTS

	2022 $	2021 $
Unexpended grants at the end of the reporting period consists of:		
Funds available for expenditure in next financial year	193,058	438,728
	193,058	438,728

NOTE 13: CAPITAL AND LEASING COMMITMENTS

a. **Finance Lease Commitments**

	2022 $	2021 $
Payable – minimum lease payments:		
— not later than 12 months	44,212	57,907
— later than 12 months but not later than five years	137,147	86,052
Minimum lease payments	181,359	143,959
Less future finance charges	(9,028)	(9,056)
Present value of minimum lease payments	172,331	134,903

Finance leases on motor vehicles of which there are 11 (2021: 11), commencing between 2019 and 2023 are between two to four-year leases all with an option to purchase at the end of the lease term. No debt covenants or other such arrangements are in place.

b. **Operating Lease Commitments**

	2022 $	2021 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
— not later than 12 months	161,000	185,000
— between 12 months and five years	-	-
	161,000	185,000

The property lease commitments are non-cancellable operating leases contracted for but not recognised in the financial statements with a five-year term. Increases in lease commitments may occur in line with the consumer price index (CPI).

NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

At the date of signing this report there are no known outstanding contingent liabilities and contingent assets.

NOTE 15: EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

NOTE 16: RELATED PARTY TRANSACTIONS

a. **Key Management Personnel**

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.

	2022 $	2021 $
Key management personnel compensation		
– short-term benefits	212,653	202,943
– post-employment benefits	22,673	19,237
– other long-term benefits	54,319	32,765
	289,645	254,945

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

NOTE 17: CASH FLOW INFORMATION

Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus

	2022	2021
Net current year surplus	211,088	378,577
Non-cash flows:		
Depreciation expense	73,157	82,888
Depreciation expense - ROUA	314,345	297,496
Loss/(gain) on disposal of assets	63	(6,923)
Write-off of leased vehicles	(1,890)	-
Interest from lease liabilities	37,305	44,945
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	116,256	557,336
(Increase)/decrease in prepayments	(13,477)	(17,458)
Increase/(decrease) in trade and other payables	(14,787)	(12,486)
Increase/(decrease) in provision for employee benefits	85,257	76,349
Increase/(decrease) in unexpended grants	(245,670)	156,120
Cash generated from operating activities	561,647	1,556,844

NOTE 18: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, receivables and payables and lease liabilities.

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

	Note	2022 $	2022 $
Financial Assets			
Cash and cash equivalents	4	3,209,138	3,003,906
Trade and other receivables	5	49,368	165,624
Total Financial Assets		3,258,506	3,169,530
Financial Liabilities			
Financial liabilities at amortised cost			
– Trade and other payables	9	211,871	228,515
– Lease liabilities	10	1,151,882	1,342,807
Total Financial Liabilities		1,363,753	1,571,322

Financial Risk Management Policies

The finance committee is responsible for monitoring and managing the company's compliance with its risk management strategy and consists of senior board members. The finance committee's overall risk management strategy is 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 finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

here 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.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

The company does not have any material credit risk exposures as its major source of revenue is the receipt of grants. Credit risk is further mitigated as over 100% of the grants being received from commonwealth, state and local governments are in accordance with funding agreements which ensure regular funding for a period of three years.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5.

NOTE 18: FINANCIAL RISK MANAGEMENT (CONTINUED)

The company has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 5.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA–. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	2022	2021
		$	$
Cash and cash equivalents			
– AA- rated		3,209,138	3,003,906
	4	3,209,138	3,003,906

b. Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. The company does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	211,871	228,515	-	-	-	-	211,871	228,515
Lease liabilities	302,770	280,092	849,112	1,062,715	-	-	1,151,882	1,342,807
Total expected outflows	514,641	508,607	849,112	1,062,715	-	-	1,363,753	1,571,322
Financial Assets — cash flows realisable								
Cash and cash equivalents	3,209,138	3,003,906	-	-	-	-	3,209,138	3,003,906
Trade and other receivables	49,368	165,624	-	-	-	-	49,368	165,624
Total anticipated inflows	3,258,506	3,169,530	-	-	-	-	3,258,506	3,169,530
Net inflow/(outflow) on financial instruments	2,743,865	2,660,923	(849,112)	(1,062,715)	-	-	1,894,753	1,598,208

NOTE 18: FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Market Risk

i. *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the company to interest rate risk are limited to lease liabilities and cash on hand.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2022 approximately 100% of company debt is fixed rate. It is the policy of the company to keep between 65% and 100% of debt on fixed interest rates.

The company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

ii. *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

The company is not exposed to other price risk as there are no investments held for trading or for medium to longer terms during the year ended 30 June 2022.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures 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 sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	**Equity**
	$	**$**
Year ended 30 June 2022		
+/-2% in interest rates	7,000	7,000
Year Ended 30 June 2021		
+/-2% in interest rates	23,000	23,000

No sensitivity analysis has been performed on foreign exchange risk as the company has no material exposures to currency risk.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

NOTE 18: FINANCIAL RISK MANAGEMENT (CONTINUED)

Net Fair Values

Fair value estimation

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.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments, which are carried at amortised cost (ie accounts receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the company.

		2022		2021	
	Note	**Net Carrying Value**	**Net Fair Value**	**Net Carrying Value**	**Net Fair Value**
		$	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	4	3,209,138	3,209,138	3,003,906	3,003,906
Trade and other receivables (i)	5	49,368	49,368	165,624	165,624
Total financial assets		3,258,506	3,258,506	3,169,530	3,169,530
Financial liabilities					
Trade and other payables (i)	9	211,871	211,871	228,515	228,515
Lease liabilities	10	1,151,882	1,151,882	1,342,807	1,342,807
Total financial liabilities		1,363,753	1,363,753	1,571,322	1,571,322

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

(i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Accounts payable and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 9.

NOTE 19: CAPITAL MANAGEMENT

Management controls the capital of the company to ensure that returns from investments are maximised. The finance committee ensures that the overall risk management strategy is in line with this objective.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The company's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the company's capital by assessing the company's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

NOTE 19: CAPITAL MANAGEMENT (CONTINUED)

There have been no changes to the strategy adopted by management to control the capital of the company since the previous year.

The gearing ratios for the years ended 30 June 2022 and 30 June 2021 are as follows:

	Note	2022	2021
		$	$
Trade and other payables	9	265,845	280,632
Lease liabilities	10	1,151,882	1,342,807
Less cash and cash equivalents	4	(3,209,138)	(3,003,906)
Net debt		-	-
Total equity (retained surplus)		2,162,419	1,951,331
Total capital		2,162,419	1,951,331
Gearing ratio		Nil	Nil

NOTE 20: ENTITY DETAILS

The registered office of the company is:

Amity Health Limited
136 Lockyer Avenue
Albany, WA 6330

The principal place of business is:

Amity Health Limited
136 Lockyer Avenue
Albany, WA 6330

NOTE 21: MEMBERS’ GUARANTEE

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Articles of Association state that each member is required to contribute a maximum of $10.00 each towards meeting any outstanding obligations of the company. As at the 30 June 2022, the number of members was 11 (2021: 11).

NOTE 22: COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current year’s presentation.

AMITY HEALTH LIMITED
ACN 062 628 924

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Amity Health Limited, the directors of the company declare that, in the directors' opinion:

1. financial statements and notes, as set out on pages 5 to 34, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and
    a. comply with Australian Accounting Standards applicable to the company; and
    b. give a true and fair view of the financial position of the company as at 30 June 2022 and of its performance for the year ended on that date.

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

____

Richard Keeler
Chairperson

Dated this 27th day of September 2022

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AMITY HEALTH LIMITED
ACN 062 628 924

Opinion

We have audited the financial report of Amity Health Limited ("the company") which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the registered entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1 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 company in accordance with the auditor independence requirements of the ACNC Act and, the ethical 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.
Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities* and *Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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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 Association's internal control.

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

AMW Audit

AMW AUDIT
Chartered Accountants
Address: Unit 8, 210 Joondalup, Western Australia

BILLY-JOE THOMAS
Director & Registered Company Auditor

Dated at Perth, Western Australia this 28th day of September 2022