

**NORTHERN COALFIELDS COMMUNITY  
CARE ASSOCIATION LTD AND  
CONTROLLED ENTITIES**

**ABN: 78 434 105 112**

**Financial Report For The Year Ended  
30 June 2022**

# **Northern Coalfields Community Care Association Ltd and Controlled Entities**

**ABN: 78 434 105 112**

## **Financial Report For The Year Ended 30 June 2022**

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**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
**ABN: 78 434 105 112**  
**DIRECTORS' REPORT**

Your directors present this report on the entity 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:

T. Murray  
B. Wilson  
R. Ryan  
G. Walker  
D. Byron appointed (1/04/2022)  
J. Scelzo appointed (1/04/2022)  
N. Shelley appointed (1/04/2022)  
L. Selmes resigned (31/10/2021)  
E. L. Jackson retired (31/03/2022)

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

**Principal Activities**

The provision of aged and community care to the City of Cessnock LGA and surrounds.

**Short-term and Long-term Objectives**

The entity's short-term objectives are to:

Increase brand awareness of the combined Northern Coalfields Community Care Association thereby achieving and maintaining full quota compliance across each service delivery stream.

The entity's long-term objectives are to:

Expand service delivery and become the provider of choice in our local area, while taking advantage of strategic partnerships, alliances and mergers to deliver increased services at a lower cost.

**Information on Directors**

T. Murray	—	Chairman
Qualifications	—	Pharmacist
Experience	—	Owner and operator of a pharmacy in Cessnock
B. Wilson	—	Director
Qualifications	—	Managing Editor of the Cessnock Advertiser
Experience	—	Mr Wilson is a retired managing editor of the Cessnock Advertiser, the regional newspaper. He was employed at Cessnock Advertiser for 38 years. He holds the Paul Harris fellowship awarded by Rotary International, the Rural Press award for excellence and has received an Australia Day community service award.
R. Ryan	—	Director
Qualifications	—	Bachelor of Commerce and is a FCPA
Experience	—	Mr Ryan is a retired auditor. He has over 20 years experience in private practice as a Principal in Cessnock.
G. Walker	—	Director
Qualifications	—	Bachelor of Business (majoring in business management)
Experience	—	Mr Walker retired from full-time work four years ago, following a career of forty years in the finance industry, including management, business banking and financial planning. He continues to be actively involved in a number of community events, organisations and businesses such as the Cessnock Business Chamber.

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
**ABN: 78 434 105 112**  
**DIRECTORS' REPORT**

D. Byron	—	Director
Qualifications	—	FCPA, GAICD
Experience	—	Mr Byron is a retired CEO with extensive experience in the aged care, primary health and NFP sectors. He was previously the Senior Vice President of the Australian Institute of Internal Auditors. He serves on the Audit, Risk and Improvement Committee for Lake Macquarie City Council and was previously a Director of Tasman Radiation Oncology Group.
J. Scelzo	—	Director
Qualifications	—	Master of Communications, Bachelor of Communications
Experience	—	Ms Scelzo is a marketing and communications professional with experience across all three sectors. In 2001, she moved to the for-purpose and public sectors where she remains today. Ms Scelzo has completed courses within the Fundraising Institute of Australia, Social Leadership Australia and Centre for Cultural Competence Australia. She has also studied towards an LLB at the University of Sydney.
N. Shelley	—	Director
Qualifications	—	Bachelor of Commerce, CPA, GAICD
Experience	—	Owner of marketing agency pepperit and publisher of Newcastle Weekly and NEW Magazine
L. Selmes	—	Chairman
Qualifications	—	Bachelor of Legal Studies and Registered Nurse
Experience	—	Experienced lawyer and registered nurse
E. L. Jackson	—	Director
Qualifications	—	Bachelor of Health Administration
Experience	—	53 years experience in health administration

**Meetings of Directors**

During the financial year, [insert number] meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
T. Murray	10	10
B. Wilson	10	9
R. Ryan	10	10
G. Walker	10	10
D. Byron	3	3
J. Scelzo	3	3
N. Shelley	3	3
L. Selmes	3	3
E. L. Jackson	7	4

The entity is registered with the Australian Securities and Investment 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 \$5.00 each towards meeting any outstanding obligations of the entity. At 30 June 2022, the total amount that members of the entity are required to contribute if the Company is wound up is \$35 (2021: \$30).

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
**ABN: 78 434 105 112**  
**DIRECTORS' REPORT**

**Auditor's Independence Declaration**

The lead 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.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Director

  
\_\_\_\_\_  
*T. Murray*

Dated this      27th                      day of                      October                      2022

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**

**ABN: 78 434 105 112**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER ACNC ACT SECTION 60-40 TO THE DIRECTORS OF  
NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**

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 Northern Coalfields Community Care Association Ltd and Controlled Entities. As the lead audit partner for the audit of the financial report of Northern Coalfields Community Care Association Ltd and Controlled Entities for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 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.

Name of Firm Hewitt Auditing Pty Ltd

Name of Partner Paul Hewitt

Date

27/10/2022

Address

187 Brooks Street Bar Beach NSW 2300

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
**ABN: 78 434 105 112**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR**  
**ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
Revenue	2	12,292,868	12,024,293
Other income	2	7,115,943	6,711,162
Employee benefits expense		(11,657,991)	(11,350,443)
Depreciation and amortisation expense	3	(741,707)	(661,044)
Interest expense on lease liabilities	3	(1,782)	(4,898)
Impairment losses on financial assets	3	(22,212)	(141,305)
Audit, legal and consultancy fees		(50,887)	(83,113)
Repairs and maintenance		(330,644)	(386,263)
Utilities		(468,699)	(411,256)
Food expenses		(756,478)	(779,931)
Imputed interest expense AASB16		(769,373)	(713,666)
Sundry expenses		(4,257,111)	(3,190,209)
Share of net profits of associates and joint ventures		9,881	8,368
<b>Current year surplus before income tax</b>		<u>361,808</u>	<u>1,021,695</u>
Income tax expense		-	-
<b>Net current year surplus</b>		<u><u>361,808</u></u>	<u><u>1,021,695</u></u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Gain/(loss) on revaluation of land and buildings	8	(1,955,035)	-
Gain/(loss) on revaluation of interest in partnership		414,879	-
Fair value gains/(losses) on financial assets at fair value through other comprehensive income		(159,138)	492,343
<b>Total other comprehensive income/(loss) for the year</b>		<u>(1,699,294)</u>	<u>492,343</u>
<b>Total comprehensive income/(loss) for the year</b>		<u><u>(1,337,486)</u></u>	<u><u>1,514,038</u></u>
Surplus attributable to members of the entity		361,808	1,021,695
<b>Total comprehensive income/(loss) attributable to members of the entity</b>		<u><u>(1,337,486)</u></u>	<u><u>1,514,038</u></u>

The accompanying notes form part of these financial statements.

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**

ABN: 78 434 105 112

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	26,555,868	26,234,165
Accounts receivable and other debtors	5	429,731	631,187
Other current assets	6	348,540	255,231
<b>TOTAL CURRENT ASSETS</b>		<u>27,334,139</u>	<u>27,120,583</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	7	4,471,818	4,202,958
Property, plant and equipment	8	24,224,888	26,677,840
Intangible assets	9	53,440	70,882
Right-of-use assets	10	81,455	107,973
<b>TOTAL NON-CURRENT ASSETS</b>		<u>28,831,601</u>	<u>31,059,653</u>
<b>TOTAL ASSETS</b>		<u>56,165,740</u>	<u>58,180,236</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and other payables	11	21,427,316	22,204,634
Contract liabilities	12	1,003,260	795,329
Lease liabilities	14	31,381	32,970
Employee provisions	13	895,699	841,405
<b>TOTAL CURRENT LIABILITIES</b>		<u>23,357,656</u>	<u>23,874,338</u>
<b>NON-CURRENT LIABILITIES</b>			
Accounts payable and other payables	11	309,914	268,350
Lease liabilities	14	55,530	81,016
Employee provisions	13	442,333	618,737
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>807,777</u>	<u>968,103</u>
<b>TOTAL LIABILITIES</b>		<u>24,165,432</u>	<u>24,842,442</u>
<b>NET ASSETS</b>		<u>32,000,308</u>	<u>33,337,795</u>
<b>EQUITY</b>			
Retained surplus		25,081,190	23,891,359
Reserves		6,919,118	9,446,435
<b>TOTAL EQUITY</b>		<u>32,000,308</u>	<u>33,337,795</u>

The accompanying notes form part of these financial statements.



**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
**ABN: 78 434 105 112**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022**

Note	Retained Surplus \$	General Reserve \$	Asset Revaluation Reserve \$	Accum. Bond Reserve \$	Accum. Charge Reserve \$	Motor Vehicle Replacement Reserve \$	Asset Replacement Reserve \$	Total \$
<b>Balance at 1 July 2020</b>	22,771,159	-	2,874,730	4,155,812	1,715,261	49,843	256,951	31,823,756
<b>Comprehensive Income</b>								
Surplus for the year attributable to owners of the entity	1,021,695	-	-	-	-	-	-	1,021,695
Other comprehensive income for the year								-
Fair value gains/(losses) on financial assets at fair value through other comprehensive income	-	-	492,343	-	-	-	-	492,343
Transfer to / from reserves	98,505						(98,505)	-
Total other comprehensive income	98,505	-	492,343	-	-	-	(98,505)	492,343
<b>Total comprehensive income attributable to owners of the entity</b>	<b>1,120,200</b>	<b>-</b>	<b>492,343</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(98,505)</b>	<b>1,514,038</b>
<b>Total transactions with owners and other transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June 2021</b>	<b>23,891,359</b>	<b>-</b>	<b>3,367,073</b>	<b>4,155,812</b>	<b>1,715,261</b>	<b>49,843</b>	<b>158,446</b>	<b>33,337,795</b>
<b>Balance at 1 July 2021</b>	<b>23,891,359</b>	<b>-</b>	<b>3,367,073</b>	<b>4,155,812</b>	<b>1,715,261</b>	<b>49,843</b>	<b>158,446</b>	<b>33,337,795</b>
<b>Comprehensive Income</b>								
Surplus for the year attributable to owners of the entity	361,808	-	-	-	-	-	-	361,808
Other comprehensive income for the year								-
Fair value gains/(losses) on financial assets at fair value through other comprehensive income	-	-	(159,138)	-	-	-	-	(159,138)
Gains/(losses) on revaluation of land and buildings	-	-	(1,955,035)	-	-	-	-	(1,955,035)
Gain/ (loss) on revaluation of interest in partnership	-	-	414,879	-	-	-	-	414,879
Transfer to / from reserves	(217,588)	217,588	-	-	-	-	-	-
Transfer to / from reserves	214,387	-	(214,387)	-	-	-	-	-
Transfer to / from reserves	831,224	-	-	-	(831,224)	-	-	-
Total other comprehensive income	828,023	217,588	(1,913,681)	-	(831,224)	-	-	(1,699,294)
<b>Total comprehensive income for the year</b>	<b>1,189,831</b>	<b>217,588</b>	<b>(1,913,681)</b>	<b>-</b>	<b>(831,224)</b>	<b>-</b>	<b>-</b>	<b>(1,337,486)</b>
<b>Balance at 30 June 2022</b>	<b>25,081,190</b>	<b>217,588</b>	<b>1,453,392</b>	<b>4,155,812</b>	<b>884,037</b>	<b>49,843</b>	<b>158,446</b>	<b>32,000,309</b>

For a description of each reserve, refer to Note 21.

The accompanying notes form part of these financial statements.

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**

**ABN: 78 434 105 112**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from donors, government and other sources		18,083,157	19,288,658
Payments to suppliers and employees		(17,391,793)	(17,734,795)
Interest received		83,545	235,082
Dividends received		285,134	111,132
Net cash generated from operating activities	18	<u>1,060,043</u>	<u>1,900,077</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(209,710)	(126,598)
Net cash used in investing activities		<u>(209,710)</u>	<u>(126,598)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(27,076)	(28,072)
Loans to and (from) related entities		41,564	26,569
Interest paid on resident deposit refunds		(57,016)	(4,898)
Increase/(decrease) in non residents deposits		(400)	354
(Decrease) in trust accounts		(267,613)	(6,698)
Increase /(decrease) in residents' deposits		(218,089)	3,026,568
Net cash (used in)/generated from financing activities		<u>(528,630)</u>	<u>3,013,823</u>
Net increase in cash held		321,703	4,787,302
Cash on hand at beginning of the financial year		26,234,165	21,446,863
Cash on hand at end of the financial year	4	<u>26,555,868</u>	<u>26,234,165</u>

The accompanying notes form part of these financial statements.

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
**ABN: 78 434 105 112**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

The financial statements cover Northern Coalfields Community Care Association Ltd and Controlled Entities as an individual entity, incorporated and domiciled in Australia. Northern Coalfields Community Care Association Ltd and Controlled Entities is a company limited by guarantee.

The financial statements were authorised for issue on [insert date] 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 accrual 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 and Other Income**

*Contributed assets*

For the year ended 30 June 2022 the entity did not receive any contributed assets.

*Operating grants, donations and bequests*

When the Entity receives operating grants, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Entity:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

- 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); and
- 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, the Entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

*Capital grants*

For the year ended 30 June 2022 the entity did not receive any capital grants.

*Interest income*

Interest income is recognised using the effective interest method.

*Dividend income*

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

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

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
**ABN: 78 434 105 112**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

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

The Entity 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 Entity 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 entity 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).

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 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 impairment losses.

**Freehold Property**

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

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

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

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

**Plant and Equipment**

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

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
**ABN: 78 434 105 112**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Depreciation**

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2%
Plant and equipment	2% - 33%
Leased plant and equipment	20%
Motor vehicles	16% - 25%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised as income 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 Entity as lessee**

At inception of a contract, the Entity 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 Entity where the Entity is a lessee. However, all contracts that are classified as short-term leases and leases of low-value assets are recognised 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 Entity uses the incremental borrowing rate.

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

- fixed lease payments

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 Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**Concessionary Leases**

There are no concessionary leases.

**The Entity as lessor**

The Entity leases some of its investment properties to residential tenants.

Upon entering into each contract as a lessor, the Entity 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 (for example 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 Entity's net investment in the leases.

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**(e) Financial Instruments**

*Initial Recognition and Measurement*

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

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

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 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 cannot be reclassified.

*Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- 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;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

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

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The entity initially designates a financial instrument 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 that 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;
- 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 or 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 and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: Business Combinations applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity'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 (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

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

##### *Derecognition of financial assets*

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

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

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

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

On derecognition of a debt instrument classified as at 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 investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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**Impairment**

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income.

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 entity uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the simplified approach

*Simplified approach*

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

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and contain a significant financing component; and
- lease receivables.

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

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

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

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

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income.

**(f) Impairment of Assets**

At the end of each reporting period, the entity 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 entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

**(g) Employee Provisions**

**Short-term employee provisions**

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



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**Other long-term employee provisions**

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

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

**(h) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand and deposits with banks.

**(i) Accounts receivable and other debtors**

Accounts receivable and other debtors include amounts due from tenants, clients for services, and tax authorities. 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 fair value through profit and loss. Refer to Note 1(f) 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 entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

**(l) Intangible Assets**

**Software**

Software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of twelve years. It is assessed annually for impairment.

**(m) Provisions**

Provisions are recognised when the entity 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 entity 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.

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

The directors evaluate estimates and judgements incorporated into the financial statements are 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 entity.

**Key Estimates**

*(i) Impairment*

The freehold land and buildings were independently valued at 30 June 2022 by Skelton Valuers. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation decrement of \$1,955,036 being recognised for the year ended 30 June 2022.

*(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.

*(ii) 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.

**(p) Economic Dependence**

The Entity is dependent on the Federal and State Government Departments ('Department') 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 Department will not continue to support the Entity.

**(q) New and Amended Accounting Policies Adopted by the Entity**

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

**(s) New and Amended Accounting Policies Not Yet Adopted by the Entity**

**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 Entity 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.

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

**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 Entity plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

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

**Note 2 Revenue and Other Income**

	2022	2021
	\$	\$
<b>Revenue</b>		
Revenue from grants:		
— Government Subsidies - Operating	11,792,735	11,410,120
— DEET funding	386,953	4,900
— Government Subsidy - Covid 19	-	352,201
— Government subsidies - non-recurring	113,180	257,072
<b>Total revenue</b>	<u>12,292,868</u>	<u>12,024,293</u>
<b>Other Income</b>		
— Dividends received	288,373	200,224
— Interest received term deposits	85,484	173,832
— Other	337,859	54,732
— Accommodation charges	326,297	394,169
— Donations received and fundraising	10,772	3,960
— Fees from consumers / care recipients	3,168,468	3,236,641
— Home Care Package Income	1,904,908	1,664,617
— Wage recoveries	23,218	120,669
— Insurance recoveries	84,469	49,486
— Rental income investment properties	60,021	35,029
— Rental income independent living units	52,206	49,653
— Imputed interest revenue AASB16	769,373	713,666
— Meals	4,106	4,077
— Kiosk income	389	3,110
— Reversal over provision of doubtful debts	-	7,298
<b>Total other income</b>	<u>7,115,943</u>	<u>6,711,162</u>
<b>Total revenue and other income</b>	<u><u>19,408,811</u></u>	<u><u>18,735,455</u></u>

**Transaction price allocated to the remaining performance obligation**

The table below shows the grant revenue expected to be recognised in the future related to the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (partially unsatisfied) at the reporting date.

	2021	2022	Total
	\$	\$	\$
Revenue from government grants and other grants	795,329	207,931	1,003,260

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

**Note 3 Surplus for the Year**

	2022	2021
	\$	\$
<b>a. Expenses</b>		
Finance costs:		
— interest expense on lease liabilities	1,782	4,898
Total interest expense	1,782	4,898
Impairment losses on financial assets		
— Impairment losses on financial assets	22,212	141,305
Total impairment losses on financial assets	22,212	141,305
Employee benefits expense:		
— Employee benefits expense	11,657,991	11,350,443
Total employee benefits expense	11,657,991	11,350,443
Audit fees:		
— audit services	48,350	62,400
Total audit remuneration	48,350	62,400
Depreciation and amortisation:		
— land and buildings	372,432	372,090
— motor vehicles	102,123	57,077
— plant and equipment	217,408	184,046
— software	17,442	18,442
Total depreciation and amortisation	959,115	845,090

**Note 4 Cash and Cash Equivalents**

	2022	2021
	\$	\$
<b>CURRENT</b>		
Cash at bank – unrestricted	13,353,178	13,096,402
Cash float	3,100	3,106
Term deposits	13,199,590	13,134,658
	26,555,868	26,234,165

**Note 5 Accounts Receivable and Other Debtors**

	2022	2021
	\$	\$
<b>CURRENT</b>		
Accounts receivable	171,320	433,713
Allowance for expected credit losses	(101,811)	(149,595)
Other debtors	1,929	47,911
GST refundable	66,837	77,941
Franking credits receivable	291,456	221,216
Total current accounts receivable and other debtors	429,731	631,187

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9: *Financial Instruments*.

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**(a) Lifetime Expected Credit Loss: Credit Impaired**

	Opening balance	Net measurement of loss allowance	Amounts written off	Closing balance
	1 July 2020		30 June 2021	30 June 2021
	\$	\$	\$	\$
Accounts receivable	155,393	134,008	(139,806)	149,595
	155,393	134,008	(139,806)	149,595
		Net		
	Opening balance	measurement of loss allowance	Amounts written off	Closing balance
	1 July 2021		30 June 2022	30 June 2022
	\$	\$	\$	\$
Accounts receivable	149,595	18,216	(66,000)	101,811
	149,595	18,216	(66,000)	101,811

The entity applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2022 is determined as follows; the expected credit losses also incorporate forward-looking information.

	Current	>30 days past due	>60 days past due	>90 days past due	Total
<b>2022</b>	\$	\$	\$	\$	\$
Expected loss rate	5%	12%	16%	85%	
Gross carrying amount	29,494	12,303	15,786	113,737	171,320
Loss allowance provision	1,382	1,531	2,519	96,379	101,811
<b>2021</b>					
Expected loss rate	0%	32%	4%	48%	
Gross carrying amount	75,363	34,614	39,433	284,308	433,718
Loss allowance provision	-	11,089	1,665	136,841	149,595

The "amounts written off" are all due to receivables that have now become unrecoverable.

**(b) Credit risk**

The entity has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 5. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the entity.

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

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

The entity writes off a trade receivable when there is available information that the debtor is in severe financial difficulty and there is no realistic likelihood of recovery.

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**Note 6 Other Current Assets**

	2022	2021
	\$	\$
Accrued interest income	28,592	26,653
Prepayments	319,948	228,578
	<u>348,540</u>	<u>255,231</u>

**Note 7 Financial Assets**

	2022	2021
	\$	\$
<b>NON-CURRENT</b>		
Investments in equity instruments designated as at fair value through other comprehensive income	3,863,047	4,018,947
Financial assets at fair value through profit and loss	608,771	184,011
Total non-current assets	<u>4,471,818</u>	<u>4,202,958</u>
	2022	2021
	\$	\$

**a. Investments in equity instruments designated as at fair value through other comprehensive income**

Listed investments:

— shares in listed corporations	19, 20	3,863,047	4,018,947
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**b. Financial assets mandatorily measured at fair value through profit and loss**

Equity in partnership

608,771	184,011
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Investments in equity instruments are held for medium- to long-term planned purposes and are not held for trading. The entity elected to designate investments in equity instruments above as at fair value through other comprehensive income. The reason for this is that they believe that recognising current shorter-term fluctuations in these investments' fair value in profit or loss would not be in line with the entity's plan to keep this over a longer term.

**Note 8 Property, Plant and Equipment**

	2022	2021
	\$	\$
<b>LAND AND BUILDINGS</b>		
Freehold land at fair value:		
— Independent valuation in 2022	8,165,000	
— Directors valuation in 2021		11,765,909
Total land	<u>8,165,000</u>	<u>11,765,909</u>
Buildings at fair value:		
— Independent valuation in 2022	15,045,000	
— Directors valuation in 2021		18,621,582
Less accumulated depreciation	-	(4,850,023)
Capital works in progress:		
— At cost	455	73,000
Total buildings	<u>15,045,455</u>	<u>13,844,559</u>
Total land and buildings	<u>23,210,455</u>	<u>25,610,468</u>

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**PLANT AND EQUIPMENT**

Plant and equipment:

At cost	3,822,211	3,586,100
Less accumulated depreciation	(2,955,959)	(2,738,314)
	<u>866,252</u>	<u>847,786</u>

Motor vehicles:

At cost	1,269,494	1,239,015
Less accumulated depreciation	(1,121,313)	(1,019,429)
	<u>148,180</u>	<u>219,586</u>

Total plant and equipment	<u>1,014,433</u>	<u>1,067,372</u>
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Total property, plant and equipment	<u>24,224,888</u>	<u>26,677,840</u>
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**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:

	Capital Work in Progress \$	Freehold Land \$	Buildings \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
<b>2021</b>						
Balance at the beginning of the year	71,562	11,765,909	14,126,562	921,826	276,663	27,162,521
Additions at cost	35,825			120,262		156,087
Prior year adjustments				1,934		1,934
Depreciation expense			(372,090)	(213,536)	(57,077)	(642,703)
Transfers	(34,387)		17,087	17,300		-
Carrying amount at the end of the year	<u>73,000</u>	<u>11,765,909</u>	<u>13,771,559</u>	<u>847,786</u>	<u>219,586</u>	<u>26,677,840</u>
<b>2022</b>						
Balance at the beginning of the year	73,000	11,765,909	13,771,559	847,786	219,586	26,677,840
Additions at cost	455			236,112	30,479	267,046
Disposals	(73,000)					(73,000)
Revaluations		(3,600,908)	1,645,873			(1,955,035)
Depreciation expense			(372,432)	(217,408)	(102,123)	(691,962)
Carrying amount at the end of the year	<u>455</u>	<u>8,165,001</u>	<u>15,045,000</u>	<u>866,490</u>	<u>147,942</u>	<u>24,224,888</u>

**Asset Revaluations**

In June 2022 freehold land and buildings were independently valued by Skelton Valuers. The valuation resulted in a valuation decrement of \$1,955,036 being recognised in the revaluation surplus for the year ending 30 June 2022.

Refer to Note 20 for detailed disclosures regarding the fair value measurement of the company's freehold land and buildings.

**Leased land and buildings**

The Entity leases buildings to external parties with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

	Current (<1 year) \$	1 to 2 years \$	2 to 3 years \$	Total \$
Undiscounted annual lease payments	60,012	160,689	168,723	389,425



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

**Note 9 Intangible Assets**

	2022	2021
	\$	\$
Computer software - at cost	214,176	214,176
Accumulated amortisation	(160,735)	(143,293)
Net carrying amount	<u>53,440</u>	<u>70,882</u>
<b>Movements in Carrying Amount</b>	<b>Computer software</b>	
	<b>\$</b>	
<b>2021</b>		
Balance at the beginning of the year	89,325	
Amortisation charge	(18,443)	
	<u>70,882</u>	
<b>2022</b>		
Balance at the beginning of the year	70,882	
Amortisation charge	(17,442)	
	<u>53,440</u>	

**Note 10 Right-of-use Assets**

The Entity's lease portfolio is over office equipment. These leases have an average of five years as their lease term.

**(a) Options to Extend or Terminate**

There are no extension options for equipment leases.

**AASB 16 related amounts recognised in the balance sheet**

<u>Right-of-use assets</u>	2022	2021
	\$	\$
Leased equipment	152,728	-
Accumulated depreciation	(71,273)	-
	<u>81,455</u>	<u>-</u>
Total right-of-use asset	<u>81,455</u>	<u>-</u>

**Movements in carrying amounts:**

Leased equipment:		
Opening balance	107,973	137,362
Additions	5,785	-
Depreciation expense	(32,303)	(29,389)
Net carrying amount	<u>81,455</u>	<u>107,973</u>

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

	2022	2021
	\$	\$
Interest expense on lease liabilities	1,782	4,898
Depreciation expense relating to right-of-use assets	30,546	29,389

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
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**Note 11 Accounts Payable and Other Payables**

	2022	2021
Note	\$	\$
<b>CURRENT</b>		
Accounts payable	737,694	497,867
Other current payables	157,706	160,733
Accrued expenses	249,340	183,287
Community care surpluses	3,850	693,743
Resident deposits expected to be paid within 12 months	3,608,863	6,545,917
Residents deposits not expected to be paid within 12 months	16,307,719	13,588,754
Non residents deposits	27,664	29,618
Trust accounts	246,278	504,714
Resident fees paid in advance	88,203	-
	<u>21,427,316</u>	<u>22,204,634</u>
<b>NON-CURRENT</b>		
Amounts payable to partnership	309,914	268,350
	<u>309,914</u>	<u>268,350</u>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>a Financial liabilities at amortised cost classified as accounts payable and other payables</b>		
Accounts payable and other payables:		
— Total current	21,427,316	22,204,634
— Total non-current	309,914	268,350
	<u>21,737,230</u>	<u>22,472,984</u>

**Note 12 Contract Liability**

	2022	2021
	\$	\$
Balance at the beginning of the year	795,329	614,071
Additions:		
Grants for which performance obligations will only be satisfied in subsequent years.	207,931	181,258
Closing balance at the end of the year	<u>1,003,260</u>	<u>795,329</u>
If grants are enforceable and have sufficiently specific performance obligations in accordance with AASB 15, the amount received at that point in time, is recognised as a contract liability until the performance obligations have been satisfied.		

**Note 13 Employee Provisions**

	2022	2021
	\$	\$
<b>CURRENT</b>		
Provision for employee benefits: annual leave	895,699	841,405
	<u>895,699</u>	<u>841,405</u>
<b>NON-CURRENT</b>		
Provision for employee benefits: long service leave	442,333	618,737
	<u>442,333</u>	<u>618,737</u>
	<u>1,338,031</u>	<u>1,460,142</u>

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Analysis of total provisions:	Employee Benefits	Total
Opening balance at 1 July 2021	1,460,142	1,460,142
Additional provisions raised during the year	368,960	368,960
Amounts used	(491,071)	(491,071)
Balance at 30 June 2022	<u>1,338,031</u>	<u>1,338,031</u>

**Provision for employee benefits**

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

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

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

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

**Note 14 Capital and Leasing Commitments**

	2022	2021
	\$	\$
<b>a Lease Commitments</b>		
Payable - minimum lease payments:		
— not later than 12 month	31,381	32,970
— between 12 months and five years	55,530	87,919
<b>b Capital Expenditure Commitments</b>		
At reporting date, there is no capital expenditure commitments		

**Note 15 Contingent Liabilities and Contingent Assets**

The directors are not aware of any significant contingent assets nor contingent liabilities as at 30 June 2022.

**Note 16 Events After the Reporting Period**

The directors are not aware of any significant events since the end of the reporting period.

**Note 17 Related Party Transactions**

**a. Key Management Personnel**

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

	2022	2021
	\$	\$
KMP compensation:		
— short-term employee benefits	629,541	623,435
	<u>629,541</u>	<u>623,435</u>

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**b. Other Related Parties**

Other related parties include close family members of KMP and entities that are controlled or jointly controlled by those KMP individually or collectively with their close family members. For the years ended 30 June 2022 and 2021, there were no payments to other related parties.

**Note 18 Cash Flow Information**

	2022 \$	2021 \$
<b>a. Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus</b>		
Net current year surplus	361,808	1,021,695
Adjustment for:		
Depreciation and amortisation expense	741,707	661,044
Interest paid on resident deposit refunds	57,016	4,898
Dividend paid as additional share allotment	(3,239)	
Non cash income receivable		(8,368)
Adjustment for property, plant and equipment		(1,934)
Doubtful debts expense	22,212	141,305
Movement in working capital changes:		
(Increase)/decrease in accounts receivable and other debtors	174,138	(296,288)
Increase/(decrease) in accounts payable and other payables	310,475	558,171
(Increase)/decrease in grant funding liabilities	(481,962)	
Increase/(decrease) in employee provisions	(122,111)	(180,447)
	<u>1,060,044</u>	<u>1,900,075</u>

**Note 19 Financial Risk Management**

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, accounts receivable and payable, 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 \$	2021 \$
<b>Financial assets</b>			
Financial assets designated as at fair value through profit or loss			
— equity in partnership	7	608,771	184,011
— accounts receivable and other debtors	5	429,731	631,187
Financial assets at amortised cost:			
— cash and cash equivalents	4	26,555,868	26,234,165
Investments in equity instruments designated as at fair value through other comprehensive income	7	3,863,047	4,018,947
<b>Total financial assets</b>		<u>31,457,417</u>	<u>31,068,310</u>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost:			
— accounts payable and other payables	11a	21,737,230	22,472,984
— lease liabilities		86,910	113,986
<b>Total financial liabilities</b>		<u>21,824,141</u>	<u>22,586,970</u>

**Financial Risk Management Policies**

The finance committee is responsible for monitoring and managing the entity'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 entity in meeting its financial targets while 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.

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Specific Financial Risk Exposures and Management**

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

There have been no substantive changes in the types of risks the entity 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 to the company.

The company does not have any material credit risk exposures as its major source of revenue is the receipt of Government subsidies.

*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.

The entity 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.

**(b) Liquidity risk**

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

- preparing forward-looking cash flow analyses in relation to its operating, 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 table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The company does not hold any derivative financial liabilities directly.

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.

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

*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
<b>Financial liabilities due for payment</b>	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and other payables (excluding estimated annual leave and deferred income)	21,737,230	22,472,984					21,737,230	22,472,984
Lease liabilities	31,381	32,970	55,530	81,016			86,910	113,986
Total expected outflows	21,768,611	22,505,954	55,530	81,016	-	-	21,824,141	22,586,970
<b>Financial Assets - cash flows realisable</b>								
Cash and cash equivalents	26,555,868	26,234,165					26,555,868	26,234,165
Accounts receivable and other debtors	429,731	631,187					429,731	631,187
Other financial assets	348,540	255,231	3,863,047	4,202,958	608,771	184,011	4,820,358	4,642,200
Total anticipated inflows	27,334,139	27,120,583	3,863,047	4,202,958	608,771	184,011	31,805,956	31,507,552
Net (outflow) / inflow on financial instruments	5,565,528	4,614,628	3,807,517	4,121,942	608,771	184,011	9,981,816	8,920,581

**(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.

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

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

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**

**ABN: 78 434 105 112**

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

**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 exposed to other price risk on investments held for the long term. Such risk is managed through diversification of investments across industries and geographical locations.

The company's investments are held in the following sectors at the end of the reporting period:

	<b>2022</b>	<b>2021</b>
Banking and finance	21%	24%
Telecommunications	19%	14%
Energy	11%	5%
Materials	11%	8%
Consumer – staples	12%	22%
Property Trusts	21%	21%
Infrastructure	2%	3%
Insurance	3%	3%
	<u>100%</u>	<u>100%</u>

**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 of 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.

	<b>Surplus</b>	<b>Equity</b>
<b>Year ended 30 June 2022</b>	<b>\$</b>	<b>\$</b>
+/- 2% in interest rates	+/- 263,992	+/- 263,992
+/- 10% in listed investments		+/- 386,305
<b>Year ended 30 June 2021</b>	<b>Surplus</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
+/- 0.25% in interest rates	+/- 32,836	+/- 32,836
+/- 10% in listed investments		+/- 401,908

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.

**Fair Values**

**Fair value estimation**

Unless otherwise stated, the carrying amounts of financial instruments equate their fair value.

Refer to Note 20 for detailed disclosures regarding the fair value measurement of the company's financial assets and financial liabilities.

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Note 20 Fair Value Measurements**

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

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- freehold land and buildings.

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

**a. Fair Value Hierarchy**

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

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

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

**Valuation techniques**

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

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

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

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



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

		30 June 2022			
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>					
<i>Financial assets</i>					
Financial assets at fair value through profit or loss:					
— equity in partnership	7			608,771	608,771
— accounts receivable and other debtors	7			429,731	429,731
Financial assets at fair value through other comprehensive income:					
— shares in listed companies	7	3,863,047			3,863,047
<b>Total financial assets recognised at fair value on a recurring basis</b>		<b>3,863,047</b>	<b>-</b>	<b>608,771</b>	<b>4,471,818</b>
<i>Non-financial assets</i>					
Freehold land and buildings	8			23,210,455	23,210,455
<b>Total non-financial assets recognised at fair value on a recurring basis</b>		<b>-</b>	<b>-</b>	<b>23,210,455</b>	<b>23,210,455</b>

		30 June 2021			
	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Recurring fair value measurements</b>					
<i>Financial assets</i>					
Financial assets at fair value through profit or loss:					
— equity in partnership	7			184,011	184,011
— accounts receivable and other debtors				631,187	
Financial assets at fair value through other comprehensive income:					
— shares in listed companies	7	4,018,947			4,018,947
<b>Total financial assets recognised at fair value on a recurring basis</b>		<b>4,018,947</b>	<b>-</b>	<b>184,011</b>	<b>4,202,958</b>
<i>Non-financial assets</i>					
Freehold land and buildings	8			25,610,468	25,610,468
<b>Total non-financial assets recognised at fair value on a recurring basis</b>		<b>-</b>	<b>-</b>	<b>25,610,468</b>	<b>25,610,468</b>

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.

#### **Note 21 Capital Management**

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised within tolerable risk parameters. 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 entity's capital consists of financial liabilities and retained earnings, supported by financial assets.

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

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

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
**ABN: 78 434 105 112**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Note 22       Reserves**

- a. **Asset Revaluation Reserve**  
The asset revaluation reserve records the revaluations of non-current assets from time to time.
- b. **Accommodation Bond Retention Reserve**  
The accommodation bond reserve sets aside the accommodation bonds received from residents during the year to be used in the future in
- c. **Accommodation Charge Reserve**  
The accommodation charge reserve sets aside the accommodation charges received from residents during the year to be used in the
- d. **Motor Vehicle Replacement Reserve**  
The motor vehicle replacement reserve sets aside funds for the future purchase of motor vehicles
- e. **Asset Replacement Reserve**  
The asset replacement reserve sets aside funds for the future purchase of assets
- f. **General reserve**  
The general reserve sets aside funds for future use at the discretion of the directors.

**Note 23       Entity Details**

The registered office of the entity is:

Northern Coalfields Community Care Association Ltd and Controlled Entities  
2 Mount View Road Cessnock

The principal place of business is:

Northern Coalfields Community Care Association Ltd and Controlled Entities  
2 Mount View Road Cessnock

**Note 24       Members' Guarantee**

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$5.00 towards meeting any outstanding obligations of the entity. At 30 June 2022 the number of members were seven.

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**

**ABN: 78 434 105 112  
DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of Northern Coalfields Community Care Association Ltd and Controlled Entities, the directors of the Registered Entity declare that, in the directors' opinion:

1. The financial statements and notes, as set out on pages 5 to 56, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position of the registered entity as at 30 June 2022 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

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

Director



*T. Murray*

Dated this      27th      day of      October      2022

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
**ABN: 78 434 105 112**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**

**Opinion**

We have audited the financial report of Northern Coalfields Community Care Association Ltd and Controlled Entities (the registered entity), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 registered entity is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 (the ACNC Act), including:

- i. giving a true and fair view of the Registered Entity'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 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 Registered Entity in accordance with the auditor independence requirements of the ACNC Act, the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (including Independence Standards) (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 registered entity'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 registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC Act 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 registered entity'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 registered entity or to cease operations, or have no realistic alternative but to do so.

**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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**  
**ABN: 78 434 105 112**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**NORTHERN COALFIELDS COMMUNITY CARE ASSOCIATION LTD AND CONTROLLED ENTITIES**

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 Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity'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 registered entity 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.

Auditor's name and signature: Paul Hewitt

Address: Hewitt Auditing Pty Ltd  
187 Brooks Street Bar Beach NSW 2300

Dated this 27th day of October 2022