MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED
ABN 47 542 553 950

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2023

MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED
FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

CONTENTS

MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED
BOARD MEMBERS' REPORT

The Board Members present their report, together with the financial statements, of McLaren Vale & Districts War Memorial Hospital Incorporated (Association) for the period ended 30 June 2023.

BOARD MEMBERS

The following persons were Board Members of the Association during the whole of the financial year and up to the date of this report, unless otherwise stated:

Chris Overland (Chair)
Pip Forrester (Deputy Chair)
Clive Allert
Chris Bright
Pauline Hudson
Dr. Ginette Kremmidiotis
Gary Hennessy
Christo Botha (Appointed 25 May 2023)

Hospital Management Representatives

Director of Nursing
Cathie West (Appointed 17th Feb 2023 and redeployed back to SALHN 30th June 2023)
Chris Menzies (Appointed 26th Aug 2022 and redeployed back to SALHN 16th Feb 2023)

The Board Members reports that:

1) During the year ended 30 June 2023, except for an agreement entered into with Allert, Natale and Co to provide bookkeeping and accounting services to the Association, no officer of the Association, firm of which the officer is a member, or body corporate in which the officer has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the Association; and

2) During the year ended 30 June 2023, except for $40,185 paid to Allert, Natale and Co for bookkeeping and accounting services provided to the Association, no officer of the Association has received directly or indirectly from the Association any payment or other benefit of a pecuniary value, except for the reimbursement of expenses incurred on behalf of the Association.

   (Board Member, Clive Allert is a partner at Allert, Natale and Co. - refer note 13)

PRINCIPAL ACTIVITY

The principal activity of the Association during the financial year was to operate as a not-for-profit community hospital that serves public and private patients. The hospital operations ceased on 30 June 2023. The Association continued as a lessor to lease agreements following the closure of the hospital.

On 4 July 2023, a motion of the members was passed permitting the transfer of the Association's assets to the James Brown Memorial Trust. Refer note 20. At the date of this Board Members' Report the transfer of assets to James Brown Memorial Trust had not been completed.

MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED
BOARD MEMBERS' REPORT

REVIEW OF OPERATIONS

The net deficit incurred by the Association for the year ended 30 June 2023 is $511,370 (2022 net surplus: $516,080).

This report is made in accordance with a resolution of the Members of the Board.

On behalf of the Board;

Chris Overland
Chairman

Date 23/10/23

MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED

AUDITOR'S INDEPENDENCE DECLARATION UNDER DIVISION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE BOARD OF MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED

I declare that to the best of my knowledge and belief, in relation to the audit of McLaren Vale & Districts War Memorial Hospital Incorporated for the year ended 30 June 2023 there have been:

i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

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

NOT FOR PROFIT ACCOUNTING SPECIALISTS
KESWICK SA 5035

Ian Mostert CPA
Registered Company Auditor No 539768

24 October 2023
Date:

MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	2023 $	2022 $
REVENUE & OTHER INCOME	2	4,022,158	3,872,653
EXPENSES			
Operations Expense		992,343	785,612
Employee Benefit Expenses	3	2,932,638	2,284,083
Depreciation & Amortisation		133,808	140,494
Finance Costs		993	1,477
Other Expenses		343,973	144,907
Impairment of Plant & Equipment	6	129,773	-
TOTAL EXPENSES		4,533,528	3,356,573
NET SURPLUS/(DEFICIT) FOR THE YEAR		(511,370)	516,080
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(511,370)	516,080
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ARISES FROM:			
Continuing Operations		(565,766)	(264,699)
Discontinued Operations	6	54,396	780,779
		(511,370)	516,080

The accompanying notes form part of these financial statements

MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 $	2022 $
CURRENT ASSETS			
Cash & Cash Equivalents	4	2,145,227	2,140,771
Trade & Other Receivables	5	162,839	192,353
Inventories		-	38,969
Other Assets		-	2,251
Assets Held for Sale	7	129,773	559,228
TOTAL CURRENT ASSETS		2,437,839	2,933,572
NON-CURRENT ASSETS			
Property, Plant & Equipment	8	4,448,805	4,819,874
TOTAL ASSETS		6,886,644	7,753,446
CURRENT LIABILITIES			
Trade & Other Payables	9	562,646	71,679
Provisions	10	-	166,477
Other Liabilities	11	-	625,000
TOTAL CURRENT LIABILITIES		562,646	863,156
NON-CURRENT LIABILITIES			
Provisions	10	-	54,922
TOTAL LIABILITIES		562,646	918,078
NET ASSETS		6,323,998	6,835,368
EQUITY		6,323,998	6,835,368

The accompanying notes form part of these financial statements

MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Accumulated Surplus	Asset Revaluation Reserve	Total
		$	$	$
BALANCE AT 1 JULY 2021		3,304,833	3,014,455	6,319,288
Net Surplus for the Year		516,080	-	516,080
Other Comprehensive Income		-	-	-
BALANCE AT 30 JUNE 2022		3,820,913	3,014,455	6,835,368
BALANCE AT 1 JULY 2022		3,820,913	3,014,455	6,835,368
Net Deficit for the Year		(511,370)	-	(511,370)
Other Comprehensive Income		-	-	-
BALANCE AT 30 JUNE 2023	12	3,309,542	3,014,455	6,323,998

The accompanying notes form part of these financial statements

MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		1,174,331	1,197,923
Receipts from Government Grants		2,196,583	2,937,683
Other Receipts		232,315	267,793
Interest Received		11,685	2,008
Payments to Suppliers & Employees		(4,175,673)	(3,482,638)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(560,759)	922,770
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant & Equipment		(22,285)	(51,759)
Proceeds on Disposal of Business Unit		587,500	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		565,215	(51,759)
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS		4,456	871,011
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,140,771	1,269,760
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	4	2,145,227	2,140,771

The accompanying notes form part of these financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These general purpose financial statements of McLaren Vale & Districts War Memorial Hospital Incorporated (Association) have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012.*

The financial report has not been prepared on the going concern basis. Refer note 20 for the reasons why the entity is not regarded as a going concern. The Association determined that the recognition and measurement requirements of the Australian Accounting Standards remain appropriate for the circumstances of the Association, and accordingly the financial statements have been prepared in accordance with AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

The financial statements have been prepared on an accrual basis and is based on historical costs, except for land and buildings that have been recorded at current valuations, and the long service leave provision that takes into account the changing value of money.

The financial statements are presented in Australian dollars which is the functional and presentation currency of the Association. The Association is a not-for-profit entity for the purpose of preparing the financial statements.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b) Significant Accounting Judgement, Estimates & Assumptions

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful Lives of Depreciable Assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to expected useful life of buildings.

Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account. All employees were made redundant as at 30 June 2023 and accordingly there is no provision for long service leave in the financial statements as at 30 June 2023.

c) New or Revised Standards or Interpretations

The Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

d) Income Tax

The Association is exempt from income tax pursuant to the Income *Tax Assessment Act 1997* . Accordingly, Australian Accounting Standard AASB 112 has not been applied and no provision for income tax has been included in the financial statements.

e) Revenue & Other Income

Revenue arises from the fees invoiced to patients, grants, donations, rent received and management fees.

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

To determine whether to recognise revenue, the Association follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from Services Provided

Patient fees is recognised as revenue when the service has been provided.

Grant Revenue

Revenue from grants are recognised when the associated performance obligation is satisfied, and not immediately upon receipt. Government and other grants are recognised as follows:

- a grant that does not impose specific future performance obligations on the Association is recognised as revenue the earlier of when the grant proceeds are received or receivable;
- a grant that imposes specific future performance obligations on the Association is recognised as revenue only when the performance obligations are met; and
- a grant received before the revenue recognition criteria are satisfied, is recognised as a liability.

The Association recognises liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position.

Donations

Donations and bequests are recognised as revenue when received.

Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

f) Goods & 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

g) Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

h) Property, Plant & Equipment

Plant and equipment are measured using the cost model. Land and buildings are measured using the revaluation model.

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset where applicable.

Land & Buildings are measured using the revaluation model, and are carried at fair value at the revaluation date, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Changes in the carrying amount arising on revaluation of land and buildings are recorded to other comprehensive income and charged to a revaluation reserve in equity.

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

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated over the assets useful life to the Association, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The method of depreciation and depreciation rates used for each class of depreciable assets are shown below:

Fixed Asset Class	**Depreciation rate**
Buildings	2.5%
Plant & Equipment	4-33%

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

An item of property, plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the Association or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Impairment

At each reporting date, the Board reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

i) Cash & Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less where the investment is convertible to known amounts of cash and is subject to insignificant risk of changes in value. For the purposes of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, plus term deposits with maturity dates of less than twelve months from balance date net of any outstanding bank overdrafts.

j) Employee Entitlements

Short-term Employee Benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Long-term Employee Benefits

The Association's liability for long service leave is included in other long-term benefits if they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. It is measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, 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 timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

Defined Contribution Plans

The Association provides post-employment benefits through defined contribution plans. The amount charged as an expense in respect of superannuation represents the fixed contributions made or payable by the Association to the superannuation funds of employees. The Association has no legal or constructive obligations to pay contributions in addition to its fixed contributions.

k) Provisions, Contingent Liabilities and Contingent Assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Association can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

l) Financial Instruments

Initial Recognition and Measurement

Recognition and Derecognition

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL).

In the periods presented the Association does not have any financial assets categorised as FVTPL or FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent Measurement of Financial Assets

Financial Assets at Amortised Cost

Financial assets are measured at amortised cost if the assets meet the following conditions, and are not designated as FVTPL:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Association's term deposits, cash and cash equivalents, as well as trade and most other receivables fall into this category of financial instruments.

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 the derecognition of a financial asset:

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

l) Financial Instruments (cont.)

Derecognition of Financial Assets (cont.)

Impairment

The Association recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

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

The Association uses the following approaches to impairment, as applicable under AASB 9 - Financial Instruments:

- the general approach; and
- the simplified approach.

General Approach

This approach is applicable to trade receivables.

Under the general approach, at each reporting period, the Association assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the Association measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the Association measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Recognition of Expected Credit Losses in Financial Statements

At each reporting date, the Association 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.

Classification and Measurement of Financial Liabilities

The Association's financial liabilities include trade and other payables and borrowings.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Association designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (cont.)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

l) Financial Instruments (cont.)

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.

m) Economic Dependency

The Association is the recipient of annual funding from the Southern Adelaide Local Health Network (SALHN) amounting to $2.6M. Following the closure of the hospital the SAHLN funding ceased.

		2023 $	2022 $
2.	**REVENUE & OTHER INCOME**		
	Revenue		
	Patient Fees	648,676	679,372
	Government Funding: Grant Income	2,621,583	2,494,831
		3,270,259	3,174,202
	Other Income		
	Donations	89,684	112,864
	Meals Income	512,201	457,865
	Rent Received	128,848	124,172
	Interest Received	11,685	2,008
	Sundry Income	9,481	1,541
		751,899	698,450
	TOTAL REVENUE & OTHER INCOME	4,022,158	3,872,653
3.	**EMPLOYEE BENEFIT EXPENSES**		
	Expenses recognised for employee benefits are analysed as follows:		
	Salaries	2,664,198	2,024,292
	Workers Compensation Insurance	45,928	78,695
	Superannuation	222,512	181,096
		2,932,638	2,284,083

The liabilities recognised for employee benefits are reported in note 10.

		2023 $	2022 $
4.	**CASH & CASH EQUIVALENTS**		
	Cash at Bank	2,145,057	2,140,525
	Cash on Hand	170	246
		2,145,227	2,140,771
	Cash Flow Information		
	Cash and cash equivalents at the end of the year are reconciled as follow:		
	Cash at Bank & Cash On Hand	2,145,227	2,140,771

		2023	2022
		$	$
5.	**TRADE & OTHER RECEIVABLES**		
	Trade Receivables	154,256	150,965
	Less Provision for Doubtful Debts	-	(8,612)
	Other Receivables	8,583	50,000
		162,839	192,353

All of the Association's trade and other receivables have been reviewed for indicators of impairment. No impairments have been identified for the year ended 30 June 2023.

6. DISCONTINUED OPERATIONS

On 30 June 2023, the Association ceased its hospital operation. Consequently, the financial statements disclose separately the net result associated with the hospital activities, as a discontinued operation in the Statement of Profit or Loss and Other Comprehensive Income.

The plant & equipment relating to the discontinued operation will be auctioned off in the 2024 financial period, and accordingly the plant & equipment carrying amount as at 30 June 2023, has been written down to fair value less costs to sell and recognised as Assets Held for Sale as at 30 June 2023. Refer note 7.

		2023	2022
	Impairment of Plant and Equipment	129,773	-
7.	**ASSETS HELD FOR SALE**		
	Plant & Equipment (Refer note 6)	129,773	-
	Independent Living Units	-	559,228
		129,773	559,228

Independent Living Units

During the reporting period, the ownership of the land relating to the Aldersey Grove Estate Retirement Village was transferred to the buyer and the remaining balance of the sale of Aldersey Grove Estate Retirement Village was received by the Association.

		2023	2022
8.	**PROPERTY, PLANT & EQUIPMENT**		
	Land		
	At Valuation	1,612,500	1,612,500
	Buildings		
	At Valuation	2,987,500	2,987,500
	Accumulated Depreciation	(151,195)	(75,598)
		2,836,305	2,911,903
	Total Land & Buildings	4,448,805	4,524,403
	Plant & Equipment		
	At Cost	-	1,127,586
	Accumulated Depreciation	-	(832,114)
		-	295,472
	Total Property, Plant & Equipment	4,448,805	4,819,874

	2023 $	2022 $
8. PROPERTY, PLANT & EQUIPMENT (cont.)		
Reconciliation of Property, Plant & Equipment Carrying Amount:		
Balance at Beginning of the Year	4,819,874	4,908,609
Additions During the Year	22,285	51,759
Reclassified to Assets Held for Sale	(129,773)	-
Impairment of Plant & Equipment	(129,773)	-
Depreciation for the Year	(133,808)	(140,494)
Balance at the End of the Year	4,448,805	4,819,874
9. TRADE & OTHER PAYABLES		
Trade Payables	53,708	45,329
Other Payables	463,753	15,759
GST Payable	45,185	10,591
	562,646	71,679

10. PROVISIONS

Provisions include the following liabilities recognised for employee benefits:

	2023 $	2022 $
Current		
Annual Leave	-	107,157
Long Service Leave	-	59,320
	-	166,477
Non-Current		
Long Service Leave	-	54,922
11. OTHER LIABILITIES		
Unearned Grant Funding	-	625,000

12. RESERVES

Asset Revaluation Reserve

The Asset Revaluation Reserve records the unrealised gains from the revaluations of property, plant and equipment.

13. RELATED PARTY TRANSACTIONS

The key management personnel of the Association consists of the Board Members of the Association and the Hospital Management Representatives.

Transactions with key management personnel

The Board Members act in an honorary capacity and receive no compensation for their services other than reimbursement of expenses incurred in relation to their capacity as Board Members.

	2023 $	2022 $
Total Key Management Personnel Remuneration	142,116	97,656

Other related party transactions

Allert, Natale and Co, a firm where Board Member, Clive Allert is a partner, invoiced the Association bookkeeping and accounting fees amounting to $36,959, during the period ended 30 June 2023. No balance remained due to Allert, Natale and Co as at 30 June 2023.

	2023	2022
	$	$

14. FAIR VALUE MEASUREMENT

Fair Value Measurement of Financial Instruments

There are no financial liabilities measured at fair value on a non-recurring basis.

Fair Value Measurement of Non-Financial Instruments

The following table shows the non-financial assets measured at fair value on a non-recurring basis:

	2023 $	2022 $
Land	1,612,500	1,612,500
Buildings	2,836,305	2,987,500

The carrying values of financial assets and financial liabilities approximate their fair values at 30 June 2023 and 30 June 2022.

Land and buildings were revalued as at 30 June 2021, in accordance with a valuation performed by Inval Property Valuations.

15. Leases

The leases, where the Association is the lessor of buildings:

Lease receivables showing receivables within 1 year, receivables within 2 to 5 years and receivables over 5 years (if applicable).

	2023 $	2022 $
not later than 1 year	123,424	61,442
later than 1 year but not later than 5 years	438,335	-
	561,759	61,442

The leases, where the Association is the lessor of buildings, that are considered cancellable have not been included in table above.

The lease agreements to which the Association is party to as a lessor will be transferred to James Brown Memorial Trust upon transfer of the net assets to James Brown Memorial Trust. Refer note 20.

16. AUDITOR REMUNERATION

	2023 $	2022 $
Audit Fees and Preparation of Financial Statements	18,750	17,000

17. CONTINGENT LIABILITIES

There are no contingent liabilities that have been incurred by the Association in relation to 2023 or 2022.

18. CAPITAL COMMITMENTS

At the reporting date, the Association did not commit any funds towards assets expected to be received on a future date.

19. POST-REPORTING DATE EVENTS

Except for the matter below, no other adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

On 4 July 2023, a motion of the members was passed permitting the transfer of the Association's assets to the James Brown Memorial Trust. Immediately prior to this Special General Meeting, a member of the Association lodged a Statement of Claim in the Magistrates Court seeking to invalidate the voting process for the meeting. At a subsequent Directions Hearing, the Magistrate agreed to refer the matter to the Supreme Court for determination. The matter is currently ongoing. Refer note 20.

20. GOING CONCERN

The financial report has not been prepared on the going concern basis. The reasons for why the Association is no longer considered a going concern, are as follow:

1) The Association ceased its hospital operations on 30 June 2023, and accordingly the funding received from SALHN ceased;
2) On 4 July 2023, a motion of the members was passed permitting the transfer of the Association's assets to the James Brown Memorial Trust.t; and
3) The Association intends to apply for deregistration, following the successful distribution of its surplus assets to the James Brown Memorial Trust.

MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED
BOARD MEMBERS' DECLARATION

In the Directors' opinion:

1. the attached financial statements and notes thereto comply with AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and give a true and fair view of the financial position of the Association as at 30 June 2023 and of its performance for the financial year ended on that date;

2. the attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* and other mandatory professional reporting requirements; and

3. there are reasonable grounds to believe the Association will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 60.15 (2) of the *Australian Charities and Not-for-profit Commission Regulation 2013* .

Chris Overland
Chairman

Date 23/10/23

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INDEPENDENT AUDITOR'S REPORT FOR MCLAREN VALE & DISTRICTS WAR MEMORIAL HOSPITAL INCORPORATED

Auditor's Opinion

We have audited the financial report, being a general purpose financial report, of McLaren Vale & Districts War Memorial Hospital Incorporated for the year ended 30 June 2023, comprising the statement of financial position, statement of changes in equity, statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of McLaren Vale & Districts War Memorial Hospital Incorporated has been prepared in accordance with the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- giving a true and fair view of the registered entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- complying with *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the entity in accordance with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* 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 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.

EMPHASIS OF MATTER

Without modifying our opinion, we draw attention to Note 1(a) and Note 20 of the financial report, which indicates that the financial statements of McLaren Vale & Districts War Memorial Hospital Incorporated for the year ended 30 June 2023 is not prepared on a going concern basis.

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

The Board Members of the entity are responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we will communicate the matter to the Board Members.

The Responsibility of the Board Members for the Financial Report

The Board Members of the entity are responsible for the preparation and fair presentation of the financial report, and have determined that the financial report has been prepared in accordance with the *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the *Australian Charities and Not-for-profits Commission Act 2012*. The Board Members' responsibility also includes such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board Members are responsible for assessing the 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 Board Members either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Committee website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

NOT FOR PROFIT ACCOUNTING SPECIALISTS
KESWICK SA 5035

Ian Mostert CPA
Registered Company Auditor No 539768

Dated: 24 October 2023