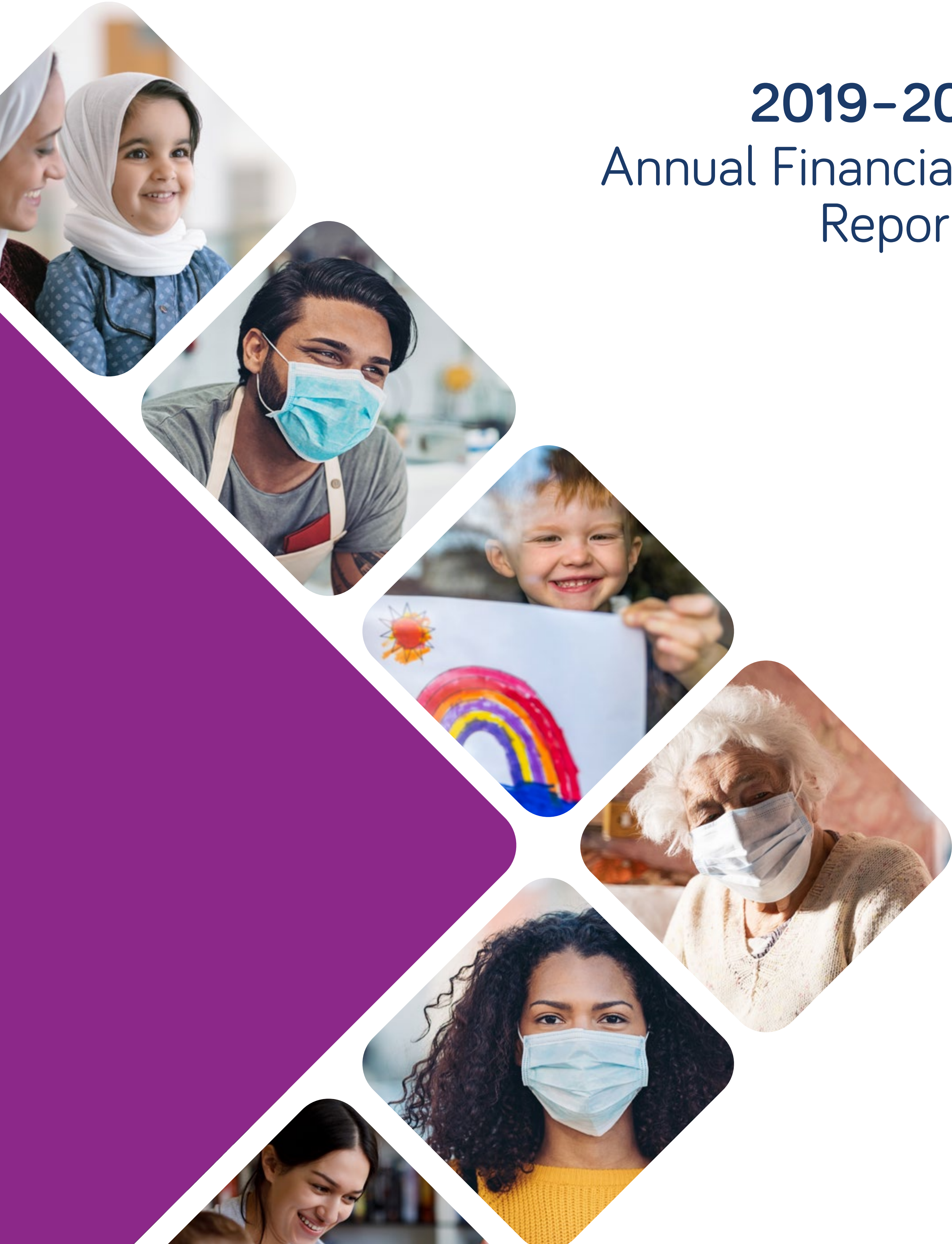
DPV Health®

Your Healthcare
Your Way

2019–20
Annual Financial Report



Board Chair & CEO Financial Report

Ms Margaret Douglas
Director

Don Tidbury
Chief Executive Officer

The 2019–20 financial year saw DPV Health achieve major improvements in financial sustainability, achieving a net surplus of $362,152.

In its second full financial year of operation, DPV Health led a remarkable financial turn-around, improving overall profitability by $1,789,466 on the previous year. Total equity increased to $37,961,484, representing growth of $3,683,732 on the previous year.

DPV Health was able to adapt and diversify during the challenging coronavirus pandemic. Through innovative new services and adeptly seizing opportunities, the organisation created new income streams from COVID-19 testing clinics, community engagement initiatives and the Federal Government's JobKeeper Program.

Improvements in activity management saw DPV Health deliver 217,469 episodes of care across allied health and community programs, 16% more than the previous year. The successful implementation of new telehealth and virtual services was integral to this result.

Service redesign projects were conducted on DPV Health's NDIS programs, which have generated major improvements in financial viability and client engagement.

During the year, DPV Health made significant investments in clinical governance, employee engagement, facilities, and technology to enhance service delivery, support cultural alignment, and improve organisational performance.

In the second half of 2019–20, DPV Health implemented "Project Sustainability" which enabled over $1,400,000 in operating costs to be removed from the organisation.

In addition to the COVID-19 pandemic, the year was not without its challenges. The organisation incurred a $990,167 impairment charge following DPV Health's departure from an industry-led software project.

This year Knight Frank revalued our land and buildings, with an uplift of $4,144,580 or 18%

With strong cash reserves and investments, the organisation goes into the next financial year with a robust balance sheet and a sound financial position.

We would like to extend our warmest thanks to our clients, staff, volunteers, industry partners, and Board for their outstanding contribution as together we strive towards ensuring the health and wellbeing of our community.

Ms Margaret Douglas
Board Chair

Don Tidbury
CEO, DPV Health

DPV Health Ltd

ABN 68 047 988 477

Annual report for the year ended 30 June 2020

DPV Health Ltd ABN 68 047 988 477
Annual report - 30 June 2020

Director's report

Your directors present their report on the company for the year ended 30 June 2020.

Directors

The following persons were directors of DPV Health Ltd during the whole of the financial year and up to the date of this report:

Ms. Julie BUSCH
Ms. Margaret DOUGLAS
Mr. Gary HENRY (reappointed to the Board on 26 November 2019)
Mr. Emmanuel TSAKIS
Mr. Robert BURNHAM (reappointed to the Board on 26 November 2019)
Mr. Vincent CAIN
Ms. Gloria SLEABY
Mr. Mark SULLIVAN (reappointed to the Board on 26 November 2019)

Principal activities

The company's principal continuing activity during the year was Community Health and Enhanced Primary Care Services.

There was no significant change in the nature of the activity of the company during the year.

Review of operations

The profit from ordinary activities amounted to $362,152 (2019 loss: $1,427,314).

Significant changes in the state of affairs

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the economy. Following the COVID-19 outbreak, the company has continued its business operations. The situation is unprecedented and management continues to consider the potential implications of COVID-19, which may include disruptions to the supply chain, availability of employees and changes in customer demand.

There have been no other significant changes in the state of affairs of the company during the year.

Matters subsequent to the end of the financial year

Except as noted above, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected the company's operations, results or state of affairs, or may do so in future years.

Environmental regulation

The company is not affected by any significant environmental regulation in respect of its operations.

Meetings of directors

During the financial year, 12 meetings of directors were held. Attendances by each director were as follows:

	Directors Meetings	
	Number eligible to attend	**Number attended**
Ms. Julie BUSCH	12	12
Ms. Margaret DOUGLAS	12	12
Mr. Gary HENRY	12	12
Mr. Emmanuel TSAKIS	12	10 (1 x LOA)
Mr. Robert BURNHAM	12	12
Mr. Vincent CAIN	12	12
Ms. Gloria SLEABY	12	9 (2 x LOA)
Mr. Mark SULLIVAN	12	9 (1 x LOA)

* 'LOA' denotes Leave of Absence granted

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Members' guarantee

The company is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstanding obligations of the company. At 30 June 2020 the collective liability of members was $50 (2019: $226).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 4.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

Auditor

PwC Australia continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Ms. Margaret DOUGLAS
Director

Mr. Vincent CAIN
Chair
Finance, Risk and Audit Committee

Melbourne
9 November 2020

Auditor's Independence Declaration

As lead auditor for the audit of DPV Health Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Amanda Campbell
Partner
PricewaterhouseCoopers

Melbourne
10 November 2020

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2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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DPV Health Ltd ABN 68 047 988 477
Financial report - 30 June 2020

Contents

These financial statements cover DPV Health Ltd as an individual entity. The financial statements are presented in the Australian currency.

DPV Health Ltd is a company limited by guarantee, incorporated and domiciled in Australia.

Its registered office is:
DPV Health Ltd
2 Graystone Court
Epping VIC 3076

Its principal place of business is:
DPV Health Ltd
42 - 48 Coleraine Street
Broadmeadows VIC 3047

Northern Hospital site
187 Cooper Street
Epping VIC 3076

A description of the nature of the entity's operations and its principal activities is included in the directors' report on page 1, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 9 November 2020. The directors have the power to amend and reissue the financial statements.

	Notes	2020 $	2019 $
Revenue from continuing operations	5	**45,137,083**	44,515,556
Other income	6	**4,762,457**	933,821
Employee benefits expense		**(37,216,474)**	(34,533,754)
Depreciation and amortisation expense		**(2,060,137)**	(1,600,676)
Impairment of intangibles	11	**(990,167)**	-
Contracted services		**(1,568,495)**	(1,657,207)
Rental expense		**(271,101)**	(517,617)
Medical supplies		**(1,378,193)**	(1,666,269)
Computer and office expenses		**(1,680,250)**	(1,591,259)
Other expenses		**(4,309,697)**	(5,206,184)
Finance costs		**(62,874)**	(103,725)
Profit/(loss) for the year		**362,152**	(1,427,314)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on revaluation of land and buildings	15(a)	**4,144,580**	-
Other comprehensive income for the year, net of tax		**4,144,580**	-
Total comprehensive income/(loss) for the year		**4,506,732**	(1,427,314)
Profit/(loss) is attributable to:			
Members of DPV Health Ltd		**362,152**	(1,427,314)
Total comprehensive income/(loss) for the year is attributable to:			
Members of DPV Health Ltd		**4,506,732**	(1,427,314)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**2020** **$**	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**9,952,219**	12,952,140
Trade and other receivables	8	**3,555,405**	2,896,718
Inventories		**171,628**	71,628
Total current assets		**13,679,252**	15,920,486
Non-current assets			
Property, plant and equipment	9	**33,057,151**	30,636,573
Right-of-use assets	10	**1,389,620**	-
Intangible assets	11	**761,024**	81,667
Total non-current assets		**35,207,795**	30,718,240
Total assets		**48,887,047**	46,638,726
LIABILITIES			
Current liabilities			
Trade and other payables	12	**2,223,625**	5,127,471
Contract liabilities	5(b)	**1,137,867**	1,921,553
Lease liabilities	10	**236,363**	-
Employee benefit obligations	13	**5,031,829**	4,328,209
Total current liabilities		**8,629,684**	11,377,233
Non-current liabilities			
Lease liabilities	10	**1,220,982**	-
Employee benefit obligations	13	**1,074,897**	983,741
Total non-current liabilities		**2,295,879**	983,741
Total liabilities		**10,925,563**	12,360,974
Net assets		**37,961,484**	34,277,752
EQUITY			
Reserves	15(a)	**10,285,703**	6,141,123
Retained earnings	15(b)	**27,675,781**	28,136,629
Total equity		**37,961,484**	34,277,752

The above statement of financial position should be read in conjunction with the accompanying notes.

	Reserves $	Retained earnings $	Total equity $
Balance at 1 July 2018	6,141,123	29,563,943	35,705,066
(Loss) for the year	-	(1,427,314)	(1,427,314)
Other comprehensive income	-	-	-
Total comprehensive (loss) for the year	**-**	**(1,427,314)**	**(1,427,314)**
Balance at 30 June 2019	**6,141,123**	**28,136,629**	**34,277,752**
Balance at 1 July 2019	6,141,123	28,136,629	34,277,752
Adjustment on adoption of AASB 15	-	(823,000)	(823,000)
Restated total equity at 1 July 2019	**6,141,123**	**27,313,629**	**33,454,752**
Profit for the year	-	362,152	362,152
Other comprehensive income	4,144,580	-	4,144,580
Total comprehensive income for the year	**4,144,580**	**362,152**	**4,506,732**
Balance at 30 June 2020	**10,285,703**	**27,675,781**	**37,961,484**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	**2020** **$**	2019 $
Cash flows from operating activities			
Receipts from customers and grants funding (inclusive of goods and services tax)		**52,448,917**	52,610,382
Payments to suppliers and employees (inclusive of GST)		**(53,513,839)**	(47,371,356)
Net cash (outflow)/inflow from operating activities		**(1,064,922)**	5,239,026
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,795,038)**	(1,324,435)
Proceeds from sale of property, plant and equipment		**-**	28,294
Interest received		**159,277**	286,131
Net cash outflow from investing activities		**(1,635,761)**	(1,010,010)
Cash flows from financing activities			
Repayment of borrowings		**-**	(2,328,276)
Interest paid		**(62,874)**	(103,725)
Principal elements of lease payments		**(236,364)**	-
Net cash outflow from financing activities		**(299,238)**	(2,432,001)
Net (decrease)/increase in cash and cash equivalents		**(2,999,921)**	1,797,015
Cash and cash equivalents at the beginning of the financial year		**12,952,140**	11,155,125
Cash and cash equivalents at end of year	7	**9,952,219**	12,952,140

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1 Summary of significant accounting policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and interpretations issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*. DPV Health Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on a going concern basis.

The accrual basis of accounting has been applied in preparing these financial statements, except for the cash flow information. Under the accrual basis, assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial statements of DPV Health Ltd comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of property, plant and equipment.

(iii) New and amended standards adopted by the company

The company has applied the following standards and amendments for the first time in their annual reporting period commencing 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*
- AASB 16 *Leases*
- AASB 2018-8 *Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit Entities*
- AASB 2019-8 *Amendments to Australian Accounting Standards - Class of Right-of-Use Assets arising under Concessionary Leases*

The company had to change its accounting policies following the adoption of the new accounting standards listed above. With the exception of AASB 15 and AASB 16, these amendments did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

As a result of adopting AASB 15, the company applied the modified retrospective transition method and made adjustments as required. This is disclosed in note 2.

As a result of adopting AASB 16, the company elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 July 2019.

The company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2019.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(iv) New standards and interpretations not yet adopted

As at 30 June 2020, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. DPV Health Ltd has not and does not intend to adopt these standards early.

Standard/ Interpretation	**AASB 2018-7** ***Amendments to Australian Accounting Standards - Definition of material***
Summary	This standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting policies, Changes in Accounting Estimates and Errors*. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.
Impact on public sector entity financial statements	The standard is not expected to have a significant impact on the company.
Applicable for annual reporting periods beginning on	1 January 2020

Standard/ Interpretation	**AASB 2020-1** ***Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current***
Summary	This standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.
Impact on public sector entity financial statements	The standard is not expected to have a significant impact on the company.
Applicable for annual reporting periods beginning on	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

1 Summary of significant accounting policies (continued)

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is DPV Health Ltd's functional and presentation currency.

(c) Revenue recognition

Under AASB 15, where a grant is contractual and performance obligations exist, grant revenue is recognised in profit and loss when the entity fulfills the performance obligations that exist under the contractual and enforceable rights & obligations with the ‘funder’.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Where the grant is non-reciprocal and falls under AASB 1058, grant revenue is recognised in profit and loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

DPV Health Ltd receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in profit or loss.

Donations and bequests are recognised as revenue when received.

Medical patient fees and Co payment revenue is recognised as revenue when the services have been provided on an accrual basis.

Rental revenue is recognised when rooms are occupied and related services are provided.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Other revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(d) Expenses

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

(i) Employee expenses

Employee expenses include:

• Salaries and wages, including associated on-costs
• Leave expenses
• Termination payments
• Superannuation expenses (i.e. employer contributions)
• Payroll tax
• Fringe benefit tax
• Work cover premium.

1 Summary of significant accounting policies (continued)

(d) Expenses (continued)

(ii) Supplies and consumables

Supplies and consumable costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

(e) Income tax

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

(f) Leases

As explained in note 1(a) above, the company has changed its accounting policy for leases. The new policy is described in note 10 and the impact of the change in note 2.

Until 30 June 2019, leases in which a significant portion of the risks and rewards of ownership were not transferred to the company as lessee were classified as operating leases (note 18). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The company leases various offices and equipment. Office rental contracts are typically made for fixed periods of 5 to 12 years and motor vehicles contracts for 3 to 5 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the company under residual value guarantees,
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

1 Summary of significant accounting policies (continued)

(f) Leases (continued)

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by DPV Health Ltd, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(g) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1 Summary of significant accounting policies (continued)

(i) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 month before 30 June 2020 or 1 July 2019 respectively and the corresponding historical credit losses experienced within this period.

(j) Inventories

Inventories are measured at the lower cost and current replacement cost.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition.

(k) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. 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. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

1 Summary of significant accounting policies (continued)

(k) Property, plant and equipment (continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

-	Buildings	2% - 10%
-	Office furniture and equipment	5% - 33%
-	Motor vehicles	10% - 15%
-	Leasehold improvements	2.5% - 6.5%
-	Other property, plant and equipment	6.5% - 25%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(l) Intangible assets

(i) Merger contracts

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

1 Summary of significant accounting policies (continued)

(l) Intangible assets (continued)

(iii) Amortisation methods and useful lives

The company amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Customers contracts 1-3 years
- Software 3 years

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Borrowing costs

Borrowing costs are expensed in the year in which they are incurred.

(o) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(p) Employee benefits

(i) Annual leave

Liabilities for annual leave are recognised in the provision for employee benefits as 'current liabilities' because DPV Health Ltd does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:

Nominal value - if DPV Health Ltd expects to wholly settle within 12 months; or

Present value - if DPV Health Ltd does not expect to wholly settle within 12 months.

1 Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

(ii) Long service leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the DPV Health Ltd does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

Nominal value - if DPV Health Ltd expects to wholly settle within 12 months; or

Present value - if DPV Health Ltd does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

(iii) Retirement benefit obligations

Contributions to the defined contribution section of the company's superannuation plan and other independent defined contribution superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(q) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 taxation authority 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 taxation authority, are presented as operating cash flows.

(r) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

(s) Economic dependence

DPV Health Ltd is dependent on the State and Commonwealth government 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 Governments will not continue to support DPV Health Ltd.

1 Summary of significant accounting policies (continued)

(t) JobKeeper

In response to the economic impact of COVID-19, in March 2020, the Commonwealth Government announced various stimulus measures to ease the burden experienced by organisations as a result of isolation and social distancing measures. As an eligible employer, the company receives a wage subsidy under the Commonwealth's JobKeeper stimulus measure in arrears of paying wages to employees. The company recognises the subsidy as other income when it has reasonable assurance that the subsidy will be paid to the company, which is at the time minimum wage payments have been paid to the company's employees.

2 Changes in accounting policies

This note explains the impact of the adoption of AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases,* AASB 2018-8 *Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit Entities* and AASB 2019-8 *Amendments to Australian Accounting Standards - Class of Right-of-Use Assets arising under Concessionary Leases* on the company's financial statements.

(a) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 introduced major changes to the income recognition by public and private sector not-for-profit (NFP) entities. Rather than accounting for all contribution transactions under AASB 1004 *Contributions*, NFPs determine whether a transaction is a genuine donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15 *Revenue from Contracts with Customers*). Implementation guidance has been added to AASB 15 to assist with this determination.

Under AASB 15 income is only recognised as the obligations under the contract are satisfied, potentially resulting in a deferral of income as compared to the current accounting under AASB 1004.

The company has adopted AASB 1058 *Income of Not-for-Profit Entities* from 1 July 2019. The adoption of AASB 1058 has not resulted in any changes as to how revenue is recognised by the company.

(b) AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the concept of control has replaced the previous criteria of the transfer of risks and rewards in order for revenue to be recognised.

A new five-step process is applied before revenue is recognised:

- identify contracts with customers,
- identify the separate performance obligation,
- determine the transaction price of the contract,
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

The company has adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2019. Management's assessment indicates that this has not resulted in any material changes to the timing of revenue or profit recognition on service provision contracts or long-term service contracts. The company's contracting arrangements meet the requirements set out in AASB 15 to satisfy performance obligations and recognise revenue over time.

(c) AASB 16 Leases

As indicated in note 1(a) above, the company has adopted AASB 16 *Leases* retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting year, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in note 1(f).

2 Changes in accounting policies (continued)

(c) AASB 16 Leases (continued)

On adoption of AASB 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.5%.

(i) Practical expedients applied

In applying AASB 16 for the first time, the company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics,
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 July 2019,
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases,
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease.*

(ii) Measurement of lease liabilities

	2020 $
Operating lease commitments disclosed as at 30 June 2019	1,602,063
Discounted using the lessee's incremental borrowing rate of at the date of initial application	1,295,483
Add: Adjustments, including extension options	1,104,794
(Less): short-term leases not recognised as a liability	(688,882)
(Less): low-value leases not recognised as a liability	(80,559)
Lease liability recognised as at 1 July 2019	**1,630,836**
Of which are:	
Current lease liabilities	169,864
Non-current lease liabilities	1,460,972
	1,630,836

(d) AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities and AASB 2019-8 Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases

In the current year, the company has applied AASB 2018-8 and AASB 2019-8 which are effective for an annual period that begins on or after 1 July 2019.

Leases at significantly below-market terms and conditions (concessionary leases)

For NFP entities with leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives (commonly known as concessionary leases or peppercorn leases), AASB 1058 and AASB 16 requires NFP entities to measure right-of-use assets at initial recognition at fair value (based on AASB 13), the lease liability per AASB 16 and the difference to be accounted as income upfront.

2 Changes in accounting policies (continued)

(d) AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities and AASB 2019-8 Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases (continued)

AASB 2018-8 Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit Entities provides a temporary option for NFP lessees to elect to measure a class (or classes) of right-of-use assets arising under 'concessionary leases' at initial recognition, at either fair value or cost. If an entity chooses the cost option, additional disclosures are required for each material 'concessionary / peppercorn lease' on the nature and terms and the entity's dependence on such leases.

AASB 2019-8 *Amendments to Australian Accounting Standards - Class of Right-of-Use Assets arising under Concessionary Leases* specify for NFP entities that right-of-use assets arising under concessionary leases can be treated as a separate class of right-of-use assets to right-of-use assets arising under other leases for the purposes of AASB 16.

The company has conducted an analysis of the lease arrangements and notes that some of its leases are at-market and some are at significantly below-market terms and conditions (concessionary leases).

For the at-market leases, these will be accounted for under AASB 16 (refer to note above).

For the concessionary leases, the company has decided to make use of the temporary option under AASB 2018-8 to measure the right-of-use assets at cost on initial recognition. As the amount of the concessionary lease payments are immaterial, the company does not expect a significant impact on its financial statements arising from the adoption of the cost option for concessionary leases. The company has also made the necessary disclosures in note for each material concessionary lease as required by AASB 16.

The company has also decided to apply AASB 2019-8 to treat right-of-use assets arising under concessionary leases as a separate class of right-of-use assets to right-of-use assets arising under other leases for the purposes of AASB 16.

3 Financial risk management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable. The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2020 **$**	2019 $
Financial assets		
Cash and cash equivalents	**9,952,219**	12,952,140
Loans and receivables	**3,344,084**	2,567,800
	13,296,303	15,519,940
Financial liabilities		
Trade and other payables	**2,223,625**	5,127,471
Lease liabilities	**1,457,345**	-
	3,680,970	5,127,471

Liquidity risk

Financing arrangements

The company did not have access to borrowing facilities at the end of the reporting year.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Revenue recognition

Revenue is recognised at the fair value of contributions received or receivable when the company fulfils the performance obligations required or, in absence of any sufficiently separable performance obligations, when the entity obtains control of the contribution or right to receive the contribution, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of grant can be measured reliably. For grants received where related costs are yet to be incurred, the company assesses the criteria of individual grant agreements and estimates the amount of contribution that the company has earned with reference to repayment terms in the agreement and the corresponding targets to be met (performance obligations).

(ii) Employee benefits provision

As discussed in note 1(p), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future 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.

(iii) Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(iv) Estimated fair values of land and buildings

DPV Health Ltd's land and building assets are measured at fair value for financial reporting purposes. Independent valuations are obtained every three years. Independent valuations are performed by independent valuers who hold recognised and relevant professional qualifications and experience. Refer note 1(k) and note 9.

5 Revenue

	2020 **$**	2019 $
Operating grants	**31,130,840**	32,552,496
NDIS income	**8,827,191**	6,429,092
Client fees	**4,864,253**	5,178,525
	44,822,284	44,160,113
Other revenue		
Rental revenue	**277,378**	322,869
Other revenue	**37,421**	32,574
	314,799	355,443
	45,137,083	44,515,556

(a) Disaggregation of revenue from contracts with customers

The company derives revenue from the transfer of goods and services over time and at a point in time as follows:

2020	**Total** **$**
Timing of revenue recognition	
At a point in time	**15,244,646**
Over time	**29,577,638**
	44,822,284

2019	Total $
Timing of revenue recognition	
At a point in time	11,607,617
Over time	32,552,496
	44,160,113

(b) Assets and liabilities related to contracts with customers

	2020 **$**	2019 $
Contract liabilities - funding contracts	**1,137,867**	1,921,553
Total current contract liabilities	**1,137,867**	1,921,553

6 Other income

	2020 **$**	2019 $
Net gain on disposal of property, plant and equipment	**-**	28,294
Jobkeeper received	**4,241,500**	-
Interest received	**159,277**	286,131
Other income	**361,680**	619,396
	4,762,457	933,821

7 Current assets - Cash and cash equivalents

	2020 **$**	2019 $
Cash on hand	**8,755**	9,005
Cash at bank	**1,855,089**	1,893,135
Short-term bank deposits	**8,088,375**	11,050,000
	9,952,219	12,952,140

8 Current assets - Trade and other receivables

	2020 **$**	2019 $
Trade receivables	**2,876,372**	2,380,126
Allowance for expected credit losses	**(235,110)**	(204,370)
	2,641,262	2,175,756
Receivable from Plenty Valley Community Health	**31,748**	82,327
Other receivables	**671,074**	309,718
Prepayments	**211,321**	328,917
	3,555,405	2,896,718

9 Non-current assets - Property, plant and equipment

	Land $	Buildings $	Office furniture and equipment $	Motor vehicles $	Leasehold improvements $	Other property, plant and equipment $	Assets under construction $	Total $
At 30 June 2019								
Independent valuation uplift	4,310,000	2,341,612	-	-	-	-	-	6,651,612
Cost	6,570,000	13,462,910	7,157,228	1,312,566	923,688	713,126	1,557,922	31,697,440
Accumulated depreciation	-	(1,297,822)	(4,833,879)	(992,805)	(74,713)	(513,260)	-	(7,712,479)
Net book amount	10,880,000	14,506,700	2,323,349	319,761	848,975	199,866	1,557,922	30,636,573
Year ended 30 June 2020								
Opening net book amount	10,880,000	14,506,700	2,323,349	319,761	848,975	199,866	1,557,922	30,636,573
Revaluation surplus	350,000	3,794,580	-	-	-	-	-	4,144,580
Additions	-	82,794	247,922	40,028	11,200	39,307	1,290,413	1,711,664
Transfers	-	(1,518,086)	1,092,849	-	-	542,800	(2,182,744)	(2,065,181)
Depreciation charge	-	(345,988)	(540,944)	(115,825)	(55,928)	(311,800)	-	(1,370,485)
Closing net book amount	11,230,000	16,520,000	3,123,176	243,964	804,247	470,173	665,591	33,057,151
At 30 June 2020								
Independent valuation uplift	4,660,000	6,136,192	-	-	-	-	-	10,796,192
Cost	6,570,000	13,545,704	7,405,150	1,352,594	934,888	752,433	2,848,335	33,409,104
Transfers	-	(1,518,086)	1,092,849	-	-	542,800	(2,182,744)	(2,065,181)
Accumulated depreciation	-	(1,643,810)	(5,374,823)	(1,108,630)	(130,641)	(825,060)	-	(9,082,964)
Net book amount	11,230,000	16,520,000	3,123,176	243,964	804,247	470,173	665,591	33,057,151

9 Non-current assets - Property, plant and equipment (continued)

Valuations of land and buildings

In recognition of the impact of COVID-19 on the Australian and Victorian State economies, and to guide their judgement on the value of properties, the directors commissioned independent valuations from Knight Frank on all 8 properties in the portfolio, all acquired prior to the onset of the pandemic. The eight independent valuations were conducted in June 2020 on the basis of desktop analysis of sales of like properties in the same locality. All land and buildings were independently revalued as at 30 June 2020. The fair value attributed to land was $11,230,000 and the fair value attributed to buildings was $16,520,000.

The basis of the valuation of land and buildings is fair value, being the amounts for which the assets could be exchanged between willing parties in an arm’s length transaction, based on current prices in an active market for similar properties in the same location and condition. The land and buildings were revalued at 30 June 2020 based on independent assessments by Knight Frank. The most recent valuations prior to those performed this June 2020 were performed in June 2018.

Knight Frank have disclosed a level of uncertainty in their reports due to the impact of COVID-19, which is in line with guidance from The Royal Institution of Chartered Surveyors.

10 Leases

This note provides information for leases where the company is a lessee.

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2020 $	2019 $
Right-of-use assets		
Buildings	**1,154,214**	-
Motor vehicles	**235,406**	-
	1,389,620	-
Lease liabilities		
Current	**236,363**	-
Non-current	**1,220,982**	-
	1,457,345	-

Additions to the right-of-use assets during the 2020 financial year were $1,630,836.

10 Leases (continued)

(b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2020 $	2019 $
Depreciation charge of right-of-use assets		
Buildings	**169,105**	-
Motor vehicles	**72,111**	-
	241,216	-
Interest expense (included in finance cost)	**62,874**	-

The total cash outflow for leases in 2020 was $236,364.

11 Non-current assets - Intangible assets

	Software $	**Other** $	**Total** $
At 30 June 2019			
Cost	-	140,000	140,000
Accumulated amortisation and impairment	-	(58,333)	(58,333)
Net book amount	-	81,667	81,667
Year ended 30 June 2020			
Opening net book amount	-	81,667	81,667
Additions	53,480	-	53,480
Transfers	2,065,181	-	2,065,181
Impairment charge	(990,867)	-	(990,867)
Amortisation charge	(401,770)	(46,667)	(448,437)
Closing net book amount	726,024	35,000	761,024
At 30 June 2020			
Cost	2,118,661	140,000	2,258,661
Accumulated amortisation and impairment	(1,392,637)	(105,000)	(1,497,637)
Net book amount	726,024	35,000	761,024

Software has been reclassified from property, plant and equipment to intangible assets.

During the year, DPV Health Ltd impaired the e-case asset to the value of $990k. The e-case project relates to the development of software which had been in progress since FY16. The company's involvement was in collaboration with four other community health centres, with Merri Health acting as the agent on behalf of the others (together 'the Consortium'). During the 2019/20 financial year, the software provider was alleged to be in breach of the contract established due to the system not comprising it's initially communicated features which rendered it redundant. The Consortium have commenced legal action in an effort to recoup the investments that have been made over the past financial years.

12 Current liabilities - Trade and other payables

	2020 $	2019 $
Trade payables	**542,615**	1,010,760
Other payables and accruals	**1,681,010**	4,116,711
	2,223,625	5,127,471

13 Employee benefit obligations

(a) Current	2020 $	2019 $
Employee benefits - annual and other leave	**2,543,888**	2,057,600
Employee benefits - long service leave	**2,487,941**	2,270,609
	5,031,829	4,328,209

(b) Non-current	2020 $	2019 $
Employee benefits - long service leave	**1,074,897**	983,741
	1,074,897	983,741

14 Retirement benefit obligations

At 30 June 2020 four (2019: four) of DPV Health Ltd's employees will receive defined benefit post-employment benefits from First State Super (3 employees) and ESS (1 employee). First State Super and ESS are a defined benefit multi-employer plan. Sufficient information is not available to account for First State Super and ESS as a defined benefit plan as each employer is exposed to actuarial risks associated with current and former employees of other entities. As a result there is no consistent and reliable basis for allocating the obligation, assets and cost to individual entities. Therefore, DPV Health Ltd has adopted defined contribution accounting for these employees.

Based on the 30 June 2020 Actuarial overview First State Super had net assets of $43.1 million (2019: $103 million) and ESS had net assets of $31,803 million (2019: $31,336 million). Net assets is the difference between assets, valued at the fair market value, and liabilities. Liabilities are determined to be the greater of the actuarial present value of all future expected benefit payments accrued by members at the valuation date, ("present value of accrued benefits") and the benefit that has vested to members at the valuation date ("vested benefits"). DPV Health Ltd's notional excess for First State Super is $125,227 (2019: $253,744). DPV Health Ltd's notional excess for ESS is not available.

15 Reserves and retained earnings

(a) Reserves

	2020 $	2019 $
Revaluation surplus - property, plant and equipment	**10,285,703**	6,141,123

Movements:

Revaluation surplus - Property, plant and equipment		
Balance 1 July	**6,141,123**	6,141,123
Revaluation	**4,144,580**	-
Balance 30 June	**10,285,703**	6,141,123

(b) Retained earnings

Movements in retained earnings were as follows:

	2020 $	2019 $
Balance 1 July	**28,136,629**	29,563,943
Net income/(loss) for the year	**362,152**	(1,427,314)
Adoption of new accounting standard	**(823,000)**	-
Balance 30 June	**27,675,781**	28,136,629

(c) Nature and purpose of other reserves

Revaluation surplus - property, plant and equipment

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets, as described in note 1(k). In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

16 Key management personnel disclosures

Key management personnel compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel. The key management personnel (KMP) include the remuneration of the executive team including the CEO and CFO.

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

	2020 $	2019 $
Key management personnel compensation	**1,414,975**	1,380,835

17 Contingencies

The company had no contingent liabilities at 30 June 2020 (2019: nil).

18 Commitments

(a) Capital commitments

The company had no capital commitments at 30 June 2020 (2019: nil).

(b) Lease commitments: Company as lessee

Non-cancellable operating leases

From 1 July 2019, the company has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 2 and note 10 for further information.

	2020	2019
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**769,441**	324,230
Later than one year but not later than five years	**-**	747,232
Later than five years	**-**	530,601
	769,441	1,602,063

19 COVID-19 impact

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the economy. Following the COVID-19 outbreak, the company has continued its business operations. The situation is unprecedented and management continues to consider the potential implications of COVID-19, which may include disruptions to the supply chain, availability of employees and changes in customer demand.

20 Events occurring after the reporting period

Except as disclosed in note 19, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected the company's operations, results or state of affairs, or may do so in future years.

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 31 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
   - (i) complying with Accounting Standards - Reduced Disclosure Requirements, the *Australian Charities and Not-for-profits Commission Regulations 2012* and other mandatory professional reporting requirements, and
   - (ii) giving a true and fair view of the entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Ms. Margaret DOUGLAS
Director

Mr. Vincent CAIN
Chair
Finance, Risk and Audit Committee

Melbourne
9 November 2020

Independent auditor's report

To the members of DPV Health Limited

Our opinion

In our opinion:

The accompanying financial report of DPV Health Limited (the Company) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended

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

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2020
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

Independence

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional & 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual financial report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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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 on the other information that we obtained prior to the date of this auditor's report, 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 management and the directors for the financial report

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

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

The directors are responsible for overseeing the Company'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 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

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Amanda Campbell
Partner

Melbourne
10 November 2020

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DPV Health acknowledge the Kulin Nations as First Peoples, and Aboriginal traditional owners and custodians of the lands and waters on which we are meeting today and pay respects to their Elders and communities.

REFUGEE