Wuchopperen Health Service Limited

ABN 15 010 112 580

Annual financial report
For the year ended 30 June 2017

Contents

Abbreviations

ANZ	Australia and New Zealand Banking Group Limited
DOCS	Department of Communities, Child Safety and Disability Services
DET	Department of Education and Training
DHS	Department of Human Services
DJAG	Department of Justice and Attorney-General
DOH	Australian Department of Health
DPM&C	Department of the Prime Minister and Cabinet
DSQ	Department of Communities (Disability and Community Care Services)
GST	Goods and Services Tax
JCU	James Cook University
NATSIHA	Northern Aboriginal and Torres Strait Islander Health Alliance
NQPHN	Northern Queensland Primary Healthcare Network
PAYG	Pay as you go withholding tax
PIP	Practice Incentive Payment
QDH	Queensland Department of Health
QUMAX	Quality use of Medicines Maximised for Aboriginal and Torres Strait Islander People Program
TMT	Tropical Medical Training
TOIL	Time Off in Lieu

Directors' report

The directors present their report together with the financial statements of Wuchopperen Health Service Limited (the "Company") for the financial year ended 30 June 2017 and the auditor's report thereon.

Director details

The directors of the Company at any time during or since the end of the financial year are:

Name and qualifications	Experience and special responsibilities
Donnella Mills	Chairperson (re-elected 19 November 2015)
Julianne Boneham	Deputy Chairperson (re-elected 19 November 2015)
Margaret Anderson	Secretary (re-elected 19 October 2016)
Robyn Moylan	Treasurer (re-elected 19 October 2016)
Thomas Brown	Director (elected 19 October 2016)
Maureen Mossman	Director (elected 19 October 2016)
Merrissa Nona	Director (elected 19 October 2016)
Len Watson	Director (elected 19 October 2016)
Patricia Whitla	Director (elected 16 October 2014 - term ended 19 October 2016)
Alan Worboys	Director (elected 19 October 2016)
Charles Turner	Director (elected 19 October 2016)

Company secretary

Margaret Anderson was appointed to the position of company secretary on 21 November 2013.

Directors' meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Director	No of meetings attended	No of meetings held*
Donnella Mills	12	13
Julianne Boneham	12	13
Robyn Moylan	10	13
Alan Worboys	9	13
Patricia Whitla	4	4
Thomas Brown	9	13
Len Watson	8	13
Margaret Anderson	11	13
Maureen Mossman	9	13
Merissa Nona	6	13
Charles Turner	7	9

*Reflects the number of meetings held during the time the director held office during the year.

Membership

Classes of membership

The Company is a company limited by guarantee. Under the Company's constitution, there is only one class of membership.

Members' liability

Each member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up while that person is a member or within one year after that person ceased to be a member for payment of the debts and liabilities of the Company contracted before that person ceased to be a member and of the costs, charges and expenses of winding up and for adjustment of the rights of the contributors amongst themselves, such amount as may be required, not exceeding $10.

Objectives

Short-term and long-term objectives

The objectives of the Company are:

- To provide essential quality health services to improve the health outcomes of Aboriginal and Torres Strait Islander Peoples;
- To collaborate with other health and related organisations including non-government and public sector agencies to improve the health outcomes of Aboriginal and Torres Strait Islander Peoples;
- To collect data and conduct research in order to inform planning and program development in matters relating to the health and welfare of Aboriginal and Torres Strait Islander Peoples;
- To promote knowledge and understanding of issues relating to Aboriginal and Torres Strait Islander Peoples to enhance holistic well-being;
- To formulate and implement community development principles to assist Aboriginal and Torres Strait Islander Peoples to address their health needs;
- To promote the health services provided by the Company to Aboriginal and Torres Strait Islander Peoples;
- To undertake activities that address the socio-economic disadvantage that impacts on the health status of Aboriginal and Torres Strait Islander Peoples;
- To carry out such other activities as the Company decides from time to time are necessary to further the Company's objectives;
- To relieve poverty, sickness, suffering, distress, misfortune, disability and helplessness within Aboriginal and Torres Strait Islander Peoples; and
- To ensure all services provided by the Company promote the safety, wellbeing and quality care of Aboriginal and Torres Strait Islander children and young people.

Strategy for achieving the company's objectives

The directors have adopted a strategy to achieve the Company's objectives through building and maintaining close relationships with the local community and government agencies.

Principal activities

The principal activity of the Company during the course of the financial year was the provision of health care services to Aboriginal and Torres Strait Islander people in Far North Queensland.

The net deficit from ordinary activities after income tax amounted to $466,442 (2016: $882,434).

There were no significant changes in the nature of the activities of the Company during the year.

How principal activities assisted in achieving the Company's objectives

The activity assisted in achieving the Company's objective through regular communication between members and key stakeholders reliant on the Company to meet its objectives.

Key performance indicators

The Company measures its performance through financial and non-financial key performance indicators.

Key performance indicators used by the Company to measure its performance include increases in Medicare income and grants received from the community and government agencies by the Company and continued success with grant funded programs.

Auditor's independence declaration

The auditor's independence declaration is set out on the following page and forms part of the directors' report for the financial year ended 30 June 2017.

This report is made out in accordance with a resolution of the directors:

Director

09.2017

Date

Auditor's independence declaration

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Auditor's independence declaration to the directors of Wuchopperen Health Service Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Wuchopperen Health Service Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a 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

b No contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

G J Mier
Partner – Audit & Assurance

Cairns, 28 September 2017

Statement of comprehensive income

For the year ended 30 June 2017

	Note	2017 $	2016 $
Income			
Revenue	5	20,466,939	21,883,178
		20,466,939	21,883,178
Expenses			
Administration expenses		2,382,906	2,003,437
Catering and functions		68,686	66,395
Client related expenses		170,229	162,743
Depreciation and amortisation expenses	9	742,804	693,846
Education and training		106,459	179,594
Employee expenses	6	15,142,111	15,225,394
Grants repaid		61,122	1,636,769
Insurances		140,513	182,811
Motor vehicle expenses		369,008	548,624
Pharmaceutical and medical supplies		222,275	244,368
Professional fees		191,433	384,609
Promotional expenses		172,690	144,405
Property expenses		848,613	770,816
Sub-contractor expense		131,120	494,452
Travelling and conference expenses		65,208	84,202
Other expenses		255,109	171,020
		21,070,286	22,993,485
Results from operating activities		(603,347)	(1,110,307)
Finance income		153,379	227,873
Net results from operating activities and finance income		(449,968)	(882,434)
Loss on disposal of property, plant and equipment		16,474	-
Net surplus (deficit) before tax		(466,442)	
Income tax expense	4e	-	-
Net surplus (deficit)		(466,442)	(882,434)
Other comprehensive income			-
Total comprehensive income		(466,442)	(882,434)

This statement should be read in conjunction with the notes to the financial statements.

Statement of financial position

As at 30 June 2017

	Note	2017 $	2016 $
Assets			
Cash and cash equivalents	7	6,714,154	6,838,372
Trade and other receivables	8	116,325	184,405
Total current assets		6,830,479	7,022,777
Property, plant and equipment	9	11,955,603	11,685,121
Total non-current assets		11,955,603	11,685,121
Total assets		18,786,082	18,707,898
Liabilities			
Trade and other payables	12	4,081,713	3,538,407
Provisions	13	169,970	196,268
Total current liabilities		4,251,683	3,734,675
Provisions	13	254,403	226,785
Total non-current liabilities		254,403	226,785
Total liabilities		4,506,086	3,961,460
Net assets		14,279,996	14,746,438
Equity			
Retained surplus		14,279,996	14,746,438
Total equity		14,279,996	14,746,438

This statement should be read in conjunction with the notes to the financial statements.

Statement of changes in equity

For the year ended 30 June 2017

	Note	2017 $	2016 $
Retained surplus			
Balance at 1 July		14,746,438	15,628,872
Total comprehensive income			
Net deficit for the year		(466,442)	(882,434)
Total other comprehensive income			-
Total comprehensive income		(466,442)	(882,434)
Balance at 30 June		14,279,996	14,746,438

This statement should be read in conjunction with the notes to the financial statements.

Statement of cash flows

For year ended 30 June 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Cash receipts from customers, patients and grant funds		22,367,866	22,894,693
Cash paid to suppliers and employees		(21,615,704)	(24,295,270)
Cash generated from operating activities		752,162	(1,400,577)
Interest received		153,379	227,873
Net cash from/(used in) operating activities	17	905,541	(1,172,704)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,029,759)	(939,254)
Net cash from/(used in) investing activities		(1,029,759)	(939,254)
Net increase in cash and cash equivalents		(124,218)	(2,111,958)
Cash and cash equivalents at 1 July	7	6,838,372	8,950,330
Cash and cash equivalents at 30 June	7	6,714,154	6,838,372

This statement should be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1 Reporting entity

Wuchopperen Health Service Limited (the "Company") is domiciled in Australia. The Company's registered office is at 6-13 Moignard Street, Cairns. The Company is a not-for-profit entity and is involved in the provision of health care services and the delivery of human services programs.

2 Basis of accounting

a Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Australian Charities and Not-for-profits Commission Act 2012*. The financial statements of the Company do not comply with International Financial Reporting Standards ("IFRSs") adopted by the International Accounting Standards Board. They were authorised for issue by the Board of Directors on the date shown on the directors' declaration.

b Basis of measurement

The financial statements have been prepared on the historical cost basis except for land and buildings which are measured on an alternative basis on each reporting date.

c Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

d Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Employee benefits – Note 4(d) and Note 13
- Property, plant and equipment – Note 4(f)
- Provisions – Note 4(j)

Assumptions and estimation uncertainties

Management is not aware of any assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

e Economic dependency and going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company is a not-for-profit entity and is reliant on government funding in order to continue its operations. Management has no reason to believe that the required funding will not be forthcoming for the foreseeable future. However, should future government funding be significantly reduced or curtailed, the Company would be unlikely to be able to continue its operations at current levels.

3 New and amended accounting standards

a New and amended standards adopted

The Company has adopted all the amendments to Australian Accounting Standards issued by the AASB which are relevant to, and effective for, the Company's financial statements for the annual period beginning 1 July 2016. None of the amendments have had a significant impact on the Company.

b Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2016, and have not been applied in preparing these financial statements. The following new standards may have an impact on the Company's financial statements, although any such impact has not yet been assessed:

- AASB 9 *Financial Instruments* becomes mandatory for annual periods beginning on or after 1 January 2018 (with early adoption permitted) and includes revised guidance on the classification and measurement of financial instruments, a new revised credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.
- AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-profit Entities* become mandatory for annual periods beginning on or after 1 January 2019. AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 sets out Australian requirements and provides guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together, they establish a comprehensive framework for determining whether, how much and when revenue is recognised.
- AASB 16 *Leases* becomes mandatory for annual periods beginning on or after 1 January 2019 (with early adoption permitted) and in essence requires a lessee to:
  - recognise all lease assets and liabilities (including those currently classed as operating leases) on the statement of financial position, initially measured at the present value of unavoidable lease payments;
  - recognise amortisation of lease assets and interest on lease liabilities as expenses over the lease term; and
  - separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (which entities can choose to present within operating or financing activities consistent with presentation of any other interest paid) in the statement of cash flows.

The Company does not plan to adopt these standards early.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements*.*

a Revenue

i Rendering of services

Revenue from rendering of services is recognised in proportion to the stage of completion of the transaction at the reporting date.

ii Rental income

Rental income is recognised as it accrues.

b Government grants and other contributions of assets

Government grants and other contributions of assets are accounted for in accordance with AASB 1004 *Contributions* based on whether they are reciprocal or non-reciprocal in nature and are measured at the fair value of the contributions received or receivable.

Reciprocal transfers are those where approximately equal value is exchanged in the transfer between the transferor (grantor) and the transferee (grantee). Non-reciprocal transfers are those where equal value is not exchanged.

i Reciprocal transfers

Where grants and other contributions are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements. The Company currently does not have any reciprocal grants.

ii Non-reciprocal transfers

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Company obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Where the Company receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

c Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

d Employee benefits

i Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iii Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in expenses in the period in which they arise.

iv Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs of restructuring. If the benefits are not expected to be settled wholly within 12 months at the end of the reporting period, then they are discounted.

e Income tax

The Company has been granted exemption from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

f Property, plant and equipment

i Recognition and measurement

Land and buildings are measured on the revaluation basis, at fair value, in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*. Plant and equipment, furniture and fittings, motor vehicles and work in progress are measured at cost.

Non-current assets measured at fair value are revalued, where required, so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date.

Land is measured at fair market value based on appraisals prepared by external professional valuers. Buildings are measured at fair value using the depreciated replacement cost methodology. Depreciated replacement cost is determined as the replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Revaluation increments are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the net revaluation increase shall be recognised in profit or loss to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss. A decrease in the carrying amount on revaluation is recognised in profit or loss. However, the net revaluation decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that same class of asset.

On revaluation accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimated remaining useful life.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in income or expenses.

ii Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives and is generally recognised in expenses. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

- Buildings 10 – 40 years
- Plant and equipment 2 – 5 years
- Furniture and Fittings 3 – 10 years
- Motor vehicles 4 – 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

g Financial instruments

i Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

ii Non-derivative financial assets – Measurement

Loans and receivables

Loans and receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

iii Non-derivative financial liabilities – Measurement

Non-derivative financial liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

h Impairment

i Non-derivative financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at a specific asset level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in expenses and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through other income.

ii Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, *other than biological assets, investment property, inventories and deferred tax assets*, to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. As the Company is a not-for-profit entity, value in use is the depreciated replacement cost of an asset as the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and as the entity would, if deprived of the asset, replace its remaining future economic benefits.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in expenses.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

j Leases

i Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

ii Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

iii Lease payments

Payments made under operating leases are recognised in expenses on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

k Share capital

The Company is a company limited by guarantee. The Company has no share capital.

	2017 $	2016 $

5 Revenue

Revenue from government sources

	2017 $	2016 $
Medicare fees and healthcare benefit receipts	2,113,745	2,776,477
PIP payments	649,528	803,478
Registrar subsidies – JCU/TMT	351,896	453,796
Wage recoveries	21,947	5,967
Grants received		
Cairns Regional Council	1,364	-
DOCS	3,379,465	2,374,941
DOH	7,866,690	8,239,566
DET	878,150	821,743
DHS	572	389
DPM&C	744,508	790,688
DJAG	-	70,000
Far North Queensland Medicare Local	-	161,800
Medibank	-	17,000
NQPHN	994,728	650,956
QDH	2,066,386	2,764,968
Grant balances at 1 July	1,701,466	2,645,487
Grant balances at 30 June	(1,772,587)	(1,701,466)
	18,997,858	20,875,790

Revenue from non-government sources

	2017 $	2016 $
Grants received		
Act for Kids	2,727	-
Carers Queensland	50,000	50,000
Centacare Cairns	125,632	260,693
CheckUp Australia	16,000	-
NATSIHA	450,187	-
The Benevolent Society	140,623	108,867
The Brotherhood of St Laurence	301,232	246,916
Cost recoveries	52,860	45,510
Dental receipts	39,258	38,505
Donations received	3,583	2,273
General clinic receipts	46,250	45,570
QUMAX Income	262	30,456
Rent received	7,483	12,420
Sundry income	222,416	160,746
Training subsidies	10,568	5,432
	1,469,081	957,388
	20,466,939	21,883,178

	2017 $	2016 $

6 Employee expenses

	2017 $	2016 $
Fringe benefits tax expense	4,807	4,553
Movement in annual leave	(49,713)	63,708
Movement in personal leave	16,356	56,142
Movement in long service leave	1,320	9,728
Movement in sick leave	(505)	(61,834)
Other employee expense	572,860	144,742
Performance incentives	243,704	455,581
Superannuation contributions	1,308,578	1,278,950
Wages and salaries	13,019,827	13,273,824
Movement in TOIL	24,877	-
	15,142,111	15,225,394

7 Cash and cash equivalents

	2017 $	2016 $
Petty cash	1,200	1,200
Bank balances:		
ANZ cash management account	5,493,408	6,626,629
ANZ operating account	1,189,126	180,444
ANZ capital works account	16,359	16,175
ANZ gift fund account	14,061	13,924
Cash and cash equivalents	6,714,154	6,838,372

8 Trade and other receivables

Current

	2017 $	2016 $
Grants and other receivables	56,528	111,681
Prepayments	59,797	72,724
	116,325	184,405

9 Property, plant and equipment

a Reconciliation of carrying amount

	Land at fair value $	Buildings at fair value	Plant and equipment at cost	Furniture and fittings at cost $	Motor vehicles at cost $	Total $
Cost						
Balance at 1 July 2015	3,059,520	10,441,641	2,369,300	2,412,706	106,981	18,390,149
Additions	-	381,319	248,558	309,376	-	939,253
Disposals	-	-	-	-	-	-
Balance at 30 June 2016	3,059,520	10,822,960	2,617,858	2,722,082	106,981	19,329,402
Balance at 1 July 2016	3,059,520	10,822,960	2,617,858	2,722,082	106,981	19,329,402
Additions	-	401,609	165,000	463,150	-	1,029,759
Disposals	-	-	(15,998)	(475)	-	(16,474)
Balance at 30 June 2017	3,059,520	11,224,569	2,766,860	3,184,757	106,981	20,342,687
Depreciation and impairment						
Balance at 1 July 2015	1,349,470	2,696,827	1,629,849	1,261,066	13,223	6,950,435
Depreciation for the year	-	212,622	232,918	229,555	18,751	693,846
Disposals	-	-	-	-	-	-
Balance at 30 June 2016	1,349,470	2,909,449	1,862,767	1,490,621	31,974	7,644,281
Balance at 1 July 2016	1,349,470	2,909,449	1,862,767	1,490,621	31,974	7,644,281
Depreciation for the year	-	250,133	236,660	241,010	15,001	742,804
Disposals	-	-	-	-	-	-
Balance at 30 June 2017	1,349,470	3,159,582	2,099,427	1,731,631	46,975	8,387,085
Carrying amounts						
At 1 July 2015	1,710,050	7,744,814	739,452	1,151,640	93,758	11,439,714
At 30 June 2016	1,710,050	7,913,511	755,092	1,231,462	75,007	11,685,122
At 30 June 2017	1,710,050	8,064,987	667,433	1,453,126	60,006	11,955,603

b Land and buildings

Land and buildings are measured on a fair value basis. See note 10.

c Plant and equipment, furniture and fittings and motor vehicles

These assets are recorded at cost.

10 Fair value measurement

The Company measures and recognises land and buildings at fair value on a recurring basis.

Fair value of the Company's main property assets is estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date. The valuations conducted relevant to the 2017 financial year did not result in any adjustment of the carrying values for land and buildings..

Further information is set out below.

a Land

The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the land in question, including plot size, location, encumbrances and current use. The Company's land was revalued by Taylor Byrne and Northern Property Valuers on the following dates:

- 6-13 Moignard Street, Cairns and 48-50 Moody Street, Cairns were revalued on 14 July 2017
- 31-35 Robert Street, Atherton was revalued on 15 June 2017
- 14 Evans Street, Atherton was revalued on 15 June 2017

b Buildings

In respect of not-for-profit entities, where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset. The appraisal of buildings was carried out using the depreciated replacement cost methodology. Depreciated replacement cost is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

The inputs used in the fair value measurement include floor area, construction type, finishes, fixtures, condition, other improvements and building rates.

The Company's buildings were revalued by Taylor Byrne and Northern Property Valuerss using the depreciated replacement cost methodology on the following dates:

- 6-13 Moignard Street, Cairns and 48-50 Moody Street, Cairns were revalued on 14 July 2017
- 14 Evans Street, Atherton was revalued on 15 June 2017

11 Financial instruments – fair values

The fair values of financial assets and financial liabilities approximate the carrying amounts shown in the statement of financial position.

	2017 $	2016 $

12 Trade and other payables

	2017 $	2016 $
Trade payables	494,558	219,189
Accrued expenses	466,368	395,442
Building retention payable	9,184	21,282
Grant funds unexpended, repayable or in advance	1,772,587	1,701,466
GST payable	280,387	144,638
Liability for annual leave	648,922	698,635
Liability for personal leave	262,732	246,376
Liability for sick leave	-	505
Liability for TOIL	24,877	-
Liability for purchased leave	11,454	11,695
Other payables	3,080	1,433
PAYG withholding tax payable	6,476	694
Superannuation payable	101,088	97,052
	4,081,713	3,538,407

13 Provisions

Current

	2017 $	2016 $
Long service leave	169,970	196,268

Non-current

	2017 $	2016 $
Long service leave	254,403	226,785
Balance at 1 July	423,053	413,325
Provisions made during the year	472,527	301,403
Provisions used during the year	(185,788)	(118,706)
Unwinding of discounts	(285,418)	(172,969)
Balance at 30 June	424,374	423,053

Long service leave

The provision for long service leave represents the Company's best estimate of the future benefit that employees have earned. The amount and timing of the associated outflows is uncertain and dependant on employees attaining the required years of services. Where the Company no longer has the ability to defer settlement of the obligation beyond 12 months from the reporting date, liabilities are presented as current. This would usually occur when employees are expected to reach the required years of service in the 12 months from reporting date. The discount rate used to determine the present value of future benefits at 30 June 2017 was 4.00% (2016: 3.32%).

	2017	2016
	$	$

14 Operating leases

Leases as lessee

The Company leases a number of buildings and motor vehicles under operating leases. The leases typically run for a period of two to five years, with an option to renew the lease after that date. None of the leases include contingent rentals.

At reporting date, the future minimum lease payments under non-cancellable leases were payable as follows:

	2017 $	2016 $
Less than one year	367,765	346,096
Between one and five years	248,789	183,334
More than five years	-	-
	616,554	529,430

During the year ended 30 June 2017, $496,064 was recognised as an expense in respect of operating leases (2016: $593,051).

15 Capital and reserves

Company limited by guarantee

The Company is a company limited by guarantee. Accordingly, each member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up while that person is a member or within one year after that person ceased to be a member for payment of the debts and liabilities of the Company contracted before that person ceased to be a member and of the costs, charges and expenses of winding up and for adjustment of the rights of the contributors amongst themselves, such amount as may be required, not exceeding $10.

16 Capital management

The Company's policy is to maintain a strong capital base so as to maintain member, creditor and funding body confidence and to sustain future development of the business. Capital consists of retained surpluses and reserves. Management monitors the Company's operating surplus.

The Company's net debt to equity ratio at the reporting date was as follows:

	2017 $	2016 $
Total liabilities	4,456,086	3,961,460
Less: Cash and cash equivalents	(6,714,154)	(6,838,372)
Net debt	(2,308,068)	(2,876,912)
Total equity	14,279,996	14,746,438
Net debt to equity ratio at 30 June	(0.16)	(0.20)

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

	2017 $	2016 $

17 Reconciliation of cash flows from operating activities

Net surplus	(466,442)	(882,434)
Adjustments for:		
Depreciation	742,804	693,846
Net loss on disposal of assets	16,474	-
	292,836	(188,588)
Changes in:		
Trade and other receivables	68,080	168,787
Trade and other payables	493,305	(1,162,631)
Provisions and employee benefits	1,320	9,728
Net cash from operating activities	905,541	(1,172,704)

18 Related parties

Transactions with key management personnel

Key management personnel compensation

The key management personnel compensation comprised the following:

Short-term employee benefits	1,156,363	1,191,835
Post-employment benefits	121,384	91,621
Other long term benefits	52,900	3,435
Termination benefits	-	-
	1,330,647	1,286,891

Compensation of the Company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined contribution plan.

	2017 $	2016 $

19 Auditor's remuneration

Audit services

Auditors of the Company – Grant Thornton		
Audit of financial statements	32,000	32,000
Audit of grant acquittals	1,500	-
	33,500	32,000

Other services

Auditors of the Company – Grant Thornton		
Other advice and assistance	19,000	19,000

Directors' declaration

The directors of Wuchopperen Health Service Limited (the "Company") declare that in their opinion:

a there are reasonable grounds to believe that the Company is able to pay all of its debts as and when they become due and payable; and

b the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*:

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*:

____

Director

29.09.2017
____

Date

Independent auditor's report

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Independent auditor's report to the members of Wuchopperen Health Service Limited

Opinion

We have audited the financial report of Wuchopperen Health Service Limited (the "Company"), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

Basis for opinion

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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 this 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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

G J Mier
Partner – Audit & Assurance

Cairns, 28 September 2017