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# Financial Reports

Year ended 30 June 2022



South  
Australia

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Meals on Wheels (SA) Inc. | ABN 76 069 457 196

# Contents



## AUDITOR'S INDEPENDENCE DECLARATION

We declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of Meals on Wheels (SA) Incorporated for the year ended 30 June 2022.

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**HLB Mann Judd Audit (SA) Pty Ltd**  
Chartered Accountants

Adelaide, South Australia  
21 September 2022

**Corey McGowan**  
Director

## General Information

The financial report covers Meals on Wheels (SA) Incorporated as an individual entity. The financial report is presented in Australian dollars, which is the functional and presentation currency of Meals on Wheels (SA) Incorporated.

The financial report consists of the financial statements, notes to the financial statements and the Declaration by the Board of the Association.

The financial report was authorised for issue on 21 September 2022.

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HLB Mann Judd Audit (SA) Pty. Ltd. is a member of HLB International, the global advisory and accounting network.

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

		2022	2021
	Notes	\$	\$
Revenue	3	22,024,123	18,194,571
Other Income	4	639,105	491,575
Ingredients & Consumables	5	(6,709,773)	(5,729,126)
Other Operating Expenses	6	(3,538,296)	(3,329,978)
Employee Benefits Expenses	14.1	(6,970,000)	(6,250,103)
Depreciation & Amortisation		(1,493,000)	(1,484,458)
Central & Branch Office Expenses	7	(2,186,759)	(1,846,543)
Gain/(Loss) on Disposal of Property, Plant & Equipment		(86,369)	(4,546)
Gain/(Loss) from Remeasuring Financial Assets at Fair Value	9	(842,517)	1,137,986
<b>NET SURPLUS FOR THE YEAR</b>		<b>836,514</b>	<b>1,179,378</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>–</b>	<b>–</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>836,514</b>	<b>1,179,378</b>

The accompanying notes form part of these financial statements

# Statement of Financial Position

At 30 June 2022

		2022	2021
	Notes	\$	\$
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	8	4,446,698	3,799,006
Financial Assets	9	–	51,932
Trade & Other Receivables	10	1,009,887	816,022
Inventories		9,699	30,902
Other Assets	11	239,113	144,357
<b>TOTAL CURRENT ASSETS</b>		<b>5,705,397</b>	<b>4,842,219</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant & Equipment	12	28,753,939	29,806,013
Financial Assets	9	8,730,565	8,456,970
<b>TOTAL NON CURRENT ASSETS</b>		<b>37,484,504</b>	<b>38,262,983</b>
<b>TOTAL ASSETS</b>		<b>43,189,901</b>	<b>43,105,202</b>
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	14	599,959	659,982
Provisions	14.2	1,099,738	1,035,274
Other Liabilities	15	–	750,283
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,699,697</b>	<b>2,445,539</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	14.2	69,521	75,494
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>69,521</b>	<b>75,494</b>
<b>TOTAL LIABILITIES</b>		<b>1,769,218</b>	<b>2,521,033</b>
<b>NET ASSETS</b>		<b>41,420,683</b>	<b>40,584,169</b>
<b>EQUITY</b>			
Retained Surplus		38,543,199	37,706,685
Asset Revaluation Reserve	16	2,877,484	2,877,484
<b>TOTAL EQUITY</b>		<b>41,420,683</b>	<b>40,584,169</b>

The accompanying notes form part of these financial statements

# Statement of Changes in Equity

For the year ended 30 June 2022

	ASSET REVALUATION RESERVE	RETAINED SURPLUS	TOTAL EQUITY
	\$	\$	\$
<b>BALANCE AT 1 JULY 2020</b>	<b>3,703,754</b>	<b>35,701,037</b>	<b>39,404,791</b>
Other Comprehensive Income	–	–	–
Net Surplus for the Year	–	1,179,378	1,179,378
Transfer to/(from) Reserves	(826,270)	826,270	–
<b>BALANCE AT 30 JUNE 2021</b>	<b>2,877,484</b>	<b>37,706,685</b>	<b>40,584,169</b>
<b>BALANCE AT 1 JULY 2021</b>	<b>2,877,484</b>	<b>37,706,685</b>	<b>40,584,169</b>
Other Comprehensive Income	–	–	–
Net Surplus for the Year	–	836,514	836,514
<b>BALANCE AT 30 JUNE 2022</b>	<b>2,877,484</b>	<b>38,543,199</b>	<b>41,420,683</b>

The accompanying notes form part of these financial statements

# Statement of Cash Flows

For the year ended 30 June 2022

	2022	2021
Notes	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts from:</b>		
Customer Contributions	10,106,089	9,046,142
Government	10,943,485	8,022,696
Donations & Other Grants	125,516	130,169
Interest	6,407	21,241
Other Sources	127,941	209,433
	<b>21,309,438</b>	<b>17,429,681</b>
<b>Payments for:</b>		
Meal Production & Distribution Costs	(10,209,298)	(9,134,407)
Employment Costs	(6,890,292)	(6,049,297)
Other Costs	(2,286,793)	(1,934,933)
	<b>(19,386,383)</b>	<b>(17,118,637)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,923,055</b>	<b>311,044</b>
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>		
Acquisition of Financial Assets	(800,000)	(3,200,000)
Proceeds from Disposal of Land & buildings	–	1,172,799
Proceeds from Disposal of Property, Plant & Equipment	22,499	25,624
Acquisition of Plant & Equipment	(549,794)	(949,458)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(1,327,295)</b>	<b>(2,951,035)</b>
<b>NET DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>595,760</b>	<b>(2,639,991)</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>3,850,938</b>	<b>6,490,929</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>8 4,446,698</b>	<b>3,850,938</b>

The accompanying notes form part of these financial statements

# Notes to the Financial Statements

For the year ended 30 June 2022

## 1. ASSOCIATION INFORMATION

Meals on Wheels (SA) Incorporated (Association) is an Association incorporated in South Australia under the *Associations Incorporation Act 1985 (SA)* and is a registered charity with the Australian Charities and Not-for-Profits Commission.

The Association's primary activities are to provide support to members of the community to live well by providing food services, creating social connections and promoting well-being.

These services are provided through the Association's volunteer workforce which helps strengthen communities.

### Impact of COVID-19 on the Association

As a provider of essential services to vulnerable members of the South Australian community, the Association is highly impacted by the risks of COVID-19. Mitigation measures have continued to protect customers, volunteers and employees of Meals on Wheels (SA) Incorporated from the risk of infection of COVID-19. Additional staff were maintained in the Cook-Chill Production Facility to ensure supply. Maintenance of contingency stocks of frozen meals to ensure service continuity in case of site quarantine added further costs. Additional paid positions were necessary to support depleted voluntary workforce through escalation and easing of community restrictions while cleaning and sanitising and personal protective equipment costs also increased.

The Association is well placed to manage the impact of COVID-19 due to its certainty of Government assistance, strong demand for the Association's service and strong financial position. The Association relies upon its strong volunteer supporter base. In the unexpected event of any severe reductions in volunteer support that might impact on operating costs, the Association has adequate cash reserves and access to Financial Assets available for sale, to alleviate the impact for the reporting period ending 30 June 2023. The Association is also eligible to apply for additional Government funding to meet such costs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### a. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities.

Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities, except for the cash flow information. The amounts presented in the financial statements have been rounded to the nearest dollar.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### b. First time adoption of Australian Accounting Standards

The Association adopted AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities during the current financial year. The transition has not impacted the accounting policies applied by the Association and has not affected any reported amounts.

### c. Fair Value of Assets & Liabilities

The Association measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Association would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market value may be made having regard to the characteristics of the specific asset or liability.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, information is extracted from the most advantageous market available to the Association at the reporting date.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of an identical or similar financial instrument, by reference to observable market information where identical or similar instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

### d. Significant Accounting Judgement, Estimates & Assumptions

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

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

### Useful Lives of Depreciable Assets

The estimates of the useful lives of depreciable assets are reviewed annually based on the expected utility of the assets. The long-term nature of the freehold buildings create an uncertainty over the number of years the Association will have use of these assets for the purposes of calculating the annual depreciation and amortisation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### e. Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of 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 ATO is included with other receivables or payables in the statement of financial position.

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

### f. Income Tax

The Association is exempt from income tax pursuant to the *Income Tax Assessment Act 1997*.

### g. Revenue Recognition

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

Revenue arises from the sale of meals, fees for other services, grants, donations and legacies.

#### Contributions from Customers

Revenue from the sale of meals and provision of other services is recognised at the point of delivery as this corresponds to when the Association satisfies its performance obligations by transferring control of the assets to the customer.

#### Federal, State & Other Grants

Government and other grants are recognised as follows:

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

All grants to which the Association was party to during the current and previous reporting period imposed specific future performance obligations upon the Association, such as under the Commonwealth Home Support Program to provide frail, older people with access to meals and other services, and under the South Australian Statewide Services program to improve food security for people aged under 65 who are unable to prepare meals and are ineligible for other government programs.

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

#### Donations & Legacies

Donations and legacies are recognised when received.

#### Investment Income

Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised at the time the right to receive payment is established.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### h. Cash & Cash Equivalents

Cash and cash equivalents in the statement of financial position includes cash at bank and on hand and short-term deposits with an original maturity of three months or less where the investment is convertible to known amounts of cash and is subject to insignificant risk of changes in value.

### i. Inventories

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

### j. Property, Plant & Equipment

#### Basis of measurement of carrying amount

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Any property, plant and equipment donated to the Association or acquired for nominal cost is recognised at fair value at the date the Association obtains control of the asset.

#### Revaluation of Freehold Land & Buildings

Following initial recognition at cost, freehold land and buildings are then carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are confirmed by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date. Board valuations are used if an independent valuation does not take place during an annual reporting period.

Freehold land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve and other comprehensive income, except where it reverses a revaluation decrement previously recognised in the statement of profit or loss, in which case it is credited to the operating surplus shown in that statement. When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the statement of profit or loss, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

#### Impairment

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

#### Depreciation

Items of property, plant and equipment (other than land) are depreciated over their useful lives commencing from the time the asset is held ready for use. Depreciation is calculated on a straight line basis over the expected useful economic lives of the assets as follows:

Plant, Fixtures and Fittings	2.5% - 20%
Office Equipment	20% - 33%
Motor Vehicles	25%
Freehold Buildings	2.5% - 10%

#### Leasehold Improvements

Leasehold improvements are amortised over 15 years, where it is the Board's expectation that the associated lease term will be 15 years or greater. Leasehold improvements include refurbishments to buildings being leased by the Association.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### k. Employee Entitlements

#### Short-Term Employee Benefits

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

#### Long-Term Employee Benefits

The Association's liability for long service leave is included in other long-term benefits if they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. It is measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any remeasurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

#### Defined Contribution Plans

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

### l. Financial Instruments

#### Recognition and Derecognition

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

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

#### Classification and initial measurement of financial assets

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

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

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

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or other income, except for impairment of trade receivables which is presented within other expenses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### l. Financial Instruments (cont.)

#### Subsequent Measurement of Financial Assets

##### Financial Assets at Amortised Cost

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

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

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

##### Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

The Association accounts for financial assets at FVOCI if the assets meet the following conditions:

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

After initial recognition, these are measured at fair value, with adjustments to fair value recorded through Other Comprehensive Income.

##### Financial Assets at Fair Value Through Profit or Loss (FVTPL)

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

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### Derecognition of Financial Assets

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

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

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

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### l. Financial Instruments (cont.)

#### Impairment

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

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

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

- the general approach; and
- the simplified approach.

#### General Approach

This approach is applicable to trade receivables.

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

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

#### Recognition of Expected Credit Losses in Financial Statements

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

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

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

#### Classification and Measurement of Financial Liabilities

##### Financial Liabilities

Financial liabilities consist of trade and other payables which are initially measured at fair value, and, where applicable, adjusted for transaction costs, and subsequently measured at amortised cost using the effective interest method.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

### Derecognition of Financial Liabilities

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

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

### m. Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

### n. Fair Value Measurements

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

- Financial assets (excluding cash & term deposits)
- Land & buildings held for resale
- Freehold land
- Freehold buildings

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

### o. Provisions, Contingent Liabilities & Contingent Assets

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

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

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

### p. Economic Dependency

The Association is dependent on the ongoing receipt of financial assistance from the Commonwealth government to continue to deliver meals and other services to the South Australian community. At the time of this report, the Board was aware that a significant contract with the Department of Health is set to expire at the end of the next reporting period on the 30 June 2023. The Board has no reason to believe that the government will discontinue its support of the Association.



**3. REVENUE**

	2022	2021
	\$	\$
<b>Revenue from government</b>		
<b>Commonwealth</b>		
Dept of Health – Commonwealth Home Support Program	7,632,780	5,981,548
Dept of Health – Home Care Package provider payments	3,535,182	2,098,984
National Disability Insurance Agency – NDIS payments	336,889	255,119
<b>State</b>		
Dept of Human Services – Statewide Services	245,730	226,005
<b>Local</b>		
Councils	4,056	10,000
	<b>11,754,637</b>	<b>8,571,656</b>

	2022	2021
	\$	\$
Contributions from Customers for Meals	10,243,986	9,614,515
Other Grants & Sundry receipts	25,500	8,400
	<b>22,024,123</b>	<b>18,194,571</b>

Commonwealth funding for 2022 includes COVID-19 emergency relief funding. Commonwealth funding includes funds to deliver an extended range of services to support wellness, independence and social engagement. The Association delivers services as a contractor to organisations that receive Home Care Package or National Disability Insurance Scheme funds and is not directly funded by the Commonwealth for this service.

**4. OTHER INCOME**

	2022	2021
	\$	\$
Donations & Legacies	100,016	121,769
Interest Received	6,358	21,015
Dividends Received	316,112	168,509
Sundry Income	216,619	180,282
	<b>639,105</b>	<b>491,575</b>

Sundry Income in 2022 includes an amount of \$41,496 (2021 \$117,438) for Salaries & Wages recovered from Australian Meals on Wheels Association Inc.

**5. INGREDIENTS & CONSUMABLES**

	2022	2021
	\$	\$
Ingredients & Consumables	6,709,773	5,729,126
	<b>6,709,773</b>	<b>5,729,126</b>

Ingredients & Consumable costs increased by 17% in the 2022 financial year as a result of the additional volume of meals delivered by the Association, 10% more than the 2021 financial year plus inflationary costs of fresh ingredients and consumables.

**6. OTHER OPERATING EXPENSES**

	2022	2021
	\$	\$
Cleaning Costs	873,892	804,841
Repairs & Maintenance	682,210	570,693
Electricity & Gas	620,901	620,513
Transport Reimbursement	571,436	534,511
Utensils & Equipment	199,030	312,393
Insurance	133,289	131,353
Sundry Operating Costs	112,187	118,143
Bad Debts	93,529	29,412
Rates & Taxes	85,142	76,069
Motor Vehicles	77,998	75,462
Food Safety Certification	63,340	38,970
Delivery to Branches	25,342	17,618
	<b>3,538,296</b>	<b>3,329,978</b>

Cleaning costs increased due to the need to minimise the risk of COVID-19 and meet Food Safety obligations associated with Cook-Chill Production. Repairs & Maintenance costs included expenditure on face masks and additional post-commissioning costs for the Hilton property. Transport reimbursement allowances were increased 10% in March 2022 to offset sustained higher fuel costs borne by volunteer drivers. A review of historical bad debts was performed and unrecoverable amounts were written off in 2022.

**7. CENTRAL & BRANCH OFFICE EXPENSES**

	2022	2021
	\$	\$
Projects	470,553	95,366
Computer Costs	331,258	353,944
Marketing & Public Relations	318,588	362,949
Consultants	283,571	326,632
Printing & Stationery	182,643	173,288
Telephone	158,661	149,729
Postage & Freight	72,737	54,950
Branch Services	70,772	68,320
Other Office Expenses	60,016	62,031
Non-Meal Related Branch Costs	58,192	63,160
Subscriptions	52,248	55,064
Travelling Expenses	43,410	18,760
Training Expenses	42,489	25,955
Auditors Remuneration **	26,256	25,873
Other Administration Expenditure	15,365	10,522
	<b>2,186,759</b>	<b>1,846,543</b>

Project Costs in 2022 included implementation of a new Enterprise Resource Planning System, a Food Safety program and a Volunteer Management software program. Consultant costs in 2022 reduced as existing Consultant's time was diverted to Projects. Travelling expenses increased in 2022 as intrastate travel for branch support resumed and for interstate travel to attend the national Meals on Wheels Conference.

\*\* Apart from the annual audit, the auditor does not provide any other services to the Association.

**8. CASH & CASH EQUIVALENTS**

	2022	2021
	\$	\$
Cash on Hand and at Bank	2,535,263	1,881,326
Deposits at Call	1,911,435	1,917,680
	<b>4,446,698</b>	<b>3,799,006</b>
<b>Reconciliation of Cash and Cash Equivalents for the Statement of Cash Flows:</b>		
Cash on Hand and at Bank	2,535,263	1,881,326
Deposits at Call	1,911,435	1,917,680
Term Deposits – Maturing not Later than One Year	–	51,932
	<b>4,446,698</b>	<b>3,850,938</b>

**9. FINANCIAL ASSETS**

	2022	2021
	\$	\$
<b>Current – At Amortised Cost</b>		
Term Deposits – Maturing not Later than One Year	–	51,932
	<b>–</b>	<b>51,932</b>

Term deposits are made for varying original maturity periods of between three months and twelve months, depending on the Association's cash requirements. These deposits earn interest at market rates.

	2022	2021
	\$	\$
<b>Non-Current – Fair Value Through Profit or Loss (FVTPL)</b>		
Opening Balance	8,456,970	3,950,475
Additions	800,000	3,200,000
Investment Income Reinvested	316,112	168,509
Revaluation Increment/(Decrement)	(842,517)	1,137,986
	<b>8,730,565</b>	<b>8,456,970</b>

In 2022 an additional \$1,116,112 of cash and reinvested returns was invested into the Investment Portfolio. Cash holdings and invested funds are managed in accordance with the Association's investment strategy.

**10. TRADE & OTHER RECEIVABLES**

	2022	2021
	\$	\$
Trade Receivables	389,963	362,220
Accrued Income	521,629	411,076
Franking Credits Receivable	98,295	42,677
Interest Receivable	–	49
	<b>1,009,887</b>	<b>816,022</b>

**11. OTHER ASSETS**

	2022	2021
	\$	\$
Prepayments	214,732	107,180
Sundry Assets	24,381	37,177
	<b>239,113</b>	<b>144,357</b>

**12. PROPERTY, PLANT & EQUIPMENT**

	2022	2021
<b>Land &amp; Buildings - Freehold Land &amp; Buildings</b>	<b>\$</b>	<b>\$</b>
Freehold Land at Valuation	9,759,239	9,759,239
Freehold Buildings at Valuation	12,676,894	12,676,894
Accumulated Depreciation	(785,302)	(449,005)
	<b>21,650,831</b>	<b>21,987,127</b>
<b>Land &amp; Buildings - Leasehold Improvements</b>		
At Cost	5,976,119	5,976,119
Accumulated Amortisation	(5,492,086)	(5,293,914)
	<b>484,033</b>	<b>682,205</b>
<b>Plant Fixtures &amp; Fittings</b>		
At Cost	10,722,641	11,239,844
Accumulated Depreciation	(4,432,973)	(4,456,611)
	<b>6,289,668</b>	<b>6,783,233</b>
<b>Office Equipment</b>		
At Cost	666,480	1,065,316
Accumulated Depreciation	(566,566)	(802,674)
	<b>99,914</b>	<b>262,642</b>
<b>Motor Vehicles</b>		
At Cost	593,996	480,908
Accumulated Depreciation	(364,503)	(390,103)
	<b>229,493</b>	<b>90,805</b>
<b>Total Property, Plant &amp; Equipment</b>	<b>28,753,939</b>	<b>29,806,013</b>

	2022	2021
<b>Reconciliation of movements in the carrying amounts of property, plant &amp; equipment:</b>	<b>\$</b>	<b>\$</b>
Opening Balance	29,806,013	30,343,982
Additions	549,794	949,458
Disposals	(108,868)	(2,969)
Depreciation & Amortisation	(1,493,000)	(1,484,458)
Revaluation Increment	–	–
<b>Closing Balance</b>	<b>28,753,939</b>	<b>29,806,013</b>

**12. PROPERTY, PLANT & EQUIPMENT (CONT.)****Revaluation of Land and Buildings**

Freehold Land and Buildings were revalued by the Board on 30 June 2019 on the basis of valuations provided by the Valuer-General on the valuation records from Land Services SA as at 1 January 2019, with the exception of the property at Sir Donald Bradman Drive, Hilton which was valued at the purchase price for the land and the cost of construction for building which was completed on the 17 April 2020.

Based on the Board review at the reporting date, the Board has determined that the valuations provided by the Valuer-General as at 1 January 2019 and the cost price for the development on Sir Donald Bradman Drive, Hilton are appropriate at the reporting date of 30 June 2022 and that there will not be a significant impact from using these valuations.

**Movement in the carrying amounts for each class of non-current assets between the beginning and the end of the financial year:**

	Freehold Buildings	Freehold Land	Leasehold Improvements
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Carrying Amount at 1 July 2020</b>	<b>12,093,756</b>	<b>9,759,239</b>	<b>756,776</b>
Additions	–	–	162,173
Depreciation & Amortisation	(339,619)	–	(236,744)
Reclassified from Plant, Fixtures & Fittings (PFF)	473,752	–	–
<b>Carrying Amount at 30 June 2021</b>	<b>12,227,889</b>	<b>9,759,239</b>	<b>682,205</b>
<b>Carrying Amount at 1 July 2021</b>	<b>12,227,889</b>	<b>9,759,239</b>	<b>682,205</b>
Depreciation & Amortisation	(336,297)	–	(198,172)
<b>Carrying Amount at 30 June 2021</b>	<b>11,891,592</b>	<b>9,759,239</b>	<b>484,033</b>

	Plant, Fixtures & Fittings (PFF)	Office Equipment	Motor Vehicles
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Carrying Amount at 1 July 2020</b>	<b>7,353,410</b>	<b>281,178</b>	<b>99,623</b>
Additions	594,408	153,831	39,046
Disposals	(2,969)	–	–
Depreciation	(687,864)	(172,367)	(47,864)
Reclassified to Freehold Buildings	(473,752)	–	–
<b>Carrying Amount at 30 June 2021</b>	<b>6,783,233</b>	<b>262,642</b>	<b>90,805</b>
<b>Carrying Amount at 1 July 2021</b>	<b>6,783,233</b>	<b>262,642</b>	<b>90,805</b>
Additions	251,002	100,589	198,203
Disposals	(414)	(106,271)	(2,183)
Depreciation	(730,372)	(170,827)	(57,332)
Reclassified Assets	(13,781)	13,781	–
<b>Carrying Amount at 30 June 2022</b>	<b>6,289,668</b>	<b>99,914</b>	<b>229,493</b>

**13. TRADE AND OTHER PAYABLES**

	2022	2021
	\$	\$
Trade Creditors	497,673	504,008
Sundry Creditors & Accruals	6,253	75,880
GST Payable	3,514	9,146
Superannuation Payable	77,519	56,302
Audit Fees Payable	15,000	14,646
	<b>599,959</b>	<b>659,982</b>

No collateral has been pledged for any of the accounts payable and other payable balances.

**14. EMPLOYEE REMUNERATION****14.1. EMPLOYEE BENEFITS EXPENSE**

	2022	2021
Expenses recognised for employee benefits are analysed as follows:	\$	\$
Salaries	5,747,905	5,126,600
Workers Compensation Insurance	85,949	173,095
Superannuation Contributions	576,419	492,403
Employee Benefit Provisions	559,727	458,005
	<b>6,970,000</b>	<b>6,250,103</b>

Increased salaries and associated expenses in 2022 arise from employment of additional Branch Coordinators, Branch Support officers and Customer Service officers, modifying the management structure to provide more direct support to branches and staff, 0.5% Superannuation Guarantee increase and Award increases.

**14.2. PROVISIONS**

	2022	2021
Provisions include the following liabilities recognised for employee benefits:	\$	\$
<b>Current</b>		
Annual Leave	515,909	477,219
Long Service Leave	583,829	558,055
	<b>1,099,738</b>	<b>1,035,274</b>
<b>Non Current</b>		
Long Service Leave	69,521	75,494
	<b>69,521</b>	<b>75,494</b>

**15. OTHER LIABILITIES**

	2022	2021
	\$	\$
Unearned Grant Funds	–	750,283
	<b>–</b>	<b>750,283</b>

Grant funds received in advance for performance obligations not completed as at 30 June 2021 were held as a liability as at 30 June 2021, in accordance with note 2 (g). The Unearned grant funds from 30 June 2021, of \$750,283 were recognised as revenue in the 2021/2022 financial year when notice was received that the 2020/2021 performance obligations were satisfied. There was no Unearned Grant Funds as at 30 June 2022 as notice was received prior to the reporting date that there is no outstanding liability for the Commonwealth Home Support Program for the 2021/2022 financial year.

**16. RESERVES**

	2022	2021
Asset Revaluation Reserve	\$	\$
Opening Balance	2,877,484	3,703,754
Transfer to Retained Surplus	–	(826,270)
<b>Closing Balance</b>	<b>2,877,484</b>	<b>2,877,484</b>

The Asset Revaluation Reserve relates to freehold land and buildings.

**17. LEASES**

The Association is a lessee to a number of peppercorn leases that gives the Association use of sites to operate their kitchens at no or nominal charge. The Association has applied the optional exemption from the requirement to recognise at fair value the right-of-use asset arising from these leases and accordingly the fair value dollar equivalent for these lease arrangements is not reported in the statement of financial position. The Association is not reliant on these arrangements for its continued operations.

The table below describes the nature of the Association's leasing activities:

Lease Terms	No. of Leases	Lease Payments
		\$
0 - 10 years	20	216
10 - 20 years	6	237

	2022	2021
Minimum Future Lease Payments:	\$	\$
No later than 12 months	70	69
Between 12 months and 5 years	22	33
Later than 5 years	361	374
	<b>453</b>	<b>476</b>

## 18. RELATED PARTIES & RELATED PARTY TRANSACTIONS

### Board Members' Compensation

Board Members are reimbursed for expenses incurred in relation to their duties. No other compensation is paid to Board Members.

### Transactions with Board Member-related entities

The Association uses the Investment Adviser services of a company of which one Board member is a minor shareholder and employee. The Board member has insignificant influence over the company. The amounts billed were based on normal market rates and amounted to Adviser and Brokerage fees of \$39,731 (2021: \$31,326). There were no outstanding balances at the reporting date.

### Key Management Personnel

The key management personnel of the Association are its Chief Executive Officer and the 3 FTE (2021: 4 FTE) General Managers. In 2022 there was a change of management structure to better align with the organisation's strategy and goals which resulted in a reduction of one key management position.

The total remuneration paid to key management personnel of the Association is \$774,872 (2021: \$937,963). Except for the remuneration paid to key management personnel, there were no other transactions or outstanding balances relating to key management personnel during 2022 or 2021. The Board refers to non-profit industry salary benchmarks in setting the remuneration of the CEO and General Managers.

## 19. CONTINGENT LIABILITIES

There are no contingent liabilities known to the Association for the 2022 or 2021 reporting periods.

## 20. CAPITAL COMMITMENTS

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

## 21. POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

# Board Reports

## REPORT OF THE BOARD

### The Board reports that:


1. During the financial year ended 30 June 2022, no officer of the Association, firm of which the officer is a member, or body corporate in which the officer has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the Association; and
2. During the year ended 30 June 2022, no officer of the Association has received directly or indirectly from the Association any payment or other benefit of a pecuniary value, except for remuneration as an employee of the Association.

## DECLARATION BY THE BOARD OF THE ASSOCIATION

### In the opinion of the Board:

1. the attached financial statements and notes thereto comply with AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities;
2. the attached financial statements and notes thereto give a true and fair view of the Association's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
3. the attached financial statements and notes thereto comply with the *Australian Charities and Not-forprofits Commission Act 2012*, the *Australian Charities and Not-for-profits Commission Regulation 2013* and other mandatory professional reporting requirements; and
4. there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

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

 W.F. Coomans

President

 KEVIN REID

Vice President Finances

21/9/22

Dated

## Independent Auditor's Report

### To the Members of Meals on Wheels (SA) Incorporated

#### Opinion

We have audited the financial report of Meals on Wheels (SA) Incorporated ("the Entity") which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the board of the association.

In our opinion, the accompanying financial report of the Entity is 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 Entity's financial position as at 30 June 2022 and of its financial performance and cash flows for the year then ended; and
- b) complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the auditor independence 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.

#### Responsibilities of Management and members of the Board for the Financial Report

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

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

The members of the Board are responsible for overseeing the Entity's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Report

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

[hlb.com.au](http://hlb.com.au)

HLB Mann Judd Audit (SA) Pty. Ltd. ABN: 32 166 337 097

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with members of the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the members of the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



HLB Mann Judd Audit (SA) Pty Ltd  
Chartered Accountants

Adelaide, South Australia  
21 September 2022

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Corey McGowan  
Director



**Meals on Wheels would like to acknowledge and thank the organisations and individuals who have kindly offered donations, bequests and support during the year.**

**We would also like to thank our volunteers for their generosity of spirit and wonderful efforts in delivering more than just a meal.**

**Meals on Wheels (SA) Inc.**

80 - 84 Sir Donald Bradman Drive, Hilton SA 5033 | PO Box 406, Unley SA 5061

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September 2022