Association for Christian Senior Citizen's Homes (WA) Inc

ABN 78 059 613 443

General Purpose Financial Report - 30 June 2018

Association for Christian Senior Citizen's Homes (WA) Inc
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30 June 2018

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General information

The financial statements cover Association for Christian Senior Citizen's Homes (WA) Inc as an individual entity. The financial statements are presented in Australian dollars, which is Association for Christian Senior Citizen's Homes (WA) Inc's functional and presentation currency.

Association for Christian Senior Citizen's Homes (WA) Inc is a not-for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business is:

86 Mills Road West, MARTIN WA 6110

A description of the nature of the association's operations and its principal activities are included in the board of directors' report, which is not part of the financial statements.

The financial statements were authorised for issue on 17 September 2018.

AUSTRALIAN AUDIT

DIRECTORS:
ROBERT CAMPBELL CA, CPA, RCA, MSW
VIRAL PATEL CA, CPA, FCCA (UK), RCA
ALASTAIR ABBOTT CA, RCA, M.FORENSIC ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

To the Board of Directors of Association for Christian Senior Citizens Homes WA Inc

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* and section 80 of the *Associations Incorporation Act 2015 (WA)*, in relation to our audit of the financial report of Association for Christian Senior Citizens Homes WA Inc for the year ended 30 June 2018, to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the 60-40 of 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

Alastair Gordon Abbott, CA
Registered Company Auditor number 486826
Director
Australian Audit
Perth, Western Australia

Dated: 28 September 2018

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AUSTRALIAN AUDIT

DIRECTORS:
ROBERT CAMPBELL CA, CPA, RCA, MSW
VIRAL PATEL CA, CPA, FCCA (UK), RCA
ALASTAIR ABBOTT CA, RCA, M.FORENSIC ACCOUNTING

INDEPENDENT AUDITOR'S REPORT

To the members of Association for Christian Senior Citizens Homes WA Inc

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Association for Christian Senior Citizens Homes WA Inc (the Entity), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the statement by the Board of Directors.

In our opinion the accompanying financial report has been prepared in accordance with requirements of the *Associations Incorporation Act 2015 (WA)* and 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 2018, and of its financial performance and its cash flows for the year then ended; and

b) complying with Australian Accounting Standards, and Division 60 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 *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other 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 Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Associations Incorporation Act 2015 (WA)* and the *ACNC Act*. The responsibility of Management also includes such internal control as management determines is necessary to enable the preparation and fair presentation of a 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 relating to going concern and using the going concern

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basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment 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 management.
- Conclude on the appropriateness of 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 those charged with governance 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.

Report on Other Legal and Regulatory Requirements

In our opinion, Association for Christian Senior Citizens Homes WA Inc has complied with 60-30(3)(b), (c) and (d) of the ACNC Act:

- by providing us with all information, explanation and assistance necessary for the conduct of the audit;
- by keeping financial records sufficient to enable a financial report to be prepared and audited ; and
- by keeping other records required by Part 3-2 of the Act, including those records required by Section 50-5 that correctly record its operations, so as to enable any recognised assessment activity to be carried out in relation to the entity.

Alastair Gordon Abbott, CA
Registered Company Auditor number 486826
Director
Australian Audit
Perth, Western Australia

Dated: 28 September 2018

Association for Christian Senior Citizen's Homes (WA) Inc
Board of directors' report
30 June 2018

The board of directors presents the report on Association for Christian Senior Citizen's Homes (WA) Inc. for the financial year ended 30 June 2018.

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

The net operating surplus of Association for Christian Senior Citizen's Homes (WA) Inc. for the financial year ended 30 June 2018 amounted to $26,066, a decrease of $41,377 from the prior year

At the end of the 2018 financial year, the Association's results show a deficiency in working capital, with current liabilities exceeding current assets by more than $3,700,000. Note 1 and note 12 to the financial statements explain the nature of this liability. The directors expect that a substantial portion of this liability will not have to be paid within the next 12 months, and as a result, do not consider that there will be a difficulty in the organisation paying its debts as and when they fall due.

The principal activity of the Association during the financial year was the provision of aged care accommodation in Perth, Western Australia.

During the period, Association for Christian Senior Citizens' Homes (WA) Inc applied Australian Accounting Standards, mandatory professional reporting requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

On behalf of the board of directors

Eddy Kossen
Chairperson

Wayne Pike
Treasurer

17 September 2018

Association for Christian Senior Citizen's Homes (WA) Inc
Board of directors' declaration
30 June 2018

In the board of directors' opinion:

- the attached financial statements and notes comply with the Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012 and Western Australian legislation the Associations Incorporation Act 2015;
- the attached financial statements and notes comply with Australian Accounting Standards as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Association's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

On behalf of the board of directors

Eddy Kossen
Chairperson

Wayne Pike
Treasurer

17 September 2018

Association for Christian Senior Citizen's Homes (WA) Inc
Chief executive officer's report
30 June 2018

Under the Aged Care Act User Rights Principles 1997, all aged care providers must adhere to a Liquidity Standard. The Liquidity Standard requires aged care providers to adopt a liquidity investment strategy appropriate to their individual particular financial circumstances.

The liquidity investment strategy is adopted by the Board of the Association for Christian Senior Citizens Homes WA Inc. The strategy which was in place at the year ended 30 June 2018 required that a minimum cash balance of $600,000 should be held by the Association with the ANZ bank to ensure that the Association can refund any bond balances that can be expected to fall due in the following 12 month period.

As at 30 June 2018, the Association held $1,096,558 in its investment accounts and met the minimum liquidity level of $600,000 at that date.

All bonds were repaid well within the time limits prescribed by legislation.

Name: Gerard Goiran

Position: Chief Executive Officer

Date: 17-9-2018

Association for Christian Senior Citizen's Homes (WA) Inc
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue			
Government subsidies		1,153,525	1,235,408
Village reduction in entry fee liabilities		168,933	190,293
Resident fees		345,575	323,648
Unit operating costs recovery		121,911	119,843
Retention from accommodation bonds		(8,857)	4,618
Donations		55,819	149,635
Fundraising		9,228	4,565
Other		76,523	59,269
		1,922,657	2,087,279
Investment Income	3	76,777	92,334
Total revenue		1,999,434	2,179,613
Expenses			
Employment		(1,511,367)	(1,571,839)
Program		(94,486)	(91,008)
Administration		(81,254)	(110,359)
Depreciation and amortisation expense		(11,768)	(68,617)
Property		(58,035)	(55,076)
Housekeeping		(82,657)	(67,379)
Electricity		(55,520)	(59,059)
Insurance		(53,758)	(60,739)
Medical supplies		(23,758)	(22,641)
Finance costs		(765)	(4,199)
Other expenses		-	(1,254)
Total expenses		(1,973,368)	(2,112,170)
Surplus for the year		26,066	67,443
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain on the revaluation of available-for-sale financial assets		-	124,268
Other comprehensive income for the year		-	124,268
Total comprehensive income for the year		26,066	191,711

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Association for Christian Senior Citizen's Homes (WA) Inc
Statement of financial position
As at 30 June 2018

	Note	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	5	1,096,558	811,957
Trade and other receivables	6	43,461	46,955
Investments	7	1,277,838	1,278,384
Total current assets		2,417,857	2,137,296
Non-current assets			
Property, plant and equipment	8	7,363,826	7,284,078
Other	9	-	109,175
Total non-current assets		7,363,826	7,393,253
Total assets		9,781,683	9,530,549
Liabilities			
Current liabilities			
Trade and other payables	10	114,491	106,645
Current provisions	11	171,273	199,783
Non-interest bearing current liabilities	12	5,913,018	5,540,677
Total current liabilities		6,198,782	5,847,105
Non-current liabilities			
Non-interest bearing non-current liabilities	13	14,360	140,969
Total non-current liabilities		14,360	140,969
Total liabilities		6,213,142	5,988,074
Net assets		3,568,541	3,542,475
Equity			
Reserves	14	2,460,531	2,460,531
Retained surpluses		1,108,010	1,081,944
Total equity		3,568,541	3,542,475

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

Association for Christian Senior Citizen's Homes (WA) Inc
Statement of cash flows
For the year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,933,752	2,320,202
Payments to suppliers and employees (inclusive of GST)		(2,169,256)	(1,985,110)
		(235,504)	335,092
Interest received		76,777	92,334
Net cash from/(used in) operating activities	19	(158,727)	427,426
Cash flows from investing activities			
Payments for investments		(285,422)	(1,278,384)
Payments for property, plant and equipment	8	(91,516)	(61,038)
Proceeds from disposal of investments		292,804	-
Net cash used in investing activities		(84,134)	(1,339,422)
Cash flows from financing activities			
Accommodation bonds/refundable deposits received		1,175,000	529,662
Accommodation bonds/refundable deposits/entry contributions (refunded)		(646,773)	(846,434)
Interest paid		(765)	(4,199)
Net cash from/(used in) financing activities		527,462	(320,971)
Net increase/(decrease) in cash and cash equivalents		284,601	(1,232,967)
Cash and cash equivalents at the beginning of the financial year		811,957	2,044,924
Cash and cash equivalents at the end of the financial year	5	1,096,558	811,957

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

Association for Christian Senior Citizen's Homes (WA) Inc
Statement of changes in equity
For the year ended 30 June 2018

	Asset revaluation reserve $	Road development reserve $	Retained profits $	Total equity $
Balance at 1 July 2016	2,336,263	20,000	994,501	3,350,764
Surplus for the year	-	-	67,443	67,443
Other comprehensive income for the year	124,268	-	-	124,268
Total comprehensive income for the year	124,268	-	67,443	191,711
Transfer to reserve	-	2,486	(2,486)	-
Transfer from reserve	-	(22,486)	22,486	-
Balance at 30 June 2017	2,460,531	-	1,081,944	3,542,475

	Asset revaluation reserve $	Road development reserve $	Retained profits $	Total equity $
Balance at 1 July 2017	2,460,531	-	1,081,944	3,542,475
Surplus for the year	-	-	26,066	26,066
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	26,066	26,066
Balance at 30 June 2018	2,460,531	-	1,108,010	3,568,541

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

Note 1. 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.

New or amended Accounting Standards and Interpretations adopted
The association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and Western Australian legislation the Associations Incorporation Act 2015, as appropriate for not-for profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

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

Income tax
As the association is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 1. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the association's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the association's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the association will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments
Investments are measured at fair value. The carrying amount of investments is reviewed annually by the board of directors to ensure it is not in excess of the recoverable amount of these investments.

Held-to-maturity investments
Held-to-maturity investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the association has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Held-to-maturity investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairments of assets
At each reporting date, the Association assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, or when annual impairment testing for an asset is required, the Association makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or Associations of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Note 1. Significant accounting policies (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Property, plant and equipment
Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Land and buildings	N/A
Plant and equipment	10%

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases
Leases of plant and equipment, where substantially all the risk and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to Association for Christian Senior Citizens' Homes (WA) Inc, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that Association for Christian Senior Citizens' Homes (WA) Inc will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Trade and other payables
These amounts represent liabilities for goods and services provided to the association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 1. Significant accounting policies (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Resident loans and accommodation bonds
Resident loans and accommodation bonds/RADs/RACs are treated as financial liabilities through profit and loss.

Resident loans, and accommodation bonds/RADs/RACs are measured at the principal amount less reductions. Accommodation bonds are bonds in relation to care recipients who first entered care before 1 July 2014, while Refundable accommodation deposits (RADs) and Refundable accommodation contributions (RACs) are deposits for care recipients who first entered care on or after 1 July 2014.

Accommodation bonds/RADs/RACs are measured at the principal amount less retention amounts.

Resident loans and accommodation bonds/RADs/RACs are non-interest bearing and the net amount is repayable upon demand. The fair value of resident loans and accommodation bonds is not less than the amount payable on demand.

Resident loans are classified as current liabilities.

Accommodation bonds/RADs/RACs are current liabilities, because the association does not have an unconditional right to defer settlement of the liability (AASB 101 paragraph 69(d)). However, the expected settlement of the bond liability is often more than 12 months. The association has 14 bonds/RAD with an average accommodation bond of $189,876. An amount of $465,000 is expected to be settled within 12 months, and a further amount of $2,658,262 is not expected to be settled within 12 months (refer to note 12).

Entry fees for residential units are current liabilities, because the association does not have an unconditional right to defer settlement of the liability (AASB 101 paragraph 69(d)). However, the expected settlement of the liability is often more than 12 months. The association has 23 units with an average balance of $119,328. An amount of $150,000 is expected to be settled within 12 months, and a further amount of $2,594,566 is not expected to be settled within 12 months (refer to note 12).

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Note 1. Significant accounting policies (continued)

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Borrowing costs
Borrowing costs are recognised as an expense when incurred.

Comparatives
Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Equity of the Association
According to the constitution of the association, members do not have a right to undistributed funds upon the wind up of the body; therefore all equity is recognised in the accounts as retained profits.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the association for the annual reporting period ended 30 June 2018. The association's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the association, are set out below.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The association will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the association.

Note 1. Significant accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The association will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the association.

AASB 1058 Income of Not-for-Profit Entities
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. This standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 will be dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard will be recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense. The association will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the association.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Investment Income

	2018 $	2017 $
Interest	58,701	68,985
Daily accommodation payments (DAP)	18,076	23,349
	76,777	92,334

Note 4. Fundraising activities

During the year the association has conducted several fundraising activities. Income and expenses breakdown of those activities are listed below:

Manoah market day income	8,500
Sale of garden plant and miscellaneous items	810
Churches donations	30,766
Donations from association members	25,780
Fundraising expenses - purchase of goods	(553)
Other indirect fundraising expenses	(850)
	64,453

All proceeds are channelled to fund the operating costs and purchase of equipment of the nursing home

Note 5. Current assets - cash and cash equivalents

	2018 $	2017 $
Cash on hand	1,652	500
Cash at bank	1,094,906	811,457
	1,096,558	811,957

Note 6. Current assets - trade and other receivables

	2018 $	2017 $
Trade receivables	2,411	7,556
Prepayments	41,050	39,399
	43,461	46,955

Note 7. Current assets - Investments

	2018 $	2017 $
Corporate bonds	1,277,838	1,278,384

Note 8. Non-current assets - property, plant and equipment

	2018 $	2017 $
Land and buildings	7,113,472	7,113,472
Plant and equipment	650,698	559,182
Less: Accumulated depreciation	(400,344)	(388,576)
	250,354	170,606
	7,363,826	7,284,078

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and Equipment $	Land and Buildings $	Total $
Balance at 1 July 2016	190,065	6,977,324	7,167,389
Additions	34,157	26,881	61,038
Revaluation increments	-	124,268	124,268
Depreciation expense	(53,617)	(15,000)	(68,617)
Balance at 30 June 2017	170,605	7,113,473	7,284,078
Additions	91,516	-	91,516
Depreciation expense	(11,768)	-	(11,768)
Balance at 30 June 2018	250,353	7,113,473	7,363,826

Note 8. Non-current assets - property, plant and equipment (continued)

Valuations of land and buildings
Land and buildings (other than investment property) were re-valued during the 2017 financial year and are carried at a re-valued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and subsequent accumulated impairment losses.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the balance sheet. Any revaluation decrement is recognised in the income statement. Independent valuations are planned to be performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

It is the policy of the Association to have a formal independent appraisal of buildings by a licensed valuer every three years to satisfy the requirements of AASB 116 Property, Plant & Equipment.

Note 9. Non-current assets - other

	2018 $	2017 $
Loan receivables	-	109,175

Note 10. Current liabilities - trade and other payables

	2018 $	2017 $
Creditors	47,639	50,207
Employee benefits	50,074	54,938
Income in advance	14,000	-
Other payables	2,778	1,500
	114,491	106,645

Refer to note 15 for further information on financial instruments.

Note 11. Current liabilities - Current provisions

	2018 $	2017 $
Employee leave provision	171,273	199,783

Note 12. Current liabilities - Non-interest bearing current liabilities

	2018 $	2017 $
Accommodation bonds/RADs/RACs for hostel		
Estimated settlement within 12 months	465,000	375,000
Estimated settlement longer than 12 months	2,658,262	2,252,205
	3,123,262	2,627,205

	2018 $	2017 $
Entry fees residential units		
Estimated settlement within 12 months	150,000	200,000
Estimated settlement longer than 12 months	2,594,566	2,653,472
Other liabilities	45,190	60,000
	2,789,756	2,913,472

Note 13. Non-current liabilities - Non-interest bearing non-current liabilities

	2018 $	2017 $
Long service leave provision	11,100	10,969
Other liabilities	3,260	130,000
	14,360	140,969

Refer to note 15 for further information on financial instruments.

Note 14. Equity - Reserves

	2018 $	2017 $
Asset revaluation reserve	2,460,531	2,460,531

Note 15. Financial instruments

Financial risk management objectives
The association's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The association's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the association. The association uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by management under policies approved by the board of directors ('the board'). These policies include identification and analysis of the risk exposure of the association and appropriate procedures, controls and risk limits. Management identifies, evaluates and hedges financial risks within the association's operating units. Management reports to the board on a monthly basis.

Price risk
The association is not exposed to any significant price risk.

Note 15. Financial instruments (continued)

Interest rate risk
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The association is exposed to earnings volatility on floating rate instruments. The financial instruments that expose the association to interest rate risk are limited to lease liabilities, cash and cash equivalents.

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of financial assets and liabilities of Association for Christian Senior Citizen's Homes (WA) Inc. at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed the change in interest rates is held constant throughout the reporting period.

As at the reporting date, the association had the following variable rate borrowings and interest rate swap contracts outstanding:

	2018		2017	
	Weighted average interest rate %	Equity $	Weighted average interest rate %	Equity $
Cash and cash equivalents	(1.00%)	(10,966)	(1.00%)	(8,120)
Net exposure to cash flow interest rate risk		(10,966)		(8,120)

Fair value

The financial assets and financial liabilities included in current assets and current liabilities in the balance sheet are carried at amounts that approximate their net fair values.

Credit risk
The association has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the association is considered to relate to the class of assets described as accounts receivable.

The following table details the association's accounts receivable exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the association and the member or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining their willingness to pay and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the association.

The balances of receivables that remain within initial terms (as detailed in the table) are considered to be of high credit quality.

	Past due not impaired < 30 $	Past due not impaired 31 - 60 $	Past due not impaired > 60 $	Within initial trade terms $	Total $
2018					
Trade receivables	-	300	-	2,111	2,411

Note 15. Financial instruments (continued)

	Past due not impaired < 30 $	Past due not impaired 31 - 60 $	Past due not impaired > 60 $	Within initial trade terms $	Total $
2017					
Trade receivables	3,885	(1,136)	3,683	1,124	7,556

The association does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Collateral held as security

No collateral is held as security for any of the trade and other receivable balances.

	2018 $	2017 $
Financial assets classified as loans and receivables		
Trade receivables		
Total current	2,411	7,556
Total non-current	-	109,178
Financial assets classified as loans and receivables	2,411	116,734

	2018 $	2017 $
Financial liabilities at amortised cost classified as trade and other payables		
Total current	114,491	106,645
Total non-current	3,260	130,000
Less: employee benefits	(50,074)	(54,938)
Financial liabilities as trade and other payables	67,677	181,707

Collateral pledged

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

Liquidity risk

The following table details the exposure to liquidity risk as at the balance sheet date. The Association's maximum exposure to credit risk excluding the value of any collateral or other security at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements. The contractual maturity amounts in the following table are representative of the undiscounted amounts at the balance sheet date.

Association for Christian Senior Citizen's Homes (WA) Inc. does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Association for Christian Senior Citizen's Homes Inc. does not have any material credit risk exposure to any single debtor or group of debtors, under financial instruments entered into by it.

Note 15. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the association's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2018	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Financial assets and (liabilities)				
Non-interest bearing				
Cash and cash equivalents	113,342	-	-	113,342
Loans and receivables	2,411	-	-	2,411
Trade and other payables	(64,417)	-	-	(64,417)
Accommodation bonds/RADs/RACs	(3,123,262)	-	-	(3,123,262)
Entry fees refundable	(2,744,566)	-	-	(2,744,566)
Borrowings	(45,190)	(3,260)	-	(48,450)
Interest-bearing - variable				
Cash and cash equivalents	983,215	-	-	983,215
Total non-derivatives	(4,878,467)	(3,260)	-	(4,881,727)

2017	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Financial assets and (liabilities)				
Non-interest bearing				
Cash and cash equivalents	156,961	-	-	156,961
Loans and receivables	7,556	109,178	-	116,734
Trade and other payables	(51,707)	-	-	(51,707)
Accommodation bonds/RADs/RACs	(2,627,205)	-	-	(2,627,205)
Entry fees refundable	(2,853,472)	-	-	(2,853,472)
Borrowings	(60,000)	(130,000)	-	(190,000)
Interest-bearing - variable				
Cash and cash equivalents	654,996	-	-	654,996
Total non-derivatives	(4,772,871)	(20,822)	-	(4,793,693)

Please refer to note 1 for additional information relating to the accommodation bonds.

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

Note 16. Related party information

Board of directors
The following persons were board of directors of Association for Christian Senior Citizen's Homes (WA) Inc during the financial year:

Eddy Pol (resigned on 31 October 2017)	Hilary Spoelstra
Eddy Kossen	Walter Genuit
Wayne Pike	Van Zyl Kruger (appointed February 2018)
Neil Knol (resigned on 31 October 2017)	Jaco Van Staden (appointed March 2018)
Hesli Van Laar	Gilbert Hein (appointed January 2018)

Compensation by category: Key management personnel

The remuneration of key management personnel is set by the board of directors. The annual rate, including superannuation of 9.5% was as listed below.

	2018 $	2017 $
Chief Executive Officer	101,784	64,574

Remuneration of the board of directors

The members of the board of directors do not receive nor are entitled to any remuneration or superannuation contribution.

Related party transactions

During the year, Association for Christian Senior Citizens' Homes (WA) Inc paid an amount of $53,598 (inclusive of GST) to Kossens Electrics And Airconditioning of which Eddy Kossen is a director/owner. In addition, an amount of $5,668 (inclusive of GST) was paid to TempRite Airconditioning of which Gilbert Hein is a director/owner. The amounts so paid were at market rates. There were no other related party transactions requiring disclosure during the financial year.

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the association:

	2018 $	2017 $
Audit services -		
Audit of the financial statements	11,000	12,500

Note 18. Events after the reporting period

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the association's operations, the results of those operations, or the association's state of affairs in future financial years.

Note 19. Cash flow information

Reconciliation of surplus to net cash from/(used in) operating activities

	2018 $	2017 $
Surplus for the year	26,066	67,443
Adjustments for:		
Depreciation and amortisation	11,768	68,618
Revenue - non-cash	6,836	-
Interest received	76,777	4,199
Change in operating assets and liabilities:		
Decrease in trade and other receivables	4,259	267,965
Decrease/(increase) in other operating assets	102,339	(34,175)
Decrease in trade and other payables	(653,826)	(7,404)
Increase/(decrease) in employee benefits	(28,510)	60,780
Increase in other operating liabilities	295,564	-
Net cash from/(used in) operating activities	(158,727)	427,426