ASSISI

Assisi Centre Limited

FINANCIAL REPORT
YEAR ENDED 30 JUNE 2018

ABN 33 929 275 686

ACN 623 564 429

NAP's ID 467

ASSISI CENTRE LIMITED

CONTENTS

ASSISI CENTRE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		$	$
Revenue	**2**	14,658,700	14,026,606
Expenses			
Employee Benefits and Management Fees		9,647,497	9,081,472
Depreciation and Amortisation		1,801,260	1,361,356
Catering Provisions and Expenses		569,053	558,202
Facility Cleaning and Maintenance		737,545	684,579
Resident Care and Support Programs Expenses		639,486	627,777
Other Costs of Accommodation		424,811	435,009
Communication and Administration Expenses		622,378	581,944
Other Expenses		49,027	62,141
Total Operating Expenses		14,491,057	13,392,480
Operating Surplus for the Year		167,643	634,126
Other Comprehensive Income for the Year			
Revaluation of Property		-	19,168,519
Total Comprehensive Income for the Year		167,643	19,802,645
Total comprehensive income attributable to members of the entity		167,643	19,802,645

The accompanying notes form part of these financial statements.

ASSISI CENTRE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018	2017
		$	$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	3	30,037,556	26,236,628
Trade and Other Receivables	4	4,205,372	8,246,087
Prepayments		171,296	133,657
TOTAL CURRENT ASSETS		34,414,224	34,616,372
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	59,959,663	60,860,403
Intangible Assets	6	4,800,000	4,800,000
TOTAL NON-CURRENT ASSETS		64,759,663	65,660,403
TOTAL ASSETS		**99,173,887**	**100,276,775**
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	7	610,913	683,566
Employee Benefits	8	1,534,532	1,381,624
Short Term Financial Liabilities	9	43,446,218	44,829,214
TOTAL CURRENT LIABILITIES		45,591,663	46,894,404
NON-CURRENT LIABILITIES			
Employee Benefits	8	195,460	163,250
TOTAL NON CURRENT LIABILITIES		195,460	163,250
TOTAL LIABILITIES		**45,787,123**	**47,057,654**
NET ASSETS		**53,386,764**	**53,219,121**
EQUITY			
Retained Surplus		9,598,986	9,431,343
Asset Revaluation Reserve	12	43,787,778	43,787,778
TOTAL EQUITY		**53,386,764**	**53,219,121**

The accompanying notes form part of these financial statements.

ASSISI CENTRE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Retained Surplus	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2016	8,797,217	24,619,259	33,416,476
Surplus attributable to members	634,126	-	634,126
Revaluation	-	19,168,519	19,168,519
Total Comprehensive Income for the Year	634,126	19,168,519	19,802,645
Balance at 30 June 2017	**9,431,343**	**43,787,778**	**53,219,121**
Surplus attributable to members	167,643	-	167,643
Other Comprehensive Income for the Year	-	-	-
Total Comprehensive Income for the Year	167,643	-	167,643
Balance at 30 June 2018	**9,598,986**	**43,787,778**	**53,386,764**

ASSISI CENTRE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Operating Activities		13,840,173	12,957,391
Payments to Suppliers & Employees		(12,594,530)	(11,793,438)
Chapel Ceremonies		8,398	4,959
Committee Fundraising		57,647	67,965
Donations & Grants Received		63,494	38,020
Interest Received		565,178	662,905
Rental Income		106,111	100,949
Net Cash Provided by Operating Activities	**13**	**2,046,471**	**2,038,751**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(900,541)	(345,726)
Proceeds from disposal of Property Plant & Equipment		227	3,532
Net cash used in investing activities		**(900,314)**	**(342,194)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in Trust Funds held on behalf of residents		(4,802)	(480)
Lease Finance Principal Payments		-	(36,000)
Bonds repaid		(11,658,667)	(7,575,956)
Bonds received		14,318,240	12,173,532
Net cash provided by financing activities		**2,654,771**	**4,561,096**
Net Increase in Cash and Cash Equivalents		**3,800,928**	**6,257,653**
Cash and Cash Equivalents at beginning of financial year		**26,236,628**	**19,978,975**
Cash and Cash Equivalents at end of financial year	**3**	**30,037,556**	**26,236,628**

The accompanying notes form part of these financial statements.

1. Statement of Significant Accounting Policies

General information

The financial statements cover Assisi Centre Limited as an individual entity. Assisi Centre Limited is a public company limited by guarantee under the *Corporations Act* 2001 and is registered with the ACNC as a charity. During the financial year the organisation changed its legal entity from an Incorporated Association to a Company Limited by Guarantee. The financial statements are presented in Australian dollars which is Assisi Centre Limited's functional and presentation currency.

The financial statements were authorised for issue on 24th September 2018.

Basis of Preparation

Assisi Centre Limited applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053 *Application of Tiers of Australian Accounting Standards* .

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act* 2012. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. 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, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, (modified, where applicable by the measurement of selected non-current assets, financial assets and financial liabilities). The amounts presented in the financial statements have been rounded to the nearest dollar.

Significant accounting policies

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

Going concern

As at 30 June 2018 the Company is in a deficit current net working capital position of $11,177,439 (2017: $12,278,032). Included in current liabilities are resident funded loans of $43,446,218 (2017: $44,829,214) in the form of resident entry contributions and accommodation bonds.

Notwithstanding the above, the financial statements have been prepared on a going concern basis due to the rolling nature of resident funded loans such that the repayment of a bond is offset by a new resident funded incoming loan. Refer also to note 1(d), detailing the historical turnover statistics.

a. Income Tax

The Company is a charitable institution, therefore, tax effect accounting has not been applied as the Association is exempt from Income Tax under Div. 50 - 5 of the *Income Tax Assessment Act* 1997, as amended. The Company is also exempt from Capital Gains Tax and Fringe Benefits Tax.

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

The last independent valuation was performed by CBRE on 30 June 2017 whereby the freehold land and buildings were reflected at fair value. Refer to note 5 and Statement of Changes in Equity for details.
In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity.
Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus.
All other decreases are charged to the statement of profit or loss and other comprehensive income.
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.

Plant and Equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.
In the event the carrying amount is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in the profit and loss.
A formal assessment of recoverable amount is made when impairment indicators are present (refer to note 1(f) for details of impairment).
Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the Association commencing from the time the asset is held ready for use.
The depreciation rates used for each class of depreciable assets are:

	Depreciation rate	Method of depreciation
Furniture and Fittings	10-50%	Written Down Value
Office Equipment	15-50%	Written Down Value
Plant and Equipment	10-50%	Written Down Value
Motor Vehicles	22.50%	Written Down Value
Building at valuation	4%	Straight line

The independent valuation was performed in 2017, refer Note 5.

The assets' residual values and lives are reviewed and adjusted, if appropriate, at each reporting date.
An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained surplus.

c. Intangibles

Bed Licences

Approved Provider Aged Care Places (Bed Licences)

Bed licences are issued by the Federal Government to approved providers of aged care. Holders of bed licences receive Federal Government funding in accordance with predetermined rates. These licences also can be purchased from and sold to third parties. As an approved provider of aged care places, the Company has recorded bed licences at fair value at the date transition to AIFRS. This value has been taken as a deemed cost. While the Company remains as a provider of aged care services, the bed licences continue to be assessed to have an indefinite life to which no provision for amortisation is required. Bed licences are tested for impairment annually. Impairment is determined by assessment of the recoverable amount of the asset.

d. Residents' Entry Contributions and Accommodation Bonds

Entry contributions are measured at the principal amount less retention amounts in accordance with each formal agreement with aged care recipient. Accommodation bonds are measured at the principal amount less retention amounts permitted under the *Aged Care Act* 1997.

All resident funded loans are recognised as current liabilities in accordance with AASB101, however historical turnover statistics indicate that only a proportion of loans are likely to be required to be repaid within the next twelve months.

The rolling nature of resident funded loans is such that the repayment of a bond is offset by a new resident funded incoming loan.

	2018	**2017**
	$	$
Residents' Entry Contributions and Accommodation Bonds	43,446,218	44,829,214
Bonds repaid	11,658,667	7,575,956
Bonds received	14,318,240	12,173,532
Net bonds received	2,659,573	4,597,576

e. Financial Instruments

Initial recognition and measurement

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or to sell the asset (i.e. trade date accounting is adopted).

Financial instruments that are applicable to the Company are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value (refer to note 1 (o)), at amortised cost using the effective interest method, or at cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to the expected future net cash flows will necessitate an adjustment to the carrying amount with a consequent recognition of an income or expense item in the profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortised process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss through the amortisation process and when the Financial liability is derecognised.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or group of debtors are experiencing significant financial difficulty, default or delinquency or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

When terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly recognised.

Derecognition

Financial assets are derecognised when the contractual right of cash expires or if the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the obligations are discharged or cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Impairment of assets

At the reporting date, the Company reviews the carrying values of its tangible and intangible 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 the 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 profit or loss.

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash generating unit.

Where it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

g. 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 recognised in the current liabilities in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

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

h. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in the Statement of Financial Position.

i. Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Fees and Subsidies

Non-reciprocal subsidy revenue is recognised in profit or loss when the entity obtains control of the subsidy and it is probable that the economic benefits gained from the subsidy will flow to the entity and the amount of the subsidy can be measured reliably.

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

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

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

Donations
Donations and bequests are recognised as revenue when received.
Interest
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
All revenue is stated net of the amount of goods and services tax (GST).

j. Goods and 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).

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

k. Trade and Other Receivables

Trade and other receivables include amounts due from customers for services provided in the ordinary course of business. Receivables expected to be collected within twelve months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

l. Trade and Other Payables

Trade and other payables represent the liabilities outstanding at the end of the reporting period for goods and services received by the Company during the reporting period, which remain unpaid.
The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability and not discounted.
Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

m. Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or the production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

n. Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

o. Critical accounting judgements, estimates and assumptions
The preparation of the financial statements requires directors 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, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believe reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumption that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities (refer the respective notes) within the next financial year are discussed below.

Valuation of bed licences

Assisi Centre Limited has performed a review of the fair value of bed licences by evaluating conditions specific to the entity that may lead to the impairment of the Bed Licences. The Company has assessed the fair value of the bed licences with reference to the fair value less cost to sell in an observable market and are satisfied that the recoverable amount is in excess of the carrying value.

No impairment has been recognised at 30 June 2018.

Employee benefits provision

As discussed in note 1g, 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.

p. Fair Value of Assets and Liabilities

The Company 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 company 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 values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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, market information is extracted from the most advantageous market available to the Company at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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.

Fair value has been determined by an independent external valuation of the property at 30 June 2017 on the basis in Note 5 Property Plant and Equipment. The Directors have assessed the value of the property at 30 June 2018, taking into account factors and market conditions evident at the reporting date. Changes in market conditions in the future may impact the fair value in the future.

q. New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

AASB 9 *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments, revised impairment requirements and simplified requirements for hedge accounting.

The revised requirements include:

- simplifications to the classification of financial assets
- an expected loss impairment model

The financial assets and liabilities of the Company consist of cash, receivable, payables, refundable accommodation deposits and entry contributions from residents. Therefore, the directors do not expect a material impact on the transition to AASB 9.

AASB 15 *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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 the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The Company has progressed its assessment of each of the five-steps outlined above for the key forms of contracts with customers across the business for which revenue is derived. As a result, the directors anticipate an immaterial financial impact for the year ended 30 June 2018. Critical to the assessment is the determination of when the performance obligation created by the contract with the customer is satisfied. The Company continues to complete a review of certain customer arrangements however there is not expected to be a material change to the impact assessment.

The Company will adopt the standard from 1 July 2019 and has elected to apply the standard in the year of application, thereby recognising the cumulative effect of applying AASB 15 as an adjustment to the opening balance of retained earnings at 1 July 2019.

AASB 16 *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

AASB 16 will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116 *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The directors expect that the adoption of AASB 16 will result in lease assets and liabilities being recognised on balance sheet and a change in how related expenses are incurred. The financial impact of this has not yet been determined.

The Company will adopt the standard from 1 July 2019 and has elected to apply the standard in year of application, thereby recognising the cumulative effect of applying AASB 16 as an adjustment to the opening balance of retained surplus at 1 July 2019.

AASB 1058 *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1st January 2019)

AASB 1058 applies to transactions where the consideration to purchase an asset is significantly less than its fair value in order to support the entity to further its objectives. It also applies to volunteer services.

The following are the key requirements in this standard:

1. Income arising from the excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets, and revenue should be immediately recognised in profit or loss. For this purpose assets, liabilities and revenue are to be measured in accordance with the applicable standard;
2. A liability is recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with other standards. This liability has to be amortised to profit or loss as the entity satisfies its obligations under the transfer; and
3. An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services shall be measured at fair value and any excess over the related amounts (such as contribution by owners or revenue) should be immediately recognised in profit or loss.

Although the directors anticipate that the adoption of AASB 1058 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

The Company will adopt the standard from 1 July 2019 and has elected to apply the standard in year of application, thereby recognising the cumulative effect of applying AASB 1058 as an adjustment to the opening balance of retained surplus at 1 July 2019.

ASSISI CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		$	$

2. Revenue

Government Subsidies		9,804,100	9,317,315
Resident Fees		2,659,263	2,608,058
Accommodation Bond Periodic Payments		837,750	626,231
Retention Fees Received - Accommodation Bonds		43,931	86,685
Resident Accommodation Charges		69,502	106,601
Accommodation Bond Interest		298,086	392,000
Interest Received / Receivable		631,544	591,838
Net Rental Income		106,111	100,949
Chapel Ceremonies		8,398	4,959
Fundraising Super Raffle		6,409	13,034
Central Committee Fundraising		57,647	67,965
Sundry Donations		63,494	38,020
Montessori Grant		23,215	29,947
Other Recoveries		49,250	43,004
		14,658,700	**14,026,606**

3. Cash and Cash Equivalents

Cash at Bank		30,034,556	26,233,628
Cash on Hand		3,000	3,000
		30,037,556	**26,236,628**

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents		**30,037,556**	**26,236,628**

4. Trade and Other receivables

Current

Receivables		75,716	165,066
Provision for Impairment of Receivables		-	(22,000)
Bonds Receivable		3,850,000	7,836,013
GST Recoverable		18,023	36,369
Interest Receivable		261,633	230,639
		4,205,372	**8,246,087**

	2018	2017
	$	$

5. Property, Plant & Equipment

	2018	2017
Land (at Fair Value)		
At Independent Valuation	24,700,000	24,700,000
Buildings (at Fair Value)		
At Independent Valuation	33,650,000	33,650,000
Accumulated Depreciation	(1,346,000)	-
Total	32,304,000	33,650,000
Buildings at cost		
Buildings improvements - at Cost	42,214	-
Accumulated Depreciation	-	-
Total	42,214	-
Total Property	57,046,214	58,350,000

Revaluations

A formal independent valuation was undertaken by CBRE on 30 June 2017. The value of $58,350,000 has been determined on the basis of going concern fair value on the operation of Assisi Centre Limited fully funded and incorporating accommodation bond profile.

At 30 June 2018, the directors have performed a director's valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by he valuers in 2017 and do not believe there has been significant change in the assumptions as at 30 June 2018. The directors therefore believe the carrying amount of the land and buildings correctly reflects the fair value less costs of disposal as at 30 June 2018. Refer to Note 1 for detailed disclosures regarding the fair value measurement of the Company's freehold land and buildings.

Charges over Property

The following charges exist over the property at 230 Rosanna Road, Rosanna:

* A charge under the Retirement Villages Act 1986
* Security for the following National Australia Bank facilities:

	2018	2017
	$	$
Bond Liquidity	5,000,000	5,000,000
Asset Finance	500,000	500,000
Other Transaction Facilities	1,000,000	1,000,000
	6,500,000	**6,500,000**

5. Property, Plant & Equipment (Continued)

	2018	2017
	$	$
Plant & Equipment - at Cost	2,541,736	2,496,171
Accumulated Depreciation	(1,192,912)	(1,052,555)
	1,348,824	1,443,616
Furniture & Fittings - at Cost	1,818,806	1,708,978
Accumulated Depreciation	(1,095,406)	(904,078)
	723,400	804,900
Office Equipment - at Cost	405,202	370,563
Accumulated Depreciation	(295,172)	(262,824)
	110,030	107,739
Chapel Assets - at Cost	35,736	35,736
Accumulated Depreciation	(18,893)	(17,152)
	16,843	18,584
Motor Vehicles - at Cost	145,270	145,270
Accumulated Depreciation	(114,662)	(105,776)
	30,608	39,494
Capital Works in Progress	683,744	96,070
Total Property, Plant & Equipment	**59,959,663**	**60,860,403**

5. Property, Plant & Equipment (continued.)

Movements in carrying amounts

Movements in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year:

	Balance at 1 July 2017	Additions	Revaluation	Proceeds on Disposal	Disposals /Transfers	Depreciation	Carrying Amount at 30 June 2018
Land at Fair Value	24,700,000	-	-	-	-	-	24,700,000
Buildings at Fair Value	33,650,000	-	-	-	-	(1,346,000)	32,304,000
Buildings at Cost	-	42,214	-	-	-	-	42,214
Plant and Equipment	1,443,616	92,863	-	-	-	(187,655)	1,348,824
Furniture and Fittings	804,900	115,353	-	(227)	210	(196,836)	723,400
Office Equipment	107,739	62,437	-	-	(4)	(60,142)	110,030
Chapel Assets	18,584	-	-	-	-	(1,741)	16,843
Motor Vehicles	39,494	-	-	-	-	(8,886)	30,608
Capital Works in Progress	96,070	587,674	-	-	-	-	683,744
Total	**60,860,403**	**900,541**	**-**	**(227)**	**206**	**(1,801,260)**	**59,959,663**

		2018	2017
		$	$
6.	**Intangibles**		
	Approved Provider Bed Licences (at Deemed Cost)	4,800,000	4,800,000
	Total Intangible Assets	4,800,000	4,800,000
7.	**Trade and Other payables**		
	Current		
	Trade Payables	300,586	292,820
	Other Payables and Accrued Charges	79,190	68,305
	Prepaid Income	29,901	50,414
	Loan - Resident Trust Monies	8,330	13,132
	Accrued Expenses - Payroll Costs	192,906	258,895
		610,913	**683,566**
8.	**Employee Benefits**		
	Current		
	Provision for Annual Leave	969,518	816,574
	Provision for Long Service Leave	565,014	565,050
		1,534,532	**1,381,624**
	Non Current		
	Provision for Long Service Leave	**195,460**	**163,250**
	Analysis of Employee Provisions		
	Opening balance	1,544,874	1,428,943
	Additional provisions	737,288	648,427
	Amounts used	(552,170)	(532,496)
	Closing balance	**1,729,992**	**1,544,874**
9.	**Financial Liabilities**		
	Current		
	Residents' Entry Contributions and Accommodation Bonds	43,446,218	44,829,214
	Total short term liabilities	**43,446,218**	**44,829,214**

Assisi Centre Limited has a Stand-By Facility of $5,000,000 with the National Australia Bank to provide sufficient liquidity to cover any large repayments of accommodation bonds to residents.

Total financial liabilities	**43,446,218**	**44,829,214**

10. Remuneration of Auditor

	2018	2017
	$	$
Remuneration of the auditor of the Company for:		
- Auditing services	28,500	28,000

11. Contingent Liabilities

The Company had no contingent assets or contingent liabilities as at 30 June 2018 and 30 June 2017.

12. Reserves

The asset revaluation reserve records revaluation of land and buildings.

13. Cash Flow Information

	2018	2017
	$	$
Reconciliation of Cash Flow from Operations with Surplus		
Operating Surplus (Deficit)	167,643	634,126
Non Cash Flows in surplus		
Depreciation and Amortisation	1,801,260	1,361,356
Disposal of fixed assets	(206)	5,106
Bond Retentions, interest and fees Deducted	(83,898)	(140,546)
Changes in Assets & Liabilities		
(Increase) in Receivables	116,693	(15,939)
(Increase) in Interest Receivable	(30,994)	(121,095)
(Increase) Decrease in GST Recoverable	18,346	2,550
Increase (Decrease) in Prepayments	(37,639)	75,508
(Decrease) Increase in Trade Payables	7,765	94,386
Increase (Decrease) in Prepaid Income	(20,513)	(27,532)
Increase in Provision for Employee Entitlements	163,118	115,931
Increased (Decrease) in Accrued Expenses	(55,104)	54,900
Cash Flows from operations	**2,046,471**	**2,038,751**

14. Related Parties

During the year ended 30 June 2018, or in the previous financial year, there were no transactions with, amounts receivable from or payable to related parties, loans to or from related parties.

Key Management Personnel Compensation

The Key Management Personnel comprises the Chief Executive Officer, the Director of Care and the Chief Financial Officer. Total remuneration and benefits included in Employee Benefits in the Statement of Comprehensive Income paid to Key Management Personnel during the year totalled $546,779 (2017: $530,677).

15. Capital Commitments

At 30 June 2018 the Company had commitments of $223,800 (2017: Nil) for expenditure on architects and consultants for the preparation of plans and submissions for planning permission for construction of retirement living appartments and associated amenities and further extension of the residential aged care accommodation.

16. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable, and leases, resident's Accommodation Bonds, Deposits and Entry Contributions.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 $	2017 $
Financial assets			
Cash and cash equivalents	3	30,037,556	26,236,628
Loans and receivables	4	4,205,372	8,246,087
Total financial assets		34,242,928	34,482,715
Financial liabilities			
Financial liabilities at amortised cost			
- trade and other payables	7	610,913	683,566
- residents' Entry Contributions and Accommodation Bonds	9	43,446,218	44,829,214
Total financial liabilities		44,057,131	45,512,780

The Company does not subsequently measure any assets or liabilities at fair value on a recurring or non-recurring basis. The carrying amount of financial assets and liabilities is a reasonable approximation of fair value.

17. Member's Guarantee

Assisi Centre Limited is incorporated under the *Corporations Act* 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $1.00 each towards meeting any outstanding obligations of the entity. At 30 June 2018, the total amount that members of the company are liable to contribute if the company is wound up is $162.00.

18. Events after the Balance Date

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

19. Segment Reporting

The Company, as an approved provider, operates in one business and geographical segment being the provision of residential aged care facilities in Rosanna, Victoria and this General Purpose Financial Report therefore relates only to such operations.

20. Company Details

The registered office of the Company is:
Assisi Centre Limited
230 Rosanna Road
ROSANNA VIC 3084

The principal place of business is:
Assisi Centre Limited
230 Rosanna Road
ROSANNA VIC 3084

Assisi Centre Limited

ABN 33 929 275 686

ACN 623 564 429

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 2 to 22, are in accordance with the *Australian Charities and Not-for-profits Commission Act* 2012 and:

    a. comply with Accounting Standards - Reduced Disclosure Requirements; and

    b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Company.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Donato Smarrelli
Director

D. Pasquariello

Don Pasquariello
Director

Dated this 24 September 2018

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASSISI CENTRE LIMITED

Opinion

We have audited the financial report of Assisi Centre Limited ("the Company") which comprises the statement of financial position as at 30 June 2018, 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 directors declaration.

In our opinion, the accompanying financial report of the Company 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 Company's financial position as at 30 June 2018 and of its financial performance and cash flows for the year then ended; and

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

Basis for Opinion

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

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

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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.

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

We 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.

We 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 Company's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

We 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 Company'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 Company to cease to continue as a going concern.

We 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 directors 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 directors 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.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 25 September 2018

ShineWing Australia
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Auditor's Independence Declaration to the directors of Assisi Centre Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been:

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

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

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 24 September 2018