

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

ABN 78 059 613 443

General Purpose Financial Report - 30 June 2020

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

Contents 30 June 2020

Auditor's independence declaration	2
Independent auditor's report	3
Board of directors' report	6
Board of directors' declaration	7
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of cash flows	10
Statement of changes in equity	11
Notes to the financial statements	12

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 16 September 2020.

DIRECTORS:

ROBERT CAMPBELL RCA, CA, CPA, MSW

VIRAL PATEL RCA, CA, CPA

ALASTAIR ABBOTT RCA, CA, M.FORENSIC ACCOUNTING

CHASSEY DAVIDS RCA, CA, AMIA, BCOM

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 2020, 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



Viral Patel, CA, CPA

Registered Company Auditor number 333615

Director

Australian Audit

Perth, Western Australia

Dated: 30 September 2020

DIRECTORS:

ROBERT CAMPBELL RCA, CA, CPA, MSW

VIRAL PATEL RCA, CA, CPA

ALASTAIR ABBOTT RCA, CA, M.FORENSIC ACCOUNTING

CHASSEY DAVIDS RCA, CA, AMIA, BCOM

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 2020, 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 2020, 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 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.

Viral Patel, CA, CPA

Registered Company Auditor number 333615

Director

Australian Audit

Perth, Western Australia

Dated: 30 September 2020

Association for Christian Senior Citizen's Homes (WA) Inc
Board of directors' report
30 June 2020

The board of directors presents the report on Association for Christian Senior Citizen's Homes (WA) Inc. for the financial year ended 30 June 2020.

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 2020 amounted to \$27,401, a decrease of \$265,427 from the prior year.

At the end of the 2020 financial year, the association results show a deficiency in working capital, with current liabilities exceeding current assets by more than \$4,000,000. 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



Walter Genuit
Chairperson



Wayne Pike
Treasurer


21 September 2020

Association for Christian Senior Citizen's Homes (WA) Inc
Board of directors' declaration
30 June 2020


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 2020 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



Walter Genuit
Chairperson



Wayne Pike
Treasurer

21 September 2020

Association for Christian Senior Citizen's Homes (WA) Inc
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue			
Government subsidies		1,257,925	1,332,427
Village reduction in entry fee liabilities		209,283	106,336
Resident fees		431,006	418,585
Unit operating costs recovery		104,735	132,093
Retention from accommodation bonds		-	993
Donations		30,394	54,459
Fundraising	4	4,805	809
Other		(5,053)	67,824
Cash Flow Boost		100,000	-
		<u>2,133,095</u>	<u>2,113,526</u>
Investment Income	3	70,069	93,436
Total revenue		<u>2,203,164</u>	<u>2,206,962</u>
Expenses			
Employment		(1,726,900)	(1,626,436)
Health support		(56,901)	(59,428)
Administration		(89,360)	(89,059)
Depreciation and amortisation expense		(43,320)	(32,502)
Property		(138,409)	(121,377)
Housekeeping		(87,705)	(77,702)
Electricity and gas		(37,588)	(38,151)
Insurance		(60,843)	(58,101)
Medical supplies		(37,671)	(29,264)
Finance costs		(656)	(129)
Total expenses		<u>(2,279,353)</u>	<u>(2,132,149)</u>
Operating surplus/(deficit)		(76,189)	74,813
Donations for Building Project	5	<u>103,590</u>	<u>218,015</u>
Surplus for the year	17	27,401	292,828
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>27,401</u></u>	<u><u>292,828</u></u>

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 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	6	718,079	1,663,791
Trade and other receivables	7	107,956	58,928
Investments	8	903,987	1,274,990
Total current assets		<u>1,730,022</u>	<u>2,997,709</u>
Non-current assets			
Property, plant and equipment	9	8,009,873	7,434,231
Total non-current assets		<u>8,009,873</u>	<u>7,434,231</u>
Total assets		<u>9,739,895</u>	<u>10,431,940</u>
Liabilities			
Current liabilities			
Trade and other payables	10	520,702	153,202
Current provisions	11	212,168	182,768
Non-interest bearing current liabilities	12	5,718,359	6,085,635
Total current liabilities		<u>6,451,229</u>	<u>6,421,605</u>
Non-current liabilities			
Non-interest bearing non-current liabilities	13	183,260	133,260
Interest bearing non-current liabilities	14	560,459	-
Provisions	15	18,240	15,706
Total non-current liabilities		<u>761,959</u>	<u>148,966</u>
Total liabilities		<u>7,213,188</u>	<u>6,570,571</u>
Net assets		<u>2,526,707</u>	<u>3,861,369</u>
Equity			
Reserves	16	1,788,482	2,605,804
Retained surpluses	17	738,225	1,255,565
Total equity		<u>2,526,707</u>	<u>3,861,369</u>

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 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,039,685	2,305,550
Payments to suppliers and employees (inclusive of GST)		<u>(1,845,236)</u>	<u>(2,141,478)</u>
Net cash from operating activities	23	<u>194,449</u>	<u>164,072</u>
Cash flows from investing activities			
Payments for investments		(514,830)	(396,003)
Payments for property, plant and equipment	9	(1,291,010)	(102,907)
Proceeds from disposal of investments		823,332	398,851
Interest received		<u>70,070</u>	<u>93,436</u>
Net cash used in investing activities		<u>(912,438)</u>	<u>(6,623)</u>
Cash flows from financing activities			
Proceeds from borrowings		605,364	125,128
Accommodation bonds/refundable deposits received		704,874	498,000
Accommodation bonds/refundable deposits/entry contributions (refunded)		(1,537,305)	(213,218)
Interest and other finance costs paid		<u>(656)</u>	<u>(126)</u>
Net cash from/(used in) financing activities		<u>(227,723)</u>	<u>409,784</u>
Net increase/(decrease) in cash and cash equivalents		(945,712)	567,233
Cash and cash equivalents at the beginning of the financial year		<u>1,663,791</u>	<u>1,096,558</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>718,079</u></u>	<u><u>1,663,791</u></u>

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 2020

	Reserves	Retained profits	Total equity
	\$	\$	\$
Balance at 1 July 2018	2,462,419	1,106,122	3,568,541
Surplus for the year	-	292,828	292,828
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	292,828	292,828
Transfer to reserves	143,385	(143,385)	-
Balance at 30 June 2019	<u>2,605,804</u>	<u>1,255,565</u>	<u>3,861,369</u>
	Reserves	Retained profits	Total equity
	\$	\$	\$
Balance at 1 July 2019	2,605,804	1,255,565	3,861,369
Adjustment for change in accounting policy	-	(690,014)	(690,014)
Balance at 1 July 2019 - restated	2,605,804	565,551	3,171,355
Surplus for the year	-	27,401	27,401
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	27,401	27,401
Transfer from reserves	(145,273)	145,273	-
Assets revaluation	(672,049)	-	(672,049)
Balance at 30 June 2020	<u>1,788,482</u>	<u>738,225</u>	<u>2,526,707</u>

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

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the association.

The following Accounting Standards and Interpretations are most relevant to the association:

AASB 15 Revenue from Contracts with Customers

The Association has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are 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. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The net effects of the application of this standard on the financial statements ending 30 June 2020 was an increase in Village contract liability and a reduction of retained earnings amounting to \$690K.

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies (continued)

AASB 16 Leases

The Association has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the Statement of financial position.

Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). For classification within the Statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Association for Christian Senior Citizen's Homes (WA) Inc has elected to apply the modified retrospective transition approach, with no restatement of comparative financial information. On transition, lease liabilities have been recognised by discounting remaining payments payable under lease arrangements using an appropriate incremental borrowing rate. Right of use assets were recognised equivalent to the corresponding lease liabilities, adjusted for prepaid lease payments and accrued lease payments.

Practical expedients and exemptions

Association for Christian Senior Citizen's Homes (WA) Inc has elected to make use of the following practical expedients and exemptions available under AASB 16:

- With the exception of existing finance leases, to measure the right of use assets on transition at an amount equal to the lease liability (adjusted for prepaid or accrued lease payments)
- Not to recognise low-value or short term leases on the balance sheet. The cost of these lease arrangements will continue to be expensed
- To reflect the impairment of right of use asset on transition by adjusting their carrying amounts of onerous lease provisions recognised on Association for Christian Senior Citizen's Homes (WA) Inc's balance sheet as at 30 June 2020
- To use hindsight in assessing the lease term on initial adoption of the standard
- To exclude the initial direct costs when measuring the right of use assets recognised on initial adoption of the standard
- To apply a single discount rate to portfolios of leases with characteristics which we have been assessed to be reasonably similar

The adoption of this Accounting Standard and Interpretations did not have any significant impact on the financial performance or position of the Association for Christian Senior Citizen's Homes (WA) Inc.

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies (continued)

AASB 1058 Income of Not-for-Profit Entities

The Association has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is 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. Manoah has elected not to recognise volunteer services.

The adoption of this Accounting Standard and Interpretations did not have any significant impact on the financial performance or position of the Association.

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 financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, 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 from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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.

Other revenue

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

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.

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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies (continued)

The association has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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.

Investments

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. 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.

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	0%
Plant and equipment	10%

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

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies (continued)

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.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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.

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.

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies (continued)

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.

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.

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.

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 1. Significant accounting policies (continued)

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 2020. The association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the entity based on known information. This consideration extends to the nature of the activities and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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

	2020	2019
	\$	\$
Interest	49,991	76,110
Daily accommodation payments (DAP)	20,078	17,326
	<u>70,069</u>	<u>93,436</u>

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 4. Fundraising activities

During the financial year, the Association conducted a number of fundraising activities. The breakdown of the revenue and expenditure of these activities is as follows:

	2020	2019
	\$	\$
Donations solicited from association members	2,916	23,038
Donations solicited from churches supporting the association	27,477	31,420
Sale of plants and miscellaneous items	4,805	809
Other estimated indirect fundraising expenses (postage,admin,electricity.etc)	-	(1,500)
	<u>35,198</u>	<u>53,767</u>

Association for Christian Senior Citizen's Homes (WA) Inc has obtained Charitable collections licence on 10 August 2018.

Note 5. Donations for Building Project

	2020	2019
	\$	\$
Donations for Building Project	<u>103,590</u>	<u>218,015</u>

Note 6. Current assets - cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	361	574
Cash at bank	717,716	1,663,217
Rounding	2	-
	<u>718,079</u>	<u>1,663,791</u>

Note 7. Current assets - trade and other receivables

	2020	2019
	\$	\$
Trade receivables	3,718	5,704
Prepayments	49,538	40,248
Accrued income	54,700	12,976
	<u>107,956</u>	<u>58,928</u>

Note 8. Current assets - Investments

	2020	2019
	\$	\$
Corporate bonds	<u>903,987</u>	<u>1,274,990</u>

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 9. Non-current assets - property, plant and equipment

	2020 \$	2019 \$
Land and buildings	6,441,423	7,113,472
Building - work in progress	1,235,717	74,630
	<u>7,677,140</u>	<u>7,188,102</u>
Plant and equipment	808,899	678,975
Less: Accumulated depreciation	(476,166)	(432,846)
	<u>332,733</u>	<u>246,129</u>
	<u><u>8,009,873</u></u>	<u><u>7,434,231</u></u>

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 2018	250,354	7,113,472	7,363,826
Additions	28,277	74,630	102,907
Depreciation expense	(32,502)	-	(32,502)
	<u>246,129</u>	<u>7,188,102</u>	<u>7,434,231</u>
Balance at 30 June 2019	246,129	7,188,102	7,434,231
Additions	129,924	1,161,086	1,291,010
Revaluation decrements	-	(672,049)	(672,049)
Depreciation expense	(43,319)	-	(43,319)
	<u>332,734</u>	<u>7,677,139</u>	<u>8,009,873</u>
Balance at 30 June 2020	<u><u>332,734</u></u>	<u><u>7,677,139</u></u>	<u><u>8,009,873</u></u>

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 9. Non-current assets - property, plant and equipment (continued)

Valuations of land and buildings

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment for buildings. In June 2020, land and buildings were revalued by an external valuer. The values per the valuation have been included in the statement of financial position, with the adjustment amount recorded through other comprehensive income. Management review the value of the properties for any impairments, and conduct a valuation, every three years, hence there is no depreciation calculated for properties.

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.

On 7 November 2019, the association entered into construction of Manoah Home expansion project at 486 Mills Road West, Martin WA for \$2,745,490 exclusive of GST. The construction work is expected to be completed in November 2020 During the year, the board of management agreed to take out a construction loan to fund the work from National Australia Bank.

Note 10. Current liabilities - trade and other payables

	2020	2019
	\$	\$
Creditors	393,463	18,093
Employee benefits	49,208	56,067
Income in advance	24,184	33,524
Accrued expenses	53,781	43,452
Other payables	66	2,066
	<u>520,702</u>	<u>153,202</u>

Refer to note 18 for further information on financial instruments.

Note 11. Current liabilities - Current provisions

	2020	2019
	\$	\$
Employee leave provision	<u>212,168</u>	<u>182,768</u>

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

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

	2020	2019
	\$	\$
Accommodation bonds/RADs/RACs for hostel		
Estimated settlement within 12 months	400,000	800,000
Estimated settlement longer than 12 months	2,121,119	2,180,310
	<u>2,521,119</u>	<u>2,980,310</u>
	2020	2019
	\$	\$
Entry fees residential units		
Estimated settlement within 12 months	120,000	200,000
Estimated settlement longer than 12 months	2,431,423	2,865,005
Other liabilities	35,223	40,319
	<u>2,586,646</u>	<u>3,105,324</u>
	2020	2019
	\$	\$
Village Contract Liability - AASB 15		
Estimated settlement within 12 months	120,000	-
Estimated settlement longer than 12 months	490,593	-
	<u>610,593</u>	<u>-</u>

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 \$189,079. An amount of \$400,000 is expected to be settled within 12 months, and a further amount of \$2,121,119 is not expected to be settled within 12 months.

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 20 units with an average balance of \$127,571. An amount of \$120,000 is expected to be settled within 12 months, and a further amount of \$2,431,423 is not expected to be settled within 12 months.

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

	2020	2019
	\$	\$
Other liabilities	<u>183,260</u>	<u>133,260</u>

Refer to note 18 for further information on financial instruments.

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 14. Non-current liabilities - Interest bearing non-current liabilities

	2020 \$	2019 \$
Bank loan	560,459	-

Note 15. Non-current liabilities - provisions

	2020 \$	2019 \$
Long service leave	18,240	15,706

Note 16. Equity - Reserves

	2020 \$	2019 \$
Asset revaluation reserve	1,788,482	2,460,531
Staff fundraising reserve	-	1,888
Building reserve	-	143,385
	<u>1,788,482</u>	<u>2,605,804</u>

Asset revaluation reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Note 17. Equity - retained surpluses

	2020 \$	2019 \$
Retained surpluses at the beginning of the financial year	1,255,565	1,106,122
Adjustment for change in accounting policy	(690,014)	-
Retained surpluses at the beginning of the financial year - restated	565,551	1,106,122
Surplus for the year	27,401	292,828
Transfer from reserves	145,273	-
Transfer to reserves	-	(143,385)
Retained surpluses at the end of the financial year	<u>738,225</u>	<u>1,255,565</u>

Note 18. 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.

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 18. Financial instruments (continued)

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.

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:

	2020		2019
	Weighted average interest rate %	Equity \$	Weighted average interest rate %
			Equity \$
Cash and cash equivalents	(1.00%)	<u>(7,181)</u>	(1.00%)
			<u>(16,638)</u>
Net exposure to cash flow interest rate risk		<u><u>(7,181)</u></u>	<u><u>(16,638)</u></u>

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 association has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the association based on recent sales experience, historical collection rates and forward-looking information that is available.

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.

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 18. Financial instruments (continued)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

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.

	2020	2019
	\$	\$
Financial assets classified as loans and receivables		
Trade receivables		
Total current	3,718	5,704
	2020	2019
	\$	\$
Financial liabilities at amortised cost classified as trade and other payables		
Total current	520,702	152,220
Total non-current	743,719	133,260
Less: employee benefits	(49,208)	(56,067)
Financial liabilities as trade and other payables	1,215,213	229,413

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.

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 18. 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.

2020	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Financial assets and (liabilities)				
<i>Non-interest bearing</i>				
Cash and cash equivalents	666,418	-	-	666,418
Loans and receivables	3,718	-	-	3,718
Trade and other payables	(471,494)	-	-	(471,494)
Accommodation bonds/RADs/RACs	(400,000)	(2,121,119)	-	(2,521,119)
Entry fees refundable	(120,000)	(2,431,423)	-	(2,551,423)
Borrowings	(35,223)	(743,719)	-	(778,942)
<i>Interest-bearing - variable</i>				
Cash and cash equivalents	51,658	-	-	51,658
Total non-derivatives	<u>(304,923)</u>	<u>(5,296,261)</u>	<u>-</u>	<u>(5,601,184)</u>
2019				
Financial assets and (liabilities)				
<i>Non-interest bearing</i>				
Cash and cash equivalents	329,839	-	-	329,839
Loans and receivables	5,704	-	-	5,704
Trade and other payables	(96,153)	-	-	(96,153)
Accommodation bonds/RADs/RACs	(800,000)	(2,180,310)	-	(2,980,310)
Entry fees refundable	(200,000)	(2,865,005)	-	(3,065,005)
Borrowings	(40,319)	(133,260)	-	(173,579)
<i>Interest-bearing - variable</i>				
Cash and cash equivalents	1,333,952	-	-	1,333,952
Total non-derivatives	<u>533,023</u>	<u>(5,178,575)</u>	<u>-</u>	<u>(4,645,552)</u>

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.

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 19. Subsequent correction of superannuation underpayment

Subsequent to year end, management has discovered that erroneously, in the last few years there was underpayment of superannuation in respect of some staff members. The discovery was made when it was found that since the entity's payroll software was installed four years ago, it had not been programmed to pay superannuation on shift loadings. Management went through previous year files and were able to ascertain which employees had been underpaid and were able to trace all employees' super funds and remitted the shortfall plus the 10% ATO mandatory extra on shortfalls. The total amount of the shortfall paid subsequent to year end is \$31,793.33. This error has been accounted for in the current year.

Note 20. 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:

Casparus(Cassie) Rautenbach	Hilary Spoelstra
Wayne Pike(Treasurer)	Walter Genuit (Chairman)
Victor Eikelboom (Secretary)	Jaco Van Staden (Vice Chairman)
Brett Bylsma	Gilbert Hein
Leon Lorenzen	Muranda Janse Van Nieuwenhuizen

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.

	2020 \$	2019 \$
Chief Executive Officer	<u>121,084</u>	<u>117,141</u>

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 \$11,150 (exclusive of GST) 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 21. Remuneration of auditors

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

	2020 \$	2019 \$
<i>Audit services -</i> Audit of the financial statements	<u>12,500</u>	<u>11,000</u>

Association for Christian Senior Citizen's Homes (WA) Inc
Notes to the financial statements
30 June 2020

Note 22. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing as at 30 June 2020 and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 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 23. Cash flow information

Reconciliation of surplus to net cash from operating activities

	2020	2019
	\$	\$
Surplus for the year	27,401	292,828
Adjustments for:		
Depreciation and amortisation	43,320	32,502
Revenue - non-cash	(139,688)	(107,165)
Interest received	(70,070)	(93,436)
Loss on sale of investments	62,503	-
Adjustment as result of AASB 15	(79,421)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	342,283	(15,467)
Increase/(decrease) in trade and other payables	(23,811)	38,711
Increase in employee benefits	31,932	16,099
Net cash from operating activities	<u>194,449</u>	<u>164,072</u>