

Ballan & District Soldiers' Memorial Bush Nursing Hospital & Hostel Inc.

ABN 99 202 481 137

Financial Statements

For the Year Ended 30 June 2019

23 October 2019

**BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
COMMITTEE OF MANAGEMENT REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

Your Committee of Management present the financial report of Ballan & District Soldiers Memorial Bush Nursing Hospital & Hostel Inc. for the financial year ending 30 June 2019.

COMMITTEE OF MANAGEMENT

The names of Committee Members throughout the year and at the date of the report are:

Lyn Gunnell - President
Robert Eskdale - Senior Vice President
Ian Boyle - Treasurer
Paul Tatchell
Jacqui Sfetopolous (commenced May 2019)
Julie Johnson (resigned September 2018)
Rowena Clift (resigned May 2019)

PRINCIPAL ACTIVITIES

The principal activities of the Association during the financial year were:
Operating a community and health care service which provides a broad range of services including aged care, acute care, GP clinic, allied health, district nursing, urgent care and childcare.

SIGNIFICANT CHANGE IN OPERATIONS

No significant change in the nature of these activities occurred during the year.

EVENTS AFTER THE BALANCE SHEET DATE

On 23 July 2019, the Health Service sold its Childcare Business for \$450,000 (subject to regulatory approval). Settlement is expected to take place in December 2019.

OPERATING RESULT	<i>2019</i>	<i>2019</i>
	\$	\$
Total Comprehensive Income	5,434,122	(1,065,441)

COMMITTEE OF MANAGEMENT BENEFITS

Since the end of the previous financial year, no Committee Member has received or become entitled to receive a benefit other than :

- (a) a benefit included in the aggregate amount of emoluments received or due and receivable by Committee Members shown in the accounts; or
- (b) the fixed salary of a full time employee of the entity of a related corporation

by reason of a contract by the entity or a related corporation with the Committee Member or with a firm that has a substantial financial interest.

Signed on behalf of the Committee of Management.


.....
COMMITTEE MEMBER


.....
COMMITTEE MEMBER

Dated this 10th day of October 2019

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Operating Revenue	(2)	13,213,137	13,244,127
Non-Operating Revenue	(2)	245,488	416,829
Employee Benefits Expense	(3)	(9,303,557)	(8,954,480)
Operational Expenses	(5)	(4,812,980)	(5,198,009)
Capital Receipts and Donations		84,207	80,501
Depreciation and Amortisation Expense	(4)	(631,521)	(654,409)
Net Result from transactions		(1,205,226)	(1,065,441)
Other Comprehensive Income			
Other Comprehensive Income through Profit or Loss			
Gain on Revaluation of Investment Properties		208,033	-
Other Comprehensive Income not recognised through Profit or Loss			
Revaluation Increment - Land and Buildings		6,431,315	-
Total Other Comprehensive income		6,639,348	-
Comprehensive Result for the Year		5,434,122	(1,065,441)

This Statement should be read in conjunction with the accompanying notes.

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
BALANCE SHEET
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Cash Equivalents	(6)	1,973,433	167,364
Trade and Other Receivables	(7)	555,644	986,232
Financial Assets	(8)	526,138	514,621
Inventories	(9)	-	34,555
Prepayments	(10)	89,530	35,796
		3,144,745	1,738,568
NON-CURRENT ASSETS			
Property, Plant and Equipment	(11)	20,879,732	15,003,694
Intangible Assets	(12)	151,775	161,893
Investment Properties	(13)	3,010,000	2,801,967
		24,041,507	17,967,554
		27,186,252	19,706,122
CURRENT LIABILITIES			
Trade and Other Payables	(14)	2,855,241	1,937,487
Employee Benefits	(15)	886,217	884,159
Financial & Other Liabilities	(16)	5,320,316	3,235,011
Interest Bearing Liabilities	(17)	13,133	281,782
		9,074,907	6,338,439
NON-CURRENT LIABILITIES			
Employee Benefits	(15)	241,017	135,995
Financial & Other Liabilities	(16)	1,048,552	1,844,034
		1,289,569	1,980,029
		10,364,476	8,318,468
		16,821,776	11,387,654
EQUITY			
Property, Plant & Equipment Revaluation Surplus		11,073,803	4,642,488
Retained Earnings	(20)	5,747,973	6,745,166
		16,821,776	11,387,654
Commitments for Expenditure	(18)		
Contingent Assets and Contingent Liabilities	(19)		

This Statement should be read in conjunction with the accompanying notes.

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Retained Earnings \$	Property Plant & Equipment Revaluation Surplus \$	TOTAL \$
2018			
Balance at beginning of year	7,810,607	4,642,488	12,453,095
Net Result for the Year	(1,065,441)	-	(1,065,441)
Other Comprehensive Income	-	-	-
Balance at end of year	6,745,166	4,642,488	11,387,654
2019			
Balance at beginning of year	6,745,166	4,642,488	11,387,654
Net Result for the Year	(997,193)	-	(997,193)
Other Comprehensive Income	-	6,431,315	6,431,315
Balance at end of year	5,747,973	11,073,803	16,821,776

This Statement should be read in conjunction with the accompanying notes.

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		13,866,050	11,435,866
Payments to Suppliers and Employees		(13,056,774)	(11,656,373)
Interest Received		23,163	14,079
Interest Paid		(52,749)	(38,445)
		<hr/>	<hr/>
Net Cash Provided by (used in) Operating Activities	22(b)	<hr/> 779,690	<hr/> (244,873)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Movement in Financial Assets		(11,517)	(9,437)
Purchase of Property, Plant and Equipment		(67,485)	(331,249)
Proceeds from Sale of Property, Plant and Equipment		-	394,289
Capital Receipts and Donations		84,207	80,501
		<hr/>	<hr/>
Net Cash Used in Investing Activities		<hr/> 5,205	<hr/> 134,104
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Movement in Accommodation Bonds		1,085,205	2,434
Net Movement in Independent Living Units		204,618	(50,698)
Net Proceeds/(Repayment) of Loans		(18,649)	(6,658)
		<hr/>	<hr/>
Net Cash Used in/(Provided by) Investing Activities		<hr/> 1,271,174	<hr/> (54,922)
		<hr/>	<hr/>
Net Increase (Decrease) in Cash Held		2,056,069	(165,691)
Cash at Beginning of Financial Year		<hr/> (82,636)	<hr/> 83,055
		<hr/>	<hr/>
Cash at End of Financial Year	22(a)	<hr/> <hr/> 1,973,433	<hr/> <hr/> (82,636)

This Statement should be read in conjunction with the accompanying notes.

BALLAN DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Ballan & District Soldiers Memorial Bush Nursing Hospital & Hostel Inc. as an individual entity. Ballan & District Soldiers Memorial Bush Nursing Hospital & Hostel Inc. is an association incorporated and domiciled in Victoria. ABN 99 202 481 137

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

(b) Going Concern

As at 30 June 2019, the Association had Equity of \$16,821,776 (\$11,387,654 in 2018). The Association has a working capital deficit of \$5,930,162 (Deficit of \$ 4,599,871 in 2018). The Association recorded an Operating Loss before capital & specific items, for the year of \$863,345 compared to an Operating Loss of \$861,382 in 2018. Total Net Result from Transactions for the year was a Loss of \$1,205,226 compared to a Net Result from Transactions Loss of \$1,065,441 in 2018. The Association had a positive Net Cash Flow from Operating Activities in 2019 (Negative in 2018), and an increase in overall cash in 2019 (Decrease in 2018).

The Association received a Letter Of Comfort, from the Department of Health and Human Services, underwriting the Association's reasonable operating expenses until, at least, 31 December 2019. During this period, the Board and Management will work co-operatively with the Department of Health and Human Services and various other Government Departments in reviewing all the business operations of the Association with a view to restoring the financial viability and sustainability, as a matter of urgency.

Accordingly, the continuing viability of the Association and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Association being successful in:

- continuing to achieve sufficient future cash flows from its operations
- developing and implementing restructuring options
- obtaining additional funding, capital raising or donations
- obtaining additional short term finance

The Board believes that the Association will be successful in achieving the above objectives and accordingly have prepared the financial report on a going concern basis.

At this time, the Board are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report as at 30 June 2019. Accordingly, no adjustments have been made to the financial report relating to the recoverability and the classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Association not continue as a going concern.

BALLAN DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Income Tax

The Association is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits at call with banks, and other highly liquid investments with an original maturity of 3 months or less.

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings in the balance sheet.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories represent the cost value of consumables on hand at balance date.

(f) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where doubt as to collection exists. Bad debts are written off when identified.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less any accumulated depreciation and impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are recognised in profit or loss when the item is derecognised.

When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(h) Depreciation

Assets with a cost in excess of \$300 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost - or valuation - over their estimated useful lives using the straight-line method. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually.

The depreciation rates used for each class of depreciable asset are shown below:

	2019	2018
Buildings	2%	2%
Plant & Equipment	4 - 40%	4 - 40%
Motor Vehicles	8 - 20%	8 - 20%

BALLAN DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of Assets

At the end of each reporting period Ballan & District Soldiers' Memorial Bush Nursing Hospital & Hostel Inc. assesses whether there is any indication that an asset may be impaired. The assessment considers both external and internal sources of information.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off by a charge to profit or loss to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

(j) Intangible Assets

(i) Goodwill

Goodwill represents the excess of the fair value measurement of consideration transferred in an acquisition over the fair value of the Association's share of the net identifiable assets of the acquiree at the date of the acquisition. Goodwill on acquisitions is included in intangible assets. Goodwill is not amortised, instead it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of the entity include the carrying amount of goodwill relating to the entity sold.

(k) Employee Benefits

Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are all recognised in the provision for employee benefits as 'current liabilities', because the Hospital does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

- Undiscounted value – if the Hospital expects to wholly settle within 12 months; or
- Present value – if the Hospital does not expect to wholly settle within 12 months.

Long Service Leave (LSL)

Liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Hospital does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Undiscounted value – if the Hospital expects to wholly settle within 12 months; and
- Present value – if the Hospital does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Borrowings and Other Liabilities

Borrowings and other liabilities are classified as current liabilities unless the Association has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date and does not expect to settle the liability for at least 12 months after the balance sheet date.

A liability is recorded in respect of resident accommodation bonds which are received upon the admission of residents to the Hostel or the Independent Living Units.

For residents in the Hostel, the recorded amount represents the bond received less any retention and interest amounts in accordance with the term of the bond agreement, in compliance with the Aged Care Act 1997. The retention amount is calculated based on the entry anniversary date each month.

For residents in the Independent Living Units, the recorded amount represents the bond received less licence fees in accordance with the term of the bond agreement, in compliance with the Retirement Villages Act 1986. The retention amount is calculated on a monthly basis based on the terms set out in the bond agreement.

Resident accommodation bond liabilities are classified as current liabilities as the Association does not have an unconditional right to defer settlement for at least 12 months after reporting date. The obligation to settle could occur at any time.

(m) Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue, as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Resident Income

The Association is entitled to charge residents a daily care fee, and an income tested fee, where applicable. The rates charged are based on amounts set by the government. They are recognised as income on an accruals basis.

Aged Care Funding Instrument (ACFI) payments/hostel subsidies

The Association receives subsidies for extra assistance to care for residents. The subsidies are calculated on a daily rate which varies between residents according to the level of care required and are recognised as income on an accrual basis.

Retention Revenue

For residents in the Hostel, as part of the accommodation bonds received from residents, the Association is entitled to take a retention amount from the capital of the bond of up to \$3,972 per annum for a period of five years from the resident's date of entry.

For residents in the Independent Living Units, as part of the accommodation bonds received from residents, the Association is entitled to take a licence fee amount that is based on the terms set out in the bond agreement for a period of ten years from the resident's date of entry.

Medical Centre Revenue

Medical Centre Revenue is recognised when patients have been seen by one of the medical specialists.

Childcare Revenue

Revenue is recognised each time a parent places their child or children with the Childcare Centre.

Fundraising and Donations Revenue

All fundraising and donations are recognised as revenue when received.

BALLAN DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue and Other Income (Continued)

Interest Revenue

Interest revenue is recognised using the effective interest method.

Rental Income

Rental revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

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

(n) Comparative Information

Where necessary the previous year's figures have been reclassified to facilitate comparisons.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of 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 ATO is included with other receivables or payables in the Balance Sheet.

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

(p) Fair Value of Assets and Liabilities

Ballan & District Soldiers' Memorial Bush Nursing Hospital & Hostel Inc. 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 (refer Note 11).

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market 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 where possible, market information is extracted from the principal market for the asset or liability (ie 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 entity at the end of the reporting period (ie 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 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.

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

BALLAN DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Fair Value of Assets and Liabilities (Continued)

Fair value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurement based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

(q) Critical Accounting Estimates and Judgments

The members of the Board evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

The significant estimates and judgements made have been described below.

Estimation of useful lives of assets

Ballan & District Soldiers' Memorial Bush Nursing Hospital & Hostel Inc. determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation 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.

Impairment of non-financial assets other than Goodwill

Ballan & District Soldiers' Memorial Bush Nursing Hospital & Hostel Inc. assesses impairment at each reporting date by evaluation of conditions and events specific to the Association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. The Association expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, which will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

Goodwill

Ballan & District Soldiers' Memorial Bush Nursing Hospital & Hostel Inc. tests goodwill annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

(r) Functional and Presentation Currency

The presentation currency of Ballan & District Soldiers' Memorial Bush Nursing Hospital & Hostel Inc. is the Australian dollar, which has also been identified as the functional currency of Ballan & District Soldiers' Memorial Bush Nursing Hospital & Hostel Inc.

BALLAN DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) AASs issued that are not yet effective

Certain new Australian Accounting Standards and Interpretations have been published that are not mandatory for 30 June 2019 reporting period. DFT assesses the impact of all these new standards and advises the Hospital of their applicability and early adoption where applicable.

As at 30 June 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Ballan & District Soldiers' Memorial Bush Nursing Hospital & Hostel Inc. has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for reporting period beginning on	Impact on Associations Annual Statements
AASB 16 <i>Leases</i>	The key changes of AASB 16 requires an entity to recognise a right-of-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-of-use assets in line with AASB 116 <i>Property, Plant and Equipment</i> in profit and loss and unwinding of the liability in principal and interest components and inclusion of additional disclosure requirements.	1 January 2019	When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 17 <i>Leases</i> 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. This standard is not expected to have an impact on the Associations' financial statements.
AASB 1058 <i>Income of Not-for-Profit Entities.</i>	The standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.	1 January 2019	Although members of the committee anticipate that the adoption of AASB 1058 may have an impact on the Association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
2. REVENUE AND OTHER INCOME			
Operating Revenue			
Acute Hospital Income		1,203,836	1,379,960
Transition Care Income		704,197	893,078
Aged Care Income		3,893,400	3,934,480
Rural Primary Health Service		204,238	204,236
X-Ray Income		46,900	62,983
HACC Funding		127,401	665,275
Medical Centre Income		3,335,633	3,526,310
Childcare Income		1,192,686	1,232,967
Opportunity Shop Income		114,324	111,596
Government Funding		1,312,804	121,899
District Nursing Income		100,576	91,418
Resident Retention Income		85,383	83,913
Retirement Unit Income		35,657	33,021
Allied Health Income		90,778	62,088
Meals on Wheels Income		38,867	40,442
Consultation Income		75,470	102,130
Home Care Package Income		388,722	379,405
Other Income		262,265	318,926
Total Operating Revenue		13,213,137	13,244,127
Non-Operating Revenue			
Rental Income		183,629	175,247
Interest Received		23,163	14,079
Fundraising & Donation Income		40,055	46,980
Profit/(Loss) on Disposal of Assets	(2a)	(1,359)	180,523
Total Non-Operating Revenue		245,488	416,829
2a. PROFIT/(LOSS) ON DISPOSAL OF ASSETS			
Proceeds on Disposal of Assets		-	25,233
-Less Written Down Value of Assets Disposed		(1,359)	(13,766)
Proceeds on Disposal of Investment Property		-	369,056
-Less Written Down Value of Investment Disposed		-	(200,000)
Profit/(Loss) on Disposal		(1,359)	180,523
3. EMPLOYEE BENEFITS EXPENSE			
Salary & On-Costs			
Salaries & Wages		7,406,080	7,203,359
Annual Leave		739,429	619,988
Long Service Leave		185,214	105,934
Superannuation Contributions		737,628	652,025
Workers Compensation		235,206	373,174
		9,303,557	8,954,480

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
4. DEPRECIATION & AMORTISATION			
Depreciation			
Buildings		445,252	445,252
Plant and Equipment		167,747	184,800
Motor Vehicles		8,404	14,239
Amortisation			
Other		10,118	10,118
		631,521	654,409
5. OPERATIONAL EXPENSES			
Catering Expense		276,580	313,991
IT Expense		178,223	159,244
Medical Supplies Expense		178,428	191,653
Motor Vehicle Expenses		52,911	60,089
Occupancy Expenses		683,327	635,466
Brokerage Services		1,067,201	968,809
Service Payments		1,189,535	395,626
Legal & Consulting Services		273,557	85,097
Other Operating Expenses		860,469	2,349,589
Finance Costs		52,749	38,445
		4,812,980	5,198,009
6. CASH & CASH EQUIVALENTS			
Cash on Hand		1,800	1,800
Cash at Bank		1,971,633	165,564
		1,973,433	167,364
7. RECEIVABLES			
Trade Receivables		486,779	461,359
Provision for Doubtful Debts		(13,813)	(1,613)
Other Receivables		82,678	526,486
		555,644	986,232

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
8. INVESTMENTS AND OTHER FINANCIAL ASSETS			
Loans and Receivables			
Term Deposits		526,138	514,621
		526,138	514,621
Term Deposits are restricted for Residential Accommodation Bond use.			
9. INVENTORIES			
Consumables at Cost		-	34,555
		-	34,555
In 2018-19, the Association expensed all its consumables on hand. All future purchases relating to inventories will be expensed as they are incurred.			
10. PREPAYMENTS			
Prepayments		89,530	35,796
		89,530	35,796
11. PROPERTY, PLANT AND EQUIPMENT			
Land at Valuation 2015		-	1,260,000
Land at Valuation 2019		1,720,000	-
Buildings at Valuation 2015		-	17,515,000
Buildings at Cost		-	52,316
less Accumulated Depreciation		-	(4,778,379)
		-	12,788,937
Buildings at Valuation 2019		18,315,000	-
less Accumulated Depreciation		-	-
		18,315,000	-
Works In Progress at Cost		103,900	136,031
		103,900	136,031
Plant & Equipment at Cost		3,049,365	2,951,108
less Accumulated Depreciation		(2,384,661)	(2,216,914)
		664,704	734,194
Motor Vehicles at Cost		100,853	100,853
less Accumulated Depreciation		(24,725)	(16,321)
		76,128	84,532
Total Property, Plant & Equipment		20,879,732	15,003,694

An independent valuation of the Association's land and building was performed by Leader Property Practice to determine the fair value of the land, improvements and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2019.

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts for each class of Property, Plant and Equipment between the beginning and the end of the current financial year.

Year Ended 30 June 2018	Land	Buildings	Works in Progress	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	1,260,000	13,234,189	84,672	721,571	112,537	15,412,969
Additions	-	-	179,097	69,685	-	248,782
Reclassifications	-	-	(127,738)	127,738	-	-
Disposals	-	-	-	-	(13,766)	(13,766)
Depreciation	-	(445,252)	-	(184,800)	(14,239)	(644,291)
Transfers In/Out	-	-	-	-	-	-
Carrying amount at the end of year	1,260,000	12,788,937	136,031	734,194	84,532	15,003,694

Year Ended 30 June 2019	Land	Buildings	Works in Progress	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	1,260,000	12,788,937	136,031	734,194	84,532	15,003,694
Additions	-	-	17,319	50,166	-	67,485
Revaluations	460,000	5,971,315	-	-	-	6,431,315
Disposals	-	-	(1,359)	-	-	(1,359)
Depreciation	-	(445,252)	-	(167,747)	(8,404)	(621,403)
Transfers In/Out	-	-	(48,091)	48,091	-	-
Carrying amount at the end of year	1,720,000	18,315,000	103,900	664,704	76,128	20,879,732

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement hierarchy for assets as at 30 June 2019	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
Land at fair value				
Specialised land	1,720,000	-	1,720,000	-
Total of land at fair value	1,720,000	-	1,720,000	-
Buildings at fair value				
Specialised buildings	18,315,000	-	-	18,315,000
Total of building at fair value	18,315,000	-	-	18,315,000
Plant and equipment at fair value				
Plant and Equipment at fair value				
- Motor Vehicles	76,128	-	76,128	-
- Plant and equipment	664,704	-	-	664,704
Total of plant, equipment and vehicles at fair value	740,832	-	76,128	664,704
Assets under construction at fair value				
- Works in progress	103,900	-	-	103,900
Total of plant, equipment and vehicles at fair value	103,900	-	-	103,900

(i) Classified in accordance with the fair value hierarchy, see Note 1

There have been no transfers between levels during the period.

Fair value measurement hierarchy for assets as at 30 June 2018	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
Land at fair value				
Specialised land	1,260,000	-	1,260,000	-
Total of land at fair value	1,260,000	-	1,260,000	-
Buildings at fair value				
Specialised buildings	12,788,937	-	-	12,788,937
Total of building at fair value	12,788,937	-	-	12,788,937
Plant and equipment at fair value				
Plant and Equipment at fair value				
- Motor Vehicles	84,532	-	84,532	-
- Plant and equipment	734,194	-	-	734,194
Total of plant, equipment and vehicles at fair value	818,726	-	84,532	734,194
Assets under construction at fair value				
- Works in progress	136,031	-	-	136,031
Total of plant, equipment and vehicles at fair value	136,031	-	-	136,031

(i) Classified in accordance with the fair value hierarchy, see Note 1

There have been no transfers between levels during the period.

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Specialised land and specialised buildings

The market approach is also used for specialised land and specialised buildings although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the health services, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

Plant and equipment

Plant and equipment is held at carrying value (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying value.

There were no changes in valuation techniques throughout the period to 30 June 2019.

For all assets measured at fair value, the current use is considered the highest and best use.

(d) Reconciliation of Level 3 fair value as at 30 June 2019

	Land	Buildings	Plant and equipment	Motor Vehicles
Opening Balance	1,260,000	12,788,937	734,194	84,532
Purchases (sales) & Reclassifications	-	-	50,166	-
Transfers in (out) of Level 3	-	-	48,091	-
Gains or losses recognised in net result				
- Depreciation	-	(445,252)	(167,747)	(8,404)
- Disposal	-	-	-	-
Subtotal	<u>1,260,000</u>	<u>12,343,685</u>	<u>664,704</u>	<u>76,128</u>
Items recognised in other comprehensive income				
- Revaluation	460,000	5,971,315	-	-
Subtotal	<u>460,000</u>	<u>5,971,315</u>	<u>-</u>	<u>-</u>
Closing Balance	<u>1,720,000</u>	<u>18,315,000</u>	<u>664,704</u>	<u>76,128</u>

There have been no transfers between levels during the period.

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliation of Level 3 fair value as at 30 June 2018

	Land	Buildings	Plant and equipment	Motor Vehicles
Opening Balance	1,260,000	13,234,189	721,571	112,537
Purchases (sales) & Reclassifications	-	-	69,685	-
Transfers in (out) of Level 3	-	-	127,738	-
Gains or losses recognised in net result				
- Depreciation	-	(445,252)	(184,800)	(14,239)
- Disposal	-	-	-	(13,766)
Subtotal	1,260,000	12,788,937	734,194	84,532
Items recognised in other comprehensive income				
- Revaluation	-	-	-	-
Subtotal	-	-	-	-
Closing Balance	1,260,000	12,788,937	734,194	84,532

There have been no transfers between levels during the period.

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
12. INTANGIBLE ASSETS			
Goodwill at Cost		202,365	202,365
less Accumulated Amortisation		(50,590)	(40,472)
		151,775	161,893

(a) Reconciliation of Intangible Assets

Balance at the beginning of the year		161,893	172,011
Additions		-	-
Disposals		-	-
Amortisation		(10,118)	(10,118)
Closing Balance		151,775	161,893

The Hospital also has 51 Aged Care Bed Licences, which have an estimated value of between \$20,000 to \$45,000 per Bed Licence, if placed on the market. There is a small and active market for Bed Licences. The value of these Bed Licences has not been included in these financial statements.

13. INVESTMENT PROPERTIES

(a) Movements in carrying value for investment properties as at 30 June 2019

Balance at the beginning of the period		2,801,967	2,919,500
Revaluations		208,033	-
Additions		-	82,467
Disposals	(2a)	-	(200,000)
		3,010,000	2,801,967

(b) Fair value measurement hierarchy for investment properties as at 30 June 2019

	Fair value measurement at end of reporting period			
	Carrying amount as at 30 June 2019	Level 1	Level 2	Level 3
Investment Properties	3,010,000	-	3,010,000	-
	3,010,000	-	3,010,000	-

There has been no transfers between levels during the period.

14. PAYABLES

Trade Payables		664,748	731,929
Amounts Payable to ATO		65,963	150,100
Accrued Wages		199,540	314,000
Accrued Expenses		1,924,990	741,458
		2,855,241	1,937,487

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
15. EMPLOYEE BENEFITS			
CURRENT			
Annual Leave		529,651	512,566
Long Service Leave - <i>undiscounted value</i>		356,566	371,593
		886,217	884,159
NON-CURRENT			
Long Service Leave - <i>present value</i>		241,017	135,995
		241,017	135,995
16. FINANCIAL & OTHER LIABILITIES			
CURRENT			
Residential Accommodation Bonds		4,320,216	3,235,011
Independent Living Unit Loans		1,000,100	-
		5,320,316	3,235,011
Represented By:			
NON CURRENT			
Independent Living Unit Loans		1,048,552	1,844,034
		1,048,552	1,844,034
17. INTEREST BEARING LIABILITIES			
CURRENT			
Bank Overdraft		-	250,000
Credit Cards		-	5,809
Equipment Loans		15,122	29,081
Less Unexpired Interest		(1,989)	(3,108)
		13,133	281,782

Bank overdraft is with Bendigo and Adelaide Bank and has a limit of \$250,000, secured against Term Deposits held.
The equipment loan is with Bendigo and Adelaide Bank. The term of the loan is 5 years, expiring July 2020.
The loan is secured by the vehicle purchased via the loan.

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
18. COMMITMENTS FOR EXPENDITURE			
(a) Operating Leases			
Minimum lease payments under non-cancellable operating leases:			
Not later than one year		141,086	156,101
Later than 1 and not later than 5 years		250,222	372,490
TOTAL		391,308	528,591

(b) Capital Commitments

The Association has capital commitments of \$95,431, as part of Region Health Infrastructure Funding. This funding is to be used for the purchase of a Medical Device Washer and for the replacement of Hot Water Boilers.

There have been no further Capital Commitments during the year.

19. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As a condition of funding the Primary Care Clinic expansion, the Commonwealth of Australia has registered first mortgage over the property title for 164 Inglis St, Ballan - Clinic and 166 Inglis St, Ballan - Primary Care Expansion. The condition of the Commonwealth of Australia mortgage is that the GP Clinic must be maintained and operated as a GP Clinic until March 2034. These were registered on 15 February, 2017.

On 23 October 2016, the Commonwealth Bank of Australia Ltd (CBA) registered first mortgages over the remaining property titles of the Hospital (11 titles) including the seven units. The Hospital is not indebted to the CBA Bank.

There are no known other contingent assets or contingent liabilities at balance date.

20. RESERVES

(a) Reserves

Property, Plant and Equipment Revaluation Surplus

The Property, Plant and Equipment Revaluation Surplus represents the cumulative amount of fair value increments/decrements recognised in other comprehensive income in remeasuring property, plant and equipment.

Represented by:

- Land & Buildings		4,642,488	4,642,488
Total Reserves		4,642,488	4,642,488

Movement in Reserves

Opening Balance		4,642,488	4,642,488
Revaluation of Land		460,000	-
Revaluation of Buildings		5,971,315	-
Balance at end of reporting period		11,073,803	4,642,488

(b) Retained Earnings

Movement during the year:

Opening Balance		6,745,166	7,810,607
Net Result for the year.		(97,193)	(1,065,441)
		5,747,973	6,745,166

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
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21. EVENTS AFTER THE BALANCE SHEET DATE

On 23 July 2019, the Health Service sold its Childcare Business for \$450,000 (subject to regulatory approval). Settlement is expected to take place in December 2019.

On 23 September 2019, the Department of Health and Human Services issued a Letter of Comfort to the Hospital underwriting the reasonable operating expenses of the Hospital until, at least, 31 December 2019. These monies will assist in meeting the current operating deficits of the Hospital, while strategic plans and turn around strategies are made by the Board and management.

There have been no other major events after 30 June 2019 that affect the figures reported in the financial statements.

22(a). CASH FLOW INFORMATION

For the purpose of the Statement of Cash Flows, cash assets includes cash on hand, in banks and investments. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash & Cash Equivalents - operating funds	(6)	365,660	167,364
Cash & Cash Equivalents - restricted (Residential Accommodation Bonds)		1,607,773	-
Bank Overdraft	(17)	-	(250,000)
		1,973,433	(82,636)

22(b) CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit / (Loss) from Operations

Profit / (Loss) from Transactions		(1,205,226)	(1,065,441)
Cash flows excluded from profit attributable to operating activities			
Non-cash flows in profit			
- Depreciation & Amortisation		631,521	654,409
- Capital Receipts and Donations		(84,207)	(80,501)
- Net (Profit) / Loss Fair Value of Assets		1,359	(180,523)
Changes in assets and liabilities			
- (Increase)/Decrease in Trade & Other Receivables		430,588	(528,103)
- (Increase)/Decrease in Prepayments		(53,734)	(5,165)
- (Increase)/Decrease in Inventories		34,555	(12,615)
- Increase/(Decrease) in Trade & Other Payables		917,754	855,525
- Increase/(Decrease) in Employee Benefits		107,080	117,541
		779,690	(244,873)

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
23. FINANCIAL RISK MANAGEMENT			
The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable and bond liabilities to residents.			
The Totals 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:			
Financial Assets			
Cash and Cash Equivalents		1,973,433	167,364
Financial Assets		526,138	514,621
Trade and Other Receivables		555,644	986,232
		3,055,215	1,668,217
Financial Liabilities			
Trade and Other Payables		2,789,278	1,787,387
Interest Bearing Liabilities		13,133	281,782
Financial Liabilities		5,368,768	5,079,045
		8,171,179	7,148,214

24. KEY MANAGEMENT PERSONNEL DISCLOSURE

The totals of remuneration paid to the key management personnel of Ballan & District Soldiers' Memorial Bush Nursing Hospital & Hostel Inc. during the year are as follows:

Key Management Personnel Compensation		313,053	195,100
Number of Executives		4	1

BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
ANNUAL STATEMENTS GIVE TRUE AND FAIR VIEW OF FINANCIAL POSITION
AND PERFORMANCE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

The Responsible Persons declare that in the Responsible Persons' opinion:

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

(a) comply with Australian Accounting Standards; and

(b) give a true and fair view of the financial position of the registered entity as at 30 June 2019 and of its performance for the year ended on that date.

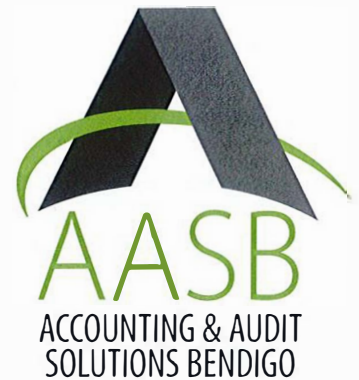
2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

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


.....
CHAIRPERSON -


.....
TREASURER -

Dated this 10th day of October 2019



Independent Audit Report to the Members of

BALLAN DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL HOSTEL INC.

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of the Ballan District Soldiers' Memorial Bush Nursing Hospital Hostel Inc., which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes comprising a summary of the significant accounting policies and other explanatory information, and the certification by members of the committee on the annual statements giving a true and fair view of the financial position of the Association.

In our opinion, the financial report of the Ballan District Soldiers' Memorial Bush Nursing Hospital Hostel Inc. has been prepared in accordance with the Div. 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- i. Giving a true and fair view of the Association's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- ii. Complying with Australian Accounting Standards and Div. 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 responsibility under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional 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 basis for the opinion.

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ACCOUNTING & AUDIT SOLUTIONS BENDIGO

Material Uncertainty Related to Going Concern

We draw attention to the financial report, which indicates that the Association has a working capital deficit of \$5,930,162 at 30 June 2019 (deficit of \$4,599,871 in 2018). The Association recorded an Operating Loss of \$863,345 in 2019 compared to an Operating Loss of \$861,382 in 2018. These events or conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast significant doubt on Ballan District Soldiers' Memorial Bush Nursing Hospital Hostel Inc.'s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

The Committee is responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2019, 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 the fact. We have nothing to report in this regard.

Responsibilities of the Committee for the Financial Report

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

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

Auditor's Responsibility

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

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ACCOUNTING & AUDIT SOLUTIONS BENDIGO

- 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by the Committee.
- Conclude on the appropriateness of the Committees' 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 Association's ability 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 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 Association to cease or continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report presents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Committee 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.

ACCOUNTING AND AUDIT SOLUTIONS BENDIGO



Brad Dowsey

Dated this 11 day of October 2019

Liability limited by a scheme approved under Professional Standards Legislation

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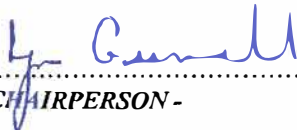
**BALLAN & DISTRICT SOLDIERS' MEMORIAL BUSH NURSING HOSPITAL & HOSTEL INC
STATEMENT BY MEMBERS OF THE COMMITTEE
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

I, Lyn Gunnell, being a member of the Ballan & District Soldiers Memorial Bush Nursing Hospital & Hostel Inc. certify that:

a) I attended the annual general meeting of the Association held on 23 October 2019

and

b) The annual financial statements for the year ended 30 June 2019 were submitted to the members of the Association at the annual general meeting.


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CHAIRPERSON -

Dated this 23rd day of October 2019.