

**OLD COLONISTS'**  
ASSOCIATION OF VICTORIA



Y E A R S

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

**A.B.N. 15 660 751 609**

Old Colonists' Association of Victoria

**Statement of Profit or Loss and Other Comprehensive Income**

for the year ended 30 June 2020

	NOTE	2020 \$000	2019 \$000 Restated
<b>Income</b>			
Government subsidies		5,495	5,135
Independent living fees & charges		2,233	1,874
Ingoing donations	2(i)	1,666	1,032
Residential care fees & charges		1,652	1,643
Donations & bequests		595	338
Assisted living fees & charges		593	621
Interest & investment income		222	481
Residential care lease income		168	-
Other government grants		100	-
Gains on changes in fair value of financial assets		33	11
Miscellaneous income		<u>122</u>	<u>88</u>
<b>Total income</b>		<u>12,879</u>	<u>11,223</u>
<b>Expenses</b>			
Employee expenses		(8,032)	(7,791)
Depreciation & impairment losses	3(a)	(1,969)	(1,436)
Food expenses		(368)	(348)
Repairs & maintenance expenses		(285)	(259)
Rates & services expenses		(255)	(267)
Utilities expense		(254)	(223)
Residential care finance expense		(168)	-
Services & contract expenses		(159)	(142)
Professional services expenses		(123)	(137)
Insurance expenses		(115)	(102)
Medical expenses		(103)	(79)
Finance expenses		(93)	(31)
Cleaning & laundry expenses		(62)	(55)
Audit & other services		(49)	(57)
Printing, stationery & postage		(41)	(52)
Other expenses		<u>(561)</u>	<u>(454)</u>
<b>Total expenses</b>		<u>(12,637)</u>	<u>(11,433)</u>
<b>Surplus (deficit) before tax</b>		242	(210)
Income tax expense	2(k)	<u>-</u>	<u>-</u>
<b>Surplus (deficit) for the year</b>		<u>242</u>	<u>(210)</u>
<b>Other comprehensive income</b>			
<i>Items that may not subsequently be reclassified to profit or loss:</i>			
Changes to fair value of financial assets		<u>(85)</u>	<u>19</u>
<b>Total other comprehensive income (loss)</b>		<u>(85)</u>	<u>19</u>
<b>Total comprehensive income (loss)</b>		<u>157</u>	<u>(191)</u>

Old Colonists' Association of Victoria

**Statement of Financial Position**

as at 30 June 2020

	NOTE	2020 \$000	2019 \$000 Restated
<b>Assets</b>			
<b>Current</b>			
Cash & cash equivalents	4	5,833	2,082
Trade & other receivables		466	746
Financial assets	5	152	150
Prepayments		<u>69</u>	<u>82</u>
<b>Total current assets</b>		<u>6,520</u>	<u>3,060</u>
<b>Non-current</b>			
Financial assets	5	3,881	3,390
Property, plant & equipment	6	<u>62,478</u>	<u>52,418</u>
<b>Total non-current assets</b>		<u>66,359</u>	<u>55,808</u>
<b>Total assets</b>		<u>72,879</u>	<u>58,868</u>
<b>Liabilities</b>			
<b>Current</b>			
Trade & other payables	7	6,381	4,273
Borrowings	9	6,137	-
Employee provisions	8	2,009	1,767
Contract liabilities	10	<u>2,110</u>	<u>1,666</u>
<b>Total current liabilities</b>		<u>16,637</u>	<u>7,706</u>
<b>Non-current</b>			
Borrowings	9	-	4,402
Employee provisions	8	278	280
Contract liabilities	10	<u>12,352</u>	<u>3,025</u>
<b>Total non-current liabilities</b>		<u>12,630</u>	<u>7,707</u>
<b>Total liabilities</b>		<u>29,267</u>	<u>15,413</u>
<b>Net assets</b>		<u>43,612</u>	<u>43,455</u>
<b>Equity</b>			
Accumulation account		43,126	42,777
Fair value reserve	11	340	532
Permanent fund	11	<u>146</u>	<u>146</u>
<b>Total equity</b>		<u>43,612</u>	<u>43,455</u>

**Old Colonists' Association of Victoria**

**Statement of Cash Flows**

for the year ended 30 June 2020

	NOTE	2020 \$000	2019 \$000
<b>Cash flows from operating activities</b>			
Receipts from government subsidies		5,771	5,074
Receipts from residential care, assisted & independent living services		4,650	4,218
Receipts from interest		247	522
Receipts from donations & bequests		595	338
Payments to suppliers & employees		(10,430)	(9,877)
Interest paid		(15)	(31)
<b>Net cash generated by operating activities</b>		<b>818</b>	<b>244</b>
<b>Cash flows from investing activities</b>			
Receipts from sale of plant & equipment		2	-
Payments for property, plant & equipment		(12,030)	(17,302)
Receipts from sale of investments		-	9,132
Payment for Investments		(500)	-
<b>Net cash used in investing activities</b>		<b>(12,528)</b>	<b>(8,170)</b>
<b>Cash flows from financing activities</b>			
Receipts from bank loans		10,065	4,402
Repayment of bank loans		(8,330)	-
Receipts from ingoing donations		11,412	1,320
Receipts from refundable accommodation deposits		3,929	875
Payments of accommodation bonds & refundable accommodation deposits		(1,537)	(1,207)
Interest paid		(78)	-
<b>Net cash provided by financing activities</b>		<b>15,461</b>	<b>5,390</b>
Net increase/(decrease) in cash held		3,751	(2,536)
Cash and cash equivalents at beginning of year		2,082	4,618
<b>Cash and cash equivalents at end of year</b>	4	<b>5,833</b>	<b>2,082</b>

Old Colonists' Association of Victoria

**Statement of Changes in Equity**

for the Year Ended 30 June 2020

	NOTE	Accumulation account \$000	Fair value reserve \$000	Permanent fund \$000	Total \$000
<b>Balance at 30 June 2018, as previously reported</b>		47,117	513	146	47,776
Adjustments as adoption of AASB 15		(4,130)	-	-	(4,130)
<b>Balance at 30 June 2018, as restated</b>		42,987	513	146	43,646
Surplus (deficit) for the year		(210)	-	-	(210)
Other comprehensive income		-	19	-	19
Total comprehensive income (loss) for the year		(210)	19	-	191
<b>Balance at 30 June 2019 as restated</b>		42,777	532	146	43,455
Surplus for the year		242	-	-	242
Other comprehensive income (loss)			(85)	-	(85)
Total comprehensive income (loss) for the year		242	(85)	-	157
Transfer to accumulation		107	(107)		-
<b>Balance at 30 June 2020</b>		43,126	340	146	43,612

**Old Colonists' Association of Victoria**  
**Notes to financial statements**

**1. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

**Standards and interpretations affecting amounts reported in the current and prior year**

In the current year, Old Colonists' Association of Victoria referred to as "The Association" has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

**New standards adopted by Old Colonists' Association of Victoria as at 1 July 2019**

The Association has adopted the following new accounting standards which have become effective in the current annual reporting period:

**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 lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Association has also assessed the impact of AASB16 in respect of its resident agreements, specifically due to the security of tenure and right to occupy a specific private room or a specified portion of a shared room that these offer the Association's residents. As a result of the review of the resident agreements undertaken, the Association determined that there are identified assets under the contractual agreements and that resulted in residential aged care accommodation arrangements will be classified as operating leases given the expected period of the arrangement relative to the lives of the underlying assets.

Accordingly, refundable accommodation deposits (RADs) (or bonds for accommodation arrangements that commenced prior to July 2014) are initially recognised as financial liability measured at fair value. The discount to the financial liability is recognised as lease income, and the corresponding addition to the financial liability is recognised as interest expense. The overall accounting effect is to increase lease income and interest expense by the same amount based on the average RADs balances (or Bonds for accommodation arrangements that commenced prior to July 2014) during the financial period.

These arrangements will be operating leases and thus have no effect on the statement of financial position.

AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no material impact on opening retained earnings as at 1 July 2019.

**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.

**Old Colonists' Association of Victoria  
Notes to financial statements**

1. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

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.

AASB 1058 was adopted using the retrospective approach and as such comparatives have not been restated. There was no material impact on the financial statements and opening retained earnings as at 1 July 2019.

**AASB 15 Revenue from Contracts with customers**

AASB 15 Revenue from Contracts with customers replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. The new Standard has been applied as at 1 January 2019 using the retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2019 and comparatives are restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2019.

The adoption of AASB 15 has mainly affected the following areas:

<b>Revenue impacted by AASB 15</b>	<b>Description</b>	<b>Adjustment to the opening balance retained earnings \$000</b>
1	Ongoing government subsidies Ongoing government subsidy reflects the Association's entitlement to income from the Australian Government based upon the specific care and accommodation needs of the individual residents. Ongoing government subsidy comprises of basic subsidy amounts calculated in accordance with the Aged Care Funding Instrument ('ACFI'), accommodation supplements, funding for short-term 'respite' residents and other Government incomes. Ongoing government subsidy is recognised over time as services are provided. Funding claims are submitted/updated daily and Government subsidy is usually payable within approximately one month of services having been performed.	-
2	Fees & charges from Independent living, Assisted living and Residential care Fees & charges from independent living, assisted living and residential care consumers is exchanged for OCAV's performance obligation for the provision of maintenance, board and lodging services to the resident, as outlined in the agreement. Fees & charges from independent living, assisted living and residential care are recognised over time as services are provided and are usually payable within approximately one month of services having been performed.	-
3	Ingoing donations Ingoing Donation from the customer is exchanged for the exclusive access and enjoyment of an independent living unit (or assisted living unit, as the case may be) in the specified location, together with certain services as detailed in the licence agreement. Ingoing donation revenue is recognised over time as services are provided ie. over the term of residency. The Association has made an estimate based on same or similar contract structures over many years to determine that the Association fulfils its performance obligation over an average of nine years. Accordingly, ingoing donation revenue is recognised progressively over a period of nine years from the commencement of the residency.	(4,418)
<b>Total Adjustments</b>		<b>(4,418)</b>

**Old Colonists' Association of Victoria**  
**Notes to financial statements**

1. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

The tables below highlight the impact of AASB 15 on the Association's statement of financial position for the ended 30 June 2019. The adoption of AASB 15 did not have a material impact on the Association's statement of cash flows.

	Amount under AASB 118	Adjustments	Amount under AASB 15
	\$000	\$000	\$000
<b>Statement of Financial Position (extract)</b>			
<b>Current assets</b>			
Trade & other receivables	473	273	746
<b>Current liability</b>			
Contract liabilities	-	1,666	1,666
<b>Non-current liability</b>			
Contract liabilities	-	3,025	3,025
<b>Equity</b>			
Retained earnings	47,195	(4,418)	42,777
<b>Statement of Comprehensive income (extract)</b>			
Revenue	1,320	(288)	1,032

The Association's revenue disaggregated by pattern of revenue recognition is as follows:

	Government subsidies	Fees & charges from Independent living, Assisted living and Residential care	Ingoing donations	Others
	\$000	\$000	\$000	\$000
Recognised at a point in time	-	-	-	918
Recognised over a period of time	5,135	4,138	1,032	-

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Association's accounting policies, the Councillors are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and the future periods if the revision affects both current and future periods. Estimates are relevant when estimating the useful life of depreciable assets, the average length of stay of a resident for the recognition of ingoing donations and when calculating certain employee provisions.



**Old Colonists' Association of Victoria**  
**Notes to financial statements**

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Judgement has been exercised in considering the impact that the Coronavirus (COVID-19) pandemic has had, or may have, on the Associate based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Associate 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 Associate unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**Statement of compliance**

These financial statements are general purpose financial statements which have been prepared in accordance with the Old Colonists' Association of Victoria Act 1955 (as amended), Australian Accounting Standards- Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Australian Charities and Not-for-Profits Commission Act 2012 in order to satisfy the entity's financial reporting requirements. The financial statements cover Old Colonists' Association of Victoria as an individual entity.

The financial statements were authorised for issue by the Council on 19<sup>th</sup> October 2020.

**Basis of preparation**

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Property, plant & equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation or amortisation. The cost of fixed assets constructed within the entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset. The carrying amount of property, plant and equipment is reviewed annually by the Association to ensure it is not in excess of the recoverable amount from these assets.

Work in progress includes redevelopments and renovations of cottages. Work in progress is carried at cost and is transferred to cottages & buildings and furniture & plant once it is ready for use.

(b) Depreciation

The depreciable amount of all fixed assets, excluding land, is depreciated on a straight line basis over the useful lives of the assets to the Association commencing from the time the asset is held ready for use.

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

Class of fixed assets	Depreciation rate
Cottages & buildings	2.00%
Furniture & plant	2.00% - 25.00%
Motor vehicles & tractor mower	8.00% - 17.50%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Old Colonists' Association of Victoria**  
**Notes to financial statements**

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income, recorded as other comprehensive income under the Association's election of AASB 136.

(c) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These include annual leave and long service leave. Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(d) Financial assets

Investments are recognised and derecognised on trade date, where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. They are initially measured at fair value net of transaction costs.

*(i) Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Associate's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

*(ii) Financial assets measured at fair value through other comprehensive income*

Investments in listed equity instruments:

The Association made an irrevocable election at initial recognition for particular investments in equity instruments, which would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. Gain or loss, whether realised or unrealised, are recognised as other comprehensive income. Dividends on these financial assets are recognised as interest and investments income in the profit or loss.

When these financial assets are derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into accumulated surpluses.

*(iii) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss (FVTPL) include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

**Old Colonists' Association of Victoria**  
**Notes to financial statements**

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

All income and expenses relating to financial assets at amortised costs or at FVTPL that are recognised in profit or loss are presented within gains on changes in fair value of the financial assets, interest & investment income or finance expenses, except for impairment of trade receivables, which is presented within other expenses.

*(iv) Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*(vi) Impairment of financial assets*

Financial assets, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investments have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

*(e) Financial liabilities issued by the Association*

*(i) Financial liabilities*

The Association's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within lease income or finance expense.

*(f) Cash & cash equivalents*

Cash comprises of cash on hand and direct deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less as at the date of acquisition. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

*(g) Impairment of assets*

At each reporting date, the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to

**Old Colonists' Association of Victoria**  
**Notes to financial statements**

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit and loss statement.

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

(h) Goods & services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the costs of acquisition of the assets or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(i) Revenue and income from operations

**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.

Contract liabilities represent the Association's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Association recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Association has transferred the goods or services to the customer.

**Income from operation**

The Association recognises income in accordance with AASB 1058. 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.

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.

Revenue from contracts with customers and income from operation of the Association are as follows:

***Revenue from contracts with customers***

***Aged Care***

The Association recognises revenue from aged care services over time as performance obligation is satisfied, which is as the services are rendered, primarily on a daily or monthly basis. Revenue arises from discretionary and non-discretionary services, as agreed in a single contract with the resident. The quantum of resident basic daily fees is regulated by the Government and typically increases in March and September each year. Residents are invoiced on a monthly basis and revenue is usually payable within 30 days.

**Old Colonists' Association of Victoria**  
**Notes to financial statements**

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Independent living and assisted living***

The Association receives daily fees from independent living and assisted living services and is recognised over time as services are provided. Residents are invoiced on a monthly basis and revenue is usually payable within 30 days.

Revenue from Ingoing Donations is recognised over the expected length of stay of a resident. The expected length of stay of a resident is estimated based on the Association's historical tenure data. The difference between revenue recognised and contractual Ingoing Donations earned is recognised as deferred revenue within contract liabilities.

***Income from operations***

The Association recognises income in accordance with AASB 1058. 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.

***Ongoing government subsidies***

Ongoing government subsidy reflects the Association's entitlement to income from the Australian Government based upon the specific care and accommodation needs of the individual residents. Ongoing government subsidy comprises of basic subsidy amounts calculated in accordance with the Aged Care Funding Instrument ('ACFI'), accommodation supplements, funding for short-term 'respite' residents and other Government incomes. Ongoing government subsidy is recognised over time as services are provided. Funding claims are submitted/updated daily and Government subsidy is usually payable within approximately one month of services having been performed.

***Other government grants***

Other government grants are recognised at point in time when actual cash is received or at expected values when there is reasonable assurance that the Association will comply with the requirements and that the grant will be received.

***Donations and bequests***

Donations and bequests are recognised at a point in time only when the Association gains control of the funds and when the funds do not give rise to an obligation.

***Other income***

Other income is recognised when performance obligations are fulfilled.

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

(j) Refundable accommodation deposits & accommodation bonds

The liability for accommodation bonds and refundable accommodation deposits is carried at the amount that would be payable on exit of the resident. This is the amount received on entry of the resident less deductions for fees/retentions pursuant to the Aged Care Act 1997. These liabilities are considered to be current as the Association does not have unconditional right to defer settlement of the liability for at least 12 months after reporting date. The obligation to settle could occur anytime. Post 1 July 2014, new deposits are known as refundable accommodation deposits for residents entering the aged care system. Accommodation bonds are held for residents who entered aged care pre 1 July 2014 and have elected to maintain existing arrangements.

(k) Income tax expense

The Association is exempt from income tax under section 50-5 of the Income Tax Assessment Act (1997).

(l) 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. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

**Old Colonists' Association of Victoria**  
**Notes to financial statements**

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) 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.

3. SURPLUS/(DEFICIT) FOR THE YEAR

- Surplus/(deficit) for the year has been arrived at after charging the following:

(a) Expenses

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Depreciation of non-current assets		
- Cottages & buildings	939	646
- Motor vehicles & tractor mower	27	27
- Furniture & plant	959	763
	<u>1,926</u>	<u>1,436</u>
Impairment of Property, Plant and Equipment	43	-
	<u>1,969</u>	<u>1,436</u>

4. CASH & CASH EQUIVALENTS

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
- Cash on hand	2	2
- Cash at bank	5,831	2,080
	<u>5,833</u>	<u>2,082</u>

5. FINANCIAL ASSETS

- Current		
Financial assets measured at amortised cost	<u>152</u>	<u>150</u>
	<u>152</u>	<u>150</u>
- Non-Current		
Financial assets measured at fair value through other comprehensive income	2,516	1,416
Financial assets measured at fair value through profit or loss	<u>1,365</u>	<u>1,974</u>
	<u>3,881</u>	<u>3,390</u>
<b>TOTAL FINANCIAL ASSETS</b>	<u>4,033</u>	<u>3,540</u>

6. PROPERTY, PLANT & EQUIPMENT

Land- at cost		
- Braeside Park	509	509
- Currie Park	59	59
- Leith Park	35	35
Total	<u>603</u>	<u>603</u>
Cottages & buildings- at cost		
- Braeside Park		
Cottages & buildings	3,017	3,017
Provision for depreciation	<u>(1,501)</u>	<u>(1,442)</u>
Written down value	<u>1,516</u>	<u>1,575</u>

**Old Colonists' Association of Victoria**  
**Notes to financial statements**

6. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

- Currie Park		
Cottages & buildings	1,289	1,296
Provision for depreciation	<u>(762)</u>	<u>(739)</u>
Written down value	<u>527</u>	<u>557</u>
- Leith Park		
Cottages & buildings	27,407	19,222
Provision for depreciation	<u>(6,990)</u>	<u>(6,488)</u>
Written down value	<u>20,417</u>	<u>12,734</u>
-Rushall Park		
Cottages & buildings	23,495	8,941
Provision for depreciation	<u>(1,628)</u>	<u>(1,293)</u>
Written down value	<u>21,867</u>	<u>7,648</u>
Total cottages & buildings	<u>44,327</u>	<u>22,514</u>
Furniture & plant- at cost	15,124	11,078
Provision for depreciation	<u>(6,178)</u>	<u>(5,761)</u>
Written down value	<u>8,946</u>	<u>5,317</u>
Motor vehicles & tractor mower- at cost	258	284
Provision for depreciation	<u>(125)</u>	<u>(124)</u>
Written down value	<u>133</u>	<u>160</u>
Works In progress- at cost	<u>8,470</u>	<u>23,824</u>
TOTAL PROPERTY, PLANT & EQUIPMENT	<u>62,478</u>	<u>52,418</u>

(a) Movements in carrying amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year

	Land	Cottages & buildings	Furniture & plant	Motor vehicle & tractor mower	Work in progress	Total
	2020	2020	2020	2020	2020	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at the beginning of the year	603	22,514	5,317	160	23,824	52,418
Additions	-	-	-	-	12,030	12,030
Impairment losses	-	(20)	(23)	-	-	(43)
Disposals	-	-	(1)	-	-	(1)
Transfers	-	22,773	4,611	-	(27,384)	-
Depreciation expense	-	(940)	(959)	(27)	-	(1,926)
<b>Carrying amount at the end of the year</b>	<b>603</b>	<b>44,327</b>	<b>8,945</b>	<b>133</b>	<b>8,470</b>	<b>62,478</b>

**Old Colonists' Association of Victoria**  
**Notes to financial statements**

**7. TRADE & OTHER PAYABLES**

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
- Current		
Sundry creditors	658	950
Residents' deposits	70	55
Accommodation bonds & refundable accommodation deposits	5,653	3,268
	6,381	4,273

The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 days. Specific suppliers may choose to charge interest after the period. The continuous monitoring of cash flows ensures that all payables are paid within the credit timeframe.

Pursuant to the Aged Care Act 1997, interest is paid on refundable accommodation deposits ("RAD") and accommodation bonds following departure (or death) of a resident. Interest is required to be paid at two different rates:

- at the base interest rate for the period between the date of the refunding event and the earlier of the date the balance is refunded and the date the legislated timeframe for the refund of the balance expires; and
- at the maximum permissible interest rate for the period after the end of the legislated time frame (or the time set out in the Formal Agreement) until the balance is refunded.

Refundable accommodation deposits and accommodation bonds are initially recognised as financial liability measured at fair value. The discount to the financial liability is recognised as lease income, and the corresponding addition to the financial liability is recognised as interest expense.

**8. EMPLOYEE PROVISIONS**

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
- Current		
Annual leave	739	624
Other staff provisions	185	132
Long service leave	1,085	1,011
	2,009	1,767
- Non-current		
Long service leave	278	280
	278	280
<b>TOTAL EMPLOYEE PROVISIONS</b>	<b>2,287</b>	<b>2,047</b>

**9. BORROWINGS**

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
- Current		
Bank Loan	6,137	-
	6,137	-
- Non-current		
Bank Loan	-	4,402
<b>TOTAL BORROWINGS</b>	<b>6,137</b>	<b>4,402</b>

Interest bearing bank loans were obtained from Westpac Banking Corporation to fund the redevelopment projects at Leith Park and Rushall Park, secured by mortgages over certain Association properties



**Old Colonists' Association of Victoria**  
**Notes to financial statements**

10. CONTRACT LIABILITIES	2020	2019
	\$000	\$000
- Current		
Contract liabilities	2,110	1,666
- Non-current		
Contract liabilities	12,352	3,025
<b>TOTAL CONTRACT LIABILITIES</b>	<b>14,462</b>	<b>4,691</b>

Contract liabilities is the balance of Ingoing Donations received from independent living and assisted living residents upon commencement of their residency at the Association amortised over an average revenue recognition period. This average revenue recognition period for the Association is nine years.

#### 11. RESERVES

The fair value reserve records the fair value movements in the investments classified under fair value through other comprehensive income. The permanent fund records monies that have specifically been allocated from retained earnings for defined purposes.

	Fair value reserve	Permanent fund
	\$000	\$000
<b>Balance at 30 June 2018</b>	513	146
Changes in fair value of investments classified as fair value through other comprehensive income	19	-
Transfer to accumulation	-	-
<b>Balance at 30 June 2019</b>	532	146
Changes in fair value of investments classified as fair value through other comprehensive income	(85)	-
Transfer to accumulation	(107)	-
<b>Balance at 30 June 2020</b>	340	146

#### 12. RELATED PARTY DISCLOSURE

##### Councillors

The names of the Councillors who held office during the financial year are:

Kevin Neville  
 Carl Maissan  
 Raymond Harvey  
 Leslie Wood  
 Carl Wood  
 Judy Sharp  
 Jenny Roche  
 Lyndsay Neilson  
 Dominique Horne (appointed March 2020)

No Councillor received any remuneration during the year ended 30 June 2020 (2019: nil). There were no related party transactions.

**Old Colonists' Association of Victoria**  
**Notes to financial statements**

12. RELATED PARTY DISCLOSURE (CONTINUED)

**Other key management personnel**

Any persons having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly are considered key management personnel.

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Total remuneration	651	661
Number of other key management personnel	4	4

13. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

FINANCIAL ASSETS

	<b>Notes</b>	<b>2020</b>	<b>2019</b>
		<b>\$000</b>	<b>\$000</b>
- Current			
Cash & cash equivalents	4	5,833	2,082
Receivables		466	745
		6,299	2,827
- Non-Current			
Financial assets at amortised cost	5	152	150
Financial assets measured at fair value through profit or loss	5	1,365	1,416
Financial assets measured at fair value through other comprehensive income	5	2,516	1,974
		4,032	3,540
<b>TOTAL FINANCIAL ASSETS</b>		<b>10,331</b>	<b>6,095</b>

FINANCIAL LIABILITIES

- Current			
Trade & other payables	7	6,381	4,273
Borrowings	9	6,137	4,402
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>12,518</b>	<b>8,675</b>

14. CONTINGENT LIABILITIES

The Association utilises casual employees as part of the residential care operations. As a result of a recent Federal Court case impacting certain casual employees' entitlements, the Association is undertaking an analysis of the relevant case facts to determine the existence of any similarities to the Association's casual employees' work conditions. As at the date of issuing the financial report, the Association has yet to finalise the analysis necessary to conclude whether any liability exists or the quantum of any such liability. There were no other known contingent liabilities at 30 June 2020 (2019: nil).

15. CAPITAL COMMITMENTS

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Construction contracts		
Payable		
- not later than one year	367	9,997
- later than one year but not later than 5 years	-	-
	367	9,997

## Old Colonists' Association of Victoria

### Councillors' declaration:

In the opinion of the Councillors of the Old Colonists' Association of Victoria:

- (a) The financial statements and notes of the Old Colonists' Association of Victoria are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including
  - i. Giving a true and fair view of its financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
  - ii. Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Australian Charities and Not-for-Profits Commission Regulation 2013, and
- (b) There are reasonable grounds to believe that Old Colonists' Association of Victoria will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Council and is signed for and on behalf of the Council by:



**K.W. Neville**  
*President*



**C. Maissan**  
*Treasurer*

19<sup>th</sup> October 2020

## Auditor's Independence Declaration

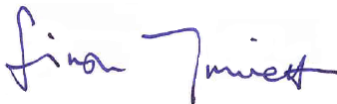
### To the Council of Old Colonists' Association of Victoria

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Old Colonists' Association of Victoria for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



S C Trivett  
Partner – Audit & Assurance

Melbourne, 19 October 2020

## Independent Auditor's Report

To the Members of Old Colonists' Association of Victoria.

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Old Colonists' Association of Victoria. (the "Association"), which comprises the statement of financial position as at 30 June 2020, and 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 Council of the Association.

In our opinion, the financial report of Old Colonists' Association of Victoria. has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a giving a true and fair view of the Association's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013* and the Old Colonists' Association Act 1947.

#### 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 Association in accordance with 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.

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

Those charged with governance are responsible for the other information. The other information comprises the information included in the Association's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

#### **Responsibilities of the Council for the financial report**

The Council of the Association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council 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 Council either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Council is responsible for overseeing the Association's financial reporting process.

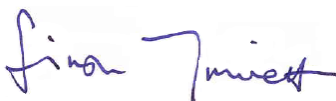
#### **Auditor's responsibilities for the audit of the financial report**

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



S C Trivett  
Partner – Audit & Assurance

Melbourne, 19 October 2020