The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

ABN 40 077 109 029 NAPS ID: 590

Financial Statements

For the Year Ended 30 June 2014

Contents

For the Year Ended 30 June 2014

The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

ABN 40 077 109 029 NAPS ID: 590

Board Report

30 June 2014

The board members submit the financial report of the Association for the financial year ended 30 June 2014.

1. General information

Board members

The names of board members throughout the year and at the date of this report are:

Peter Kurko	Chairperson
John Sniatynskj	Vice Chairperson
Natalia Hubczenko	Treasurer
Mick Brock	Secretary
Delfa Lolic	
Kruno Batrac	
David Moffat	
Rob Dempsey	

Principal activities

The principal activity of the Association during the financial year were was providing a residential care facility and home care services.

Significant changes

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

Benefits as a result of contracts

During the financial year, there were no benefits received or entitled to be received as a result of a contract between an officer, firm or body corporate and the Association.

Payments and other benefits

No payments or benefits of a pecuniary value were received by any officers of the Association during the financial year.

2. Operating results and review of operations for the year

Operating result

The surplus/(deficit) of the Association for the financial year amounted to $ (196,583) [2013: Surplus $ 232,275].

Signed in accordance with a resolution of the Members of the Board:

Board member: .... Board member: ....

Dated this ....9...... day of ..October...... 2014

1

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

	Note	2014 $	2013 $
Revenue	2	**3,254,859**	3,188,936
Administration expenses		**(131,858)**	(90,707)
Facility operating expenses		**(348,859)**	(307,490)
Medical expenses		**(90,112)**	(80,320)
Regulatory expenses		**(4,493)**	(7,699)
General operating expenses		**(205,268)**	(188,030)
Equipment expenses		**(281,602)**	(207,947)
Motor vehicle expenses		**(9,785)**	(11,419)
Contractor expenses		**(20,611)**	(27,398)
Payroll expenses		**(2,275,663)**	(2,003,059)
Other staff expenses		**(79,229)**	(56,901)
Gain/(losses) on non current assets		**(3,962)**	24,309
Surplus/(deficit) for the year		**(196,583)**	232,275
Total comprehensive income/(loss) for the year		**(196,583)**	232,275

The accompanying notes form part of these financial statements.

The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

ABN 40 077 109 029 NAPS ID: 590

Statement of Financial Position

As At 30 June 2014

	Note	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**865,410**	4,592,951
Trade and other receivables	5	**3,631,989**	84,628
Current tax receivable	11	**22,668**	51,476
Other assets	6	**53,504**	22,697
TOTAL CURRENT ASSETS		**4,573,571**	4,751,752
NON-CURRENT ASSETS			
Property, plant and equipment	7	**12,087,658**	7,987,966
TOTAL NON-CURRENT ASSETS		**12,087,658**	7,987,966
TOTAL ASSETS		**16,661,229**	12,739,718
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	**215,986**	519,166
Borrowings	9	**9,868,764**	5,448,750
Employee benefits	10	**240,682**	239,422
TOTAL LIABILITIES		**10,325,432**	6,207,338
NET ASSETS		**6,335,797**	6,532,380
EQUITY			
Reserves		**5,780,458**	5,780,458
Accumulated surplus		**555,339**	751,922
TOTAL EQUITY		**6,335,797**	6,532,380

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2014

2014

	Accumulated Surplus	Asset Revaluation Reserve	Establishment Grant Reserve	Total
	$	$	$	$
Balance at 1 July 2013	**751,922**	**4,022,058**	**1,758,400**	**6,532,380**
Deficit for the year	**(196,583)**	**-**	**-**	**(196,583)**
Balance at 30 June 2014	**555,339**	**4,022,058**	**1,758,400**	**6,335,797**

2013

	Accumulated Surplus	Asset Revaluation Reserve	Establishment Grant Reserve	Total
	$	$	$	$
Balance at 1 July 2012	519,647	4,022,058	1,758,400	6,300,105
Surplus for the year	232,275	-	-	232,275
Balance at 30 June 2013	751,922	4,022,058	1,758,400	6,532,380

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from residents, clients and government		**3,031,181**	2,921,820
Payments to suppliers and employees		**(3,192,555)**	(2,853,367)
Interest received		**86,981**	294,354
Net cash provided by (used in) operating activities		**(74,393)**	362,807
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**23,445**	33,000
Purchase of property, plant and equipment		**(4,685,944)**	(1,426,726)
Proceeds from sale of financial assets		**-**	456,340
Net cash used by investing activities		**(4,662,499)**	(937,386)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		**3,900,630**	420,000
Repayment of borrowings		**(2,891,279)**	(507,442)
Net cash used by financing activities		**1,009,351**	(87,442)
Net increase (decrease) in cash and cash equivalents held		**(3,727,541)**	(662,021)
Cash and cash equivalents at beginning of year		**4,592,951**	5,254,972
Cash and cash equivalents at end of financial year	4	**865,410**	4,592,951

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The Croatian, Ukrainian & Belarusian Aged care Association of SA Incorporated applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and other applicable Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure requirements of the Australian Accounting Standards Board (AASB) and the *South Australian Associations Incorporation Act 1985*. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

(b) Fair Value of Assets and Liabilities

The association measures some of its assets at fair value on a recurring basis.

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 (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at reporting date (ie the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) 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.

Notes to the Financial Statements
For the Year Ended 30 June 2014

1 Summary 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) Property, Plant and Equipment

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

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater that its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	20-30%
Motor Vehicles	25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and it taken to profit or loss.

1 Summary of Significant Accounting Policies continued

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Association, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Financial instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

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

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

The Association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Association's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Association sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be sold within 12 months after the end of the reporting period.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

1 Summary of Significant Accounting Policies continued

Borrowings 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 reporting date.

Impairment

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

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

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

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

Derecognition

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

(g) Impairment of non-financial assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(h) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Association does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(j) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

(k) Accommodation Bonds

The association enters into Right to Occupy Agreements with residents who pay a bond. This liability is recognised in the statement of financial position as a liability under accommodation bonds. The liabilities are held at face value and are considered to be current as the association does not have an unconditional right to defer settlement of the liability for at least 12 months after balance sheet date.

(l) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1 Summary of Significant Accounting Policies continued

(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.

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

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

Interest is recognised using the effective interest method.

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

(n) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(o) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(p) Accounts Payable and Other Payables

Accounts payable and other payables represent the liabilities outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Notes to the Financial Statements
For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(q) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(r) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements 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 Association.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

(s) Adoption of new and revised accounting standards

During the current year, the following standards became mandatory and have been adopted retrospectively by the Association:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investment in Associates and Joint Ventures*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*
- AASB 2012-9 *Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 10 *Consolidated Financial Statements* is effective for annual reporting periods beginning on or after 1 January 2013 and therefore the Association has applied it for the first time in these financial statements. AASB 10 includes a new definition of control, including additional guidance for specific situations such as control in a principal / agent situation and when holding less than majority voting rights may give control. AASB 10 supersedes the previous requirements of AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation - Special Purpose Entities* and resulted in consequential amendments to a number of other standards.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(s) Adoption of new and revised accounting standards continued

The Association has reviewed its investment in other entities to determine whether any changes were required to the consolidated entity under AASB 10. The composition of the consolidated entity is the same under AASB 10 and therefore there is no change to the reported financial position and performance.

AASB 11 *Joint Arrangements* replaces AASB 131 *Interests in Joint Ventures* and Interpretation 112 *Jointly-Controlled Entities - Non-monetary Contributions by Venturers* as well as consequential amendments to a number of other standards. AASB 11 uses the revised definition of control from AASB 10 and once joint control is determined, then classifies joint arrangements as either joint ventures or joint operations. Joint ventures are accounted for using the equity method, proportionate consolidation is not permitted under AASB 11. Joint operations are accounted for by incorporating the venturer's share of assets, liabilities, income and expenses into the financial statements. There were no changes to the accounting for joint arrangements under AASB 11.

AASB 12 *Disclosure of Interests in Other Entities* includes all disclosures relating to an entity's interest in associates, joint arrangements, subsidiaries and structured entities. On adoption of AASB 12, additional disclosures have been included in the financial statements in relation to investments held.

AASB 13 *Fair Value Measurement* does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value, however additional disclosures on the methodology and fair value hierarchy have been included in the financial statements.

AASB 119 *Employee benefits* changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The Association reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefits for the purpose of measuring the leave under AASB 119, the effect of discounting was not considered to be material and therefore has not been performed.

In accordance with the transition provisions in the standard, the comparative figures have been restated.

Notes to the Financial Statements

For the Year Ended 30 June 2014

2 Revenue and Other Income

	Note	2014 $	2013 $
Revenue			
- interest income		**86,981**	250,119
- dividend income		**833**	-
- facilities and associated charges		**882,254**	768,680
- operating grants		**2,278,866**	2,161,069
- donations		**-**	550
- income from staff activities		**5,525**	5,358
- other income		**400**	3,160
		3,254,859	3,188,936

3 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Association and the Association is $ 288,018 (2013: $ 295,688).

4 Cash and cash equivalents

	Note	2014 $	2013 $
Cash at bank and in hand		**865,410**	2,892,951
Short-term bank deposits		**-**	1,700,000
	17	**865,410**	4,592,951

5 Trade and other receivables

	Note	2014 $	2013 $
CURRENT			
Trade receivables		**46,644**	45,267
Bonds receivable		**3,460,012**	-
Other receivables		**125,333**	39,361
		3,631,989	84,628
Financial assets classified as loans and receivables			
Trade and other receivables			
- total current		**3,631,989**	84,628
Financial assets	17	**3,631,989**	84,628

6 Other assets

	Note	2014 $	2013 $
CURRENT			
Prepayments		**53,504**	22,697

Notes to the Financial Statements
For the Year Ended 30 June 2014

	2014 $	2013 $
7 Property, plant and equipment		
LAND AND BUILDINGS		
Freehold land		
At independent valuation	**3,952,053**	3,952,053
Buildings		
At independent valuation	**2,900,000**	2,900,000
At Cost	**4,968,900**	-
Accumulated depreciation	**(235,624)**	(163,124)
Total buildings	**7,633,276**	2,736,876
Total land and buildings	**11,585,329**	6,688,929
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	**-**	1,152,656
Plant and equipment		
At cost	**1,176,547**	766,341
Accumulated depreciation	**(711,339)**	(667,223)
	465,208	99,118
Furniture, fixtures and fittings		
At cost	**1,352**	1,352
Accumulated depreciation	**(1,352)**	(1,352)
	-	-
Motor vehicles		
At cost	**57,037**	62,171
Accumulated depreciation	**(19,916)**	(14,908)
	37,121	47,263
Computer equipment		
At cost	**7,189**	7,189
Accumulated depreciation	**(7,189)**	(7,189)
	-	-
Total plant and equipment	**502,329**	1,299,037
Total property, plant and equipment	**12,087,658**	7,987,966

The Association's land and buildings were revalued on 1 April 2011 by independent valuers. Valuations were made on the basis of open market value. The revaluation surplus was credited to the asset revaluation reserve.

7 Property, plant and equipment continued

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:

	Land	Buildings	Capital Works in Progress	Plant & Equipment	Furniture, Fixtures & Fittings	Motor Vehicles	Computer Equipment	Total
	$	$	$	$	$	$	$	$
Year ended 30 June 2014								
Balance at the beginning of year	3,952,053	2,736,876	1,152,656	99,118	-	47,263	-	7,987,966
Additions	-	-	3,816,741	410,206	-	30,222	-	4,257,169
Disposals - written down value	-	-	-	-	-	(27,407)	-	(27,407)
Transfers	-	4,969,397	(4,969,397)	-	-	-	-	-
Depreciation expense	-	(72,500)	-	(44,116)	-	(12,957)	-	(129,573)
Other changes, movements	-	(497)	-	-	-	-	-	(497)
Balance at the end of the year	3,952,053	7,633,276	-	465,208	-	37,121	-	12,087,658

8 Trade and other payables

	Note	2014 $	2013 $
CURRENT			
Unsecured liabilities			
Trade payables		**160,488**	462,700
Sundry payables and accrued expenses		**55,498**	56,466
		215,986	519,166
Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:			
- total current		**215,986**	519,166
Financial liabilities as trade and other payables	17	**215,986**	519,166

9 Borrowings

	Note	2014 $	2013 $
CURRENT			
Unsecured liabilities:			
Accommodation bonds held		**8,847,978**	5,351,698
Retentions received in advance		**413,773**	97,052
		9,261,751	5,448,750
Secured liabilities:			
Bank loan		**607,013**	-
Total borrowings	17	**9,868,764**	5,448,750

Notes to the Financial Statements
For the Year Ended 30 June 2014

	2014 $	2013 $
10 Employee Benefits		
Current liabilities		
Long service leave	**142,204**	130,740
Annual leave	**98,478**	108,682
	240,682	239,422
11 Tax		
GST receivable	**22,668**	51,476

12 Operating Segments

Identification of reportable segments

The Association has identified its operating segments based on the internal reports that are reviewed and used by the Board of members (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Association is managed primarily on the basis of product category and service offerings as the diversification of the association's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Types of products and services by reportable segment

(i) Residential Aged Care Facility

(ii) Aged Home Care Services

Basis of accounting for purposes of reporting by operating segments

(a) **Accounting policies adopted**

Unless stated below, all amounts reported to the Board members, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the association.

(b) **Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(c) **Segment liabilities**

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the association as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Notes to the Financial Statements
For the Year Ended 30 June 2014

12 Operating Segments continued

(d) Segment performance

	Residential Aged Care Facility		Aged Home Care Services		Total	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
REVENUE						
Operating grants	**1,879,533**	1,814,332	**399,333**	346,737	**2,278,866**	2,161,069
Facilities and associated charges	**797,157**	693,711	**35,749**	32,320	**832,906**	726,031
Bond retentions	**49,349**	42,648	**-**	-	**49,349**	42,648
Interest	**86,981**	250,119	**-**	-	**86,981**	250,119
Donations	**-**	550	**-**	-	**-**	550
Insurance claims	**-**	1,185	**-**	-	**-**	1,185
Other income	**6,758**	7,324	**-**	10	**6,758**	7,334
Total segment revenue	**2,819,778**	2,809,869	**435,082**	379,067	**3,254,860**	3,188,936
Care employee expenses	**(2,014,161)**	(1,810,850)	**-**	-	**(2,014,161)**	(1,810,850)
Other employee expenses	**-**	-	**(301,806)**	(249,110)	**(301,806)**	(249,110)
Administration expenses	**(126,534)**	(84,974)	**(5,324)**	(5,733)	**(131,858)**	(90,707)
Facility operating expenses	**(343,905)**	(301,750)	**(4,954)**	(5,740)	**(348,859)**	(307,490)
Medical expenses	**(81,432)**	(73,165)	**(8,680)**	(7,155)	**(90,112)**	(80,320)
General operating expenses	**(166,581)**	(117,759)	**(77,613)**	(70,271)	**(244,194)**	(188,030)
Equipment expenses	**(140,008)**	(80,816)	**(11,710)**	(12,036)	**(151,718)**	(92,852)
Depreciation	**(110,314)**	(97,831)	**(19,570)**	(17,264)	**(129,884)**	(115,095)
Gains/(losses) on sale of non-current assets	**(3,962)**	24,309	**-**	-	**(3,962)**	24,309
Other expenses	**(28,889)**	(40,516)	**(6,000)**	(6,000)	**(34,889)**	(46,516)
Total segment expenses	**(3,015,786)**	(2,583,352)	**(435,657)**	(373,309)	**(3,451,443)**	(2,956,661)
Segment operating result	**(196,008)**	226,517	**(575)**	5,758	**(196,583)**	232,275

(e) Segment assets

	Residential Aged Care Facility 2014	Residential Aged Care Facility 2013	Aged Home Care Services 2014	Aged Home Care Services 2013	Total 2014	Total 2013
Segment assets						
Cash and cash equivalents	**848,226**	4,568,882	**17,184**	24,069	**865,410**	4,592,951
Trade and other receivables	**3,579,994**	83,936	**51,995**	692	**3,631,989**	84,628
Tax receivable	**22,668**	51,476	**-**	-	**22,668**	51,476
Other assets	**53,504**	22,697	**-**	-	**53,504**	22,697
Total segment current assets	**4,504,392**	4,726,991	**69,179**	24,761	**4,573,571**	4,751,752
Property, plant and equipment	**12,087,658**	7,897,966	**-**	-	**12,087,658**	7,897,966
Total segment assets	**16,592,050**	12,624,957	**69,179**	24,761	**16,661,229**	12,649,718

(f) Segment liabilities

Notes to the Financial Statements

For the Year Ended 30 June 2014

12 Operating Segments continued

(f) Segment liabilities continued

	Residential Aged Care Facility		Aged Home Care Services		Total	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
Segment liabilities						
Trade and other payables	**215,660**	519,095	**326**	71	**215,986**	519,166
Accommodation bonds held	**8,847,978**	5,351,698	**-**	-	**8,847,978**	5,351,698
Retentions payable	**413,773**	97,052	**-**	-	**413,773**	97,052
Employee benefits	**240,682**	239,422	**-**	-	**240,682**	239,422
Loan	**607,013**	-	**-**	-	**607,013**	-
Total segment liabilities	**10,129,098**	6,433,784	**(249)**	5,829	**10,128,849**	6,439,613

13 Permitted Uses Statement

(a) **Bond money received**

	2014	2013
	$	$
Total of accommodation bond monies received between the period 1 July to 30 June	**6,383,260**	420,000
Allowable deductions from accommodation bond balances between the period 1 July to 30 June	**-**	(969)
	6,383,260	419,031

(b) **Expenditure on permitted uses**

	2014	2013
Total on capital expenditure	**3,816,741**	1,789,213
Refunds of bond and entry contribution balances	**2,891,279**	507,442
	6,708,020	2,296,655

14 Contingencies

In the opinion of the Board, the Association did not have any contingencies at 30 June 2014 (30 June 2013:None).

15 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

16 Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Notes to the Financial Statements
For the Year Ended 30 June 2014

	2014	2013
	$	$

17 Financial Risk Management

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and bank loans.

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:

	Note	2014 $	2013 $
Financial Assets			
Cash and cash equivalents	4	**865,410**	4,592,951
Loans and receivables	5	**3,631,989**	84,628
Total financial assets		**4,497,399**	4,677,579
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	8	**215,986**	519,166
Other financial liabilities	9	**9,868,764**	5,448,751
Total financial liabilities		**10,084,750**	5,967,917

18 Fair Value Measurement

The Association has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after initial recognition.

The Association does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

- Land and buildings

	2014	2013
Recurring fair value measurements		
Land and buildings	**11,585,329**	6,688,929

For land & buildings, the fair value has been determined as detailed in Note 7.

19 Association Details

The registered office of the association is:
The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated
41 Burley Griffin Boulevard
Brompton SA 5007

The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated
ABN 40 077 109 029 NAPS ID: 590

Statement by the Members of the Board

In the opinion of the board the financial report as set out on pages 3 to 21:

1. Present fairly the results of the operations of The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated as at 30 June 2014 and its state of affairs for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.

2. At the date of this statement, there are reasonable grounds to believe that The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated will be able to pay its debts as and when they fall due.

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

Board member .... Board member ....

Dated this ....9.... day of ...October....... 2014

Hayes Knight
Accountants, Advisers & Auditors

Hayes Knight (SA) Audit & Assurance Pty Ltd
ABN: 34 144 550 461

Authorised Audit Company
Registered Number: 374246

269 Pulteney Street, Adelaide SA 5000
GPO Box 1171 Adelaide SA 5001

T: 08 8224 3300 F: 08 8224 3311

www.hayesknight.com.au

The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated
ABN 40 077 109 029 NAPS ID: 590

Independent Audit Report to the members of The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated

Report on the Financial Report

We have audited the accompanying financial report of The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated, which comprises the statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information, and statement by members of the board.

Board's Responsibility for the Financial Report

The board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and *Associations Incorporation Act 1985*, and for such internal control as the board determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of The Croatian, Ukrainian & Belarusian Aged Care Association of SA Incorporated and its subsidiaries, as at 30 June 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and *Associations Incorporation Act 1985*.

Hayes Knight (SA) Audit & Assurance Pty Ltd

Graeme Rodda
Director

Adelaide

13 October 2014