Notes to the Financial Statements

For the Year Ended 30 June 2018

The financial report covers Toosey Limited as an individual entity. Toosey Limited is a Not-for-Profit Company incorporated and domiciled in Australia.

The functional and presentation currency of Toosey Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 25 October 2018.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2 Summary of Significant Accounting Policies

(a) 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, and bank overdrafts. Bank overdrafts are shown within borrowings under liabilities on the statement of financial position

(b) Property, plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by the Board to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts .

Fixed assets constructed

The cost of fixed assets constructed within the Company 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, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

2 Summary of Significant Accounting Policies

(b) Property, plant and equipment

Capital works

All costs of a capital nature are to be capitalised if they increase the building's value. Costs of the project are to be classified as work in progress until the project has been completed. Upon completion, the asset is to be reclassified and depreciated at an appropriate rate. Any diminution of an asset is to be written off to the statement of comprehensive income.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

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

Fixed asset class	Depreciation rate
Buildings	2%
Building Improvements	6.75%
Plant and Equipment	10%
Motor Vehicles	15%
Computer Equipment	33.33

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.

(c) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Notes to the Financial Statements
For the Year Ended 30 June 2018

2 **Summary of Significant Accounting Policies**

(d) **Financial instruments**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

2 **Summary of Significant Accounting Policies**

(d) **Financial Instruments**

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(e) **Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as at liability with the amounts normally paid within 30 days of recognition of the liability.

(f) **Employee benefits**

Provision is made for the Company'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 wholly 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 one year 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 high quality

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 **Summary of Significant Accounting Policies**

(f) Employee benefits

corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(g) Accommodation Bonds

Accommodation bonds are non interest bearing deposits made by aged care facility residents to the company upon their admission to low care and extra service accommodation. The liability for accommodation is carried at the amount that would be payable on departure or transfer of the resident. This is the amount received on entry of the resident less deductions for fees and retention's pursuant to the Aged Care Act 1997. Once a refunding event occurs the receivable becomes interest bearing. The interest rate varies according to Department of Health and Ageing rates.

Consistent with the current interpretation by the accounting profession, there is not an unconditional right to defer the settlement of these amounts, therefore the full value of accommodation bonds is recorded as a current liability of the company.

These funds are guaranteed under the Accommodation Bond (Guarantee Scheme) which came into operation on the 31 May 2006. The Guarantee Scheme enables the Commonwealth to step in and refund accommodation bond or entry contribution balances to residents if the approved provider has defaulted on its financial obligations due to bankruptcy or insolvency. After the refunds have been made, the Commonwealth becomes the creditor (unsecured) for those amounts. The Commonwealth then pursues the defaulting approved provider for recovery of funds through normal insolvency procedures. The Guarantee Scheme is established under the Aged Care (Bond Security) Act 2006 (Bonds Security Act).

(h) Provisions

Provisions are recognised when the Company 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.

(i) 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 Company 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.

Government subsidies are recognised as revenue on an accrual basis in accordance with the requirements and conditions of the Aged Care Act 1997.

Revenue for resident fees and charges are recognised in accordance with the legislation covering these amounts.

Revenue for the sale of goods is recognised on delivery of the goods to customers.

Interest revenue is recognised over the period for which the funds were invested.

Rental Income is recognised in the period to which the rent relates.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 **Summary of Significant Accounting Policies**

(i) Revenue and other income

Donations and bequests are recognised as revenue when received.

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

(j) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(k) 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.

(l) New, revised or amending Accounting Standards and Interpretations adopted

There have been no material changes to accounting standards during the year applicable to the Company.

Certain accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period. The Company's assessment of the impact of these new standards and interpretations is set out below. Changes that are not likely to materially impact the financial report of the Company have not been reported.

AASB 9 Financial Instruments

AASB 9 replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, as well as the general hedge accounting requirements. Furthermore, AASB 9 introduces a new 'expected' credit loss model for calculating impairment on financial assets. This moves away form the current 'incurred' loss model required under AASB 139. Under the expected credit loss model, the Company will be required to consider a broader range of information when assessing credit risk and measuring expected credit losses including past experience of historical losses for similar financial instruments. This standard is applicable for accounting periods beginning on or after 1 January 2018. The Company intends to adopt the standard in the financial year ending 30 June 2019. The Company has conducted a high-level review on the impact of this standard. The quantitative impact of the expected credit loss model is expected to be immaterial. Based on the nature of the Company's financial assets, the classification and measurement of financial assets are not expected to have a material change. The Company does not conduct any hedge accounting.

AASB 15 Revenue from Contracts with Customers

2 Summary of Significant Accounting Policies

(l) New, revised or amending Accounting Standards and Interpretations adopted

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces most of the existing standards and interpretations relating to revenue recognition including AASB 118 Revenue. The standard shifts the focus from the transaction level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to, while measurement encompasses estimation by the Company of the amount expected to be entitled for performing under the contract. This standard is applicable to accounting periods commencing on or after 1 January 2019. The Company intends to adopt the standard in the financial year ending 30 June 2020. The Company has commenced a project to quantify the impact of this new accounting standard. No material impacts to the amount of revenue have currently been identified, however the Company is still determining if there may be an impact to timing of revenue recognition.

AASB 16 Leases

AASB 16 requires all leases to be accounted for 'on-balance sheet' by lessees, other than short term and low value asset leases. It also provides new guidance on the application of the definition of lease and on sale and lease back accounting and requires new and different disclosures about leases. This standard is applicable for accounting periods commencing on or after 1 January 2019. The Company intends to adopt the standard in the financial year ending 30 June 2020. Based on the Company's preliminary assessments, the likely impact will be the recognition of a right to use asset for their aged care facility in the statement of financial position. Currently this facility is not included in their assets but the new standard requires peppercorn leases to be recognised as an asset. The asset will be recognised as a transitional adjustment and will therefore affect equity when the standard is adopted. A determination of the fair value of this right to use asset has not yet been completed as at the date of this report.

AASB 1058 Income of not-for-profit entities

AASB 1058 replaces AASB 1004 Contributions. Together with AASB 15, they contain a comprehensive framework for the recognition, measurement and disclosure of income. The standard is applicable for reporting periods commencing after 1 January 2019. The company intends to adopt it in the financial year ending 30 June 2020. The Company has commenced a high level review of the impact of the standard. No material impacts have currently been identified.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Notes to the Financial Statements

For the Year Ended 30 June 2018

3 Critical Accounting Estimates and Judgments

Key estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Revenue and Other Income

	2018	2017
	$	$
Sales revenue		
- Resident fees	1,528,484	1,635,608
- Governement funding	4,141,457	3,802,388
- Interest revenue	325,934	269,953
- Other revenue	296,919	100,433
Total Revenue	6,292,794	5,808,382

Notes to the Financial Statements
For the Year Ended 30 June 2018

5 Cash and Cash Equivalents

	2018	2017
	$	$
Cash at bank and in hand	313,871	1,366,558
Short-term deposits	-	500,000
	313,871	1,866,558

6 Trade and Other Receivables

	2018	2017
	$	$
CURRENT		
Trade receivables	75,105	94,071
	75,105	94,071
GST receivable	12,772	18,620
Total current trade and other receivables	87,877	112,691

(a) Aged analysis

The ageing analysis of receivables is as follows:

	2018	2017
	$	$
0-30 days	29,496	16,821
31-60 days	261	(2,466)
61-90 days (past due not impaired)	374	21,167
91+ days (past due not impaired)	35,374	29,667
	65,505	65,189

7 Other Financial Assets

(a) Held-to-maturity investments

	2018	2017
	$	$
CURRENT		
Government and fixed interest securities	10,041,250	9,000,000
NON-CURRENT		
Government and fixed interest securities	2,000,000	2,000,000
	12,041,250	11,000,000

Notes to the Financial Statements

For the Year Ended 30 June 2018

8 Other Assets

	2018 $	2017 $
CURRENT		
Prepayments	37,223	175,629
Accrued income	66,741	149,778
	103,964	325,407

9 Property, plant and equipment

	2018 $	2017 $
LAND AND BUILDINGS		
Freehold land		
Land at cost	577,926	486,317
Total Land	577,926	486,317
Buildings		
Buildings at cost	10,637,206	8,831,576
Accumulated depreciation	(2,385,363)	(2,180,634)
Total buildings	8,251,843	6,650,942
Total land and buildings	8,829,769	7,137,259
PLANT AND EQUIPMENT		
Equipment		
Equipment at cost	1,332,067	976,035
Accumulated depreciation	(828,719)	(713,323)
Total equipment	503,348	262,712
Motor vehicles		
Motor vehicles at cost	132,745	157,507
Accumulated depreciation	(93,642)	(107,866)
Total motor vehicles	39,103	49,641
Total plant and equipment	542,451	312,353
Total property, plant and equipment	9,372,220	7,449,612

Notes to the Financial Statements

For the Year Ended 30 June 2018

(a) Movements in carrying amounts of property, plant and equipment

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	Equipment	Motor Vehicles	Total
	$	$	$	$	$
Year ended 30 June 2018					
Balance at the beginning of year	486,317	6,650,942	262,712	49,641	7,449,612
Additions	91,609	1,805,631	358,913	-	2,256,153
Disposals	-	-	(2,880)	-	(2,880)
Depreciation expense	-	(204,730)	(115,397)	(10,538)	(330,665)
Balance at the end of the year	577,926	8,251,843	503,348	39,103	9,372,220

	Land	Buildings	Equipment	Motor Vehicles	Total
	$	$	$	$	$
Year ended 30 June 2017					
Balance at the beginning of year	486,317	6,255,584	266,465	23,354	7,031,720
Additions	-	552,336	105,710	39,574	697,620
Depreciation expense	-	(156,978)	(109,463)	(13,287)	(279,728)
Balance at the end of the year	486,317	6,650,942	262,712	49,641	7,449,612

Notes to the Financial Statements

For the Year Ended 30 June 2018

10 Trade and Other Payables

	Note	2018 $	2017 $
Current			
Sundry creditors & accruals		839,437	483,244
Trade payables		104,083	47,524
Government subsidy accrual		(22,622)	(8,101)
		920,898	522,667

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

11 Provisions

	2018 $	2017 $
CURRENT		
Long service leave	336,416	335,155
Annual leave	574,793	481,157
	911,209	816,312
NON-CURRENT		
Long service leave	48,617	23,947
	48,617	23,947

12 Financial Liabilities

	2018 $	2017 $
Unsecured liabilities:		
Accommodation bonds refundable	4,996,536	4,693,743
Independent living units deposits refundable	3,506,750	3,543,750
Total current borrowings	8,503,286	8,237,493

	2018 $	2017 $
NON-CURRENT		
Secured liabilities:		
Bank loans	1,900,000	1,900,000
Total non-current borrowings	1,900,000	1,900,000