

# **Eskleigh Foundation Incorporated**

## **Financial Statements**

**For the Year Ended 30 June 2018**

**Eskleigh Foundation Incorporated**

# **Financial Statements**

**For the Year Ended 30 June 2018**

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**Eskleigh Foundation Incorporated**

# **Board of Management's Report**

**For the Year Ended 30 June 2018**

**Eskleigh Foundation Incorporated**

# **Certification by Board of Management**

**For the Year Ended 30 June 2018**

In the opinion of the Board of Eskleigh Foundation Incorporated:

- a) The financial statements as set out on pages 1 to 18 present a true and fair view of the financial position of Eskleigh Foundation Incorporated as at 30 June 2018 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements and the requirement of the Associations Incorporated Act (Tas) 1964; and
- b) There are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- c) The financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profit Commission Act 2012.

Signed in accordance with subsection 60-15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

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Lynette Broomby  
**Chairperson**

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Linda McKenzie  
**Audit Committee Chairperson**

Dated this    day of    2018

## Eskleigh Foundation Incorporated

# Board of Management

For the Year Ended 30 June 2018

Chairman:	Mrs Lynette Broomby (Appointed 27 February 2018)	513 Winkleigh Road WINKLEIGH
	Mr Linus Grant (Resigned 27 February 2018)	7 Tannery Road LONGFORD
Vice-Chairman:	Mr Les Baxter (Appointed 27 February 2018)	8 Clifton Place PROSPECT
	Mrs Lynette Broomby (Resigned 27 February 2018)	513 Winkleigh Road WINKLEIGH
Treasurer:	Mrs Linda McKenzie	44 Cleghorn Avenue RIVERSIDE
Public Officer:	Dr Fiona Joske	21 William Street LONGFORD
Board members:	Mr Timothy Whyte	313 John Lees Drive DILSTON
	Mr Lionel J Morrell	41 High Street LAUNCESTON
	Mrs Rozanne Boyd (Resigned 28 October 2017)	17 Bulwer Street LONGFORD
	Mr Linus Grant	7 Tannery Road LONGFORD
	Ms Angela Holzberger (Appointed 30 January 2018)	9 Prince Regent Place HUNTINGFIELD

L K Kimpton  
Ruddicks  
102 Tamar Street  
LAUNCESTON TAS 7250

Sign this

day of

2018

Eskleigh Foundation Incorporated

# Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
<b>OPERATING REVENUE</b>		
Fees	4,137,844	2,608,607
Government funding	4,929,267	6,212,505
Other operating revenue	195,415	118,923
<b>Total operating revenue</b>	<b>9,262,526</b>	<b>8,940,035</b>
<b>OPERATING EXPENSES</b>		
Employee benefits	7,412,925	6,381,343
Domestic	758,507	732,522
Property	713,725	720,305
Administration	884,724	769,686
Motor vehicles	233,492	228,385
<b>Total operating expenses</b>	<b>10,003,373</b>	<b>8,832,241</b>
<b>Operating surplus/(deficit)</b>	<b>(740,847)</b>	<b>107,794</b>
<b>NON-OPERATING ITEMS</b>		
Fundraising	(6,750)	1,268
Bequests and donations	109,628	185,165
Memberships	61	315
Interest	54,892	53,152
Gain/(loss) on disposal of assets	(32,248)	(10,398)
<b>Net non-operating items</b>	<b>125,583</b>	<b>229,502</b>
<b>Net surplus for the year</b>	<b>(615,264)</b>	<b>337,296</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(615,264)</b>	<b>337,296</b>

This statement should be read in conjunction with the accompanying notes

**Eskleigh Foundation Incorporated**

# Statement of Financial Position

As At 30 June 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	4	1,572,735	2,659,531
Trade and other receivables	5	131,425	248,713
Prepayments		9,592	23,085
<b>Total current assets</b>		<b>1,713,752</b>	<b>2,931,329</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	6,790,192	6,333,702
Art collection		113,360	112,978
<b>Total non-current assets</b>		<b>6,903,552</b>	<b>6,446,680</b>
<b>TOTAL ASSETS</b>		<b>8,617,304</b>	<b>9,378,009</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	619,947	788,805
Provisions	8	692,375	656,100
<b>Total current liabilities</b>		<b>1,312,322</b>	<b>1,444,905</b>
<b>Non-current liabilities</b>			
Provisions	8	63,602	76,460
<b>Total non-current liabilities</b>		<b>63,602</b>	<b>76,460</b>
<b>TOTAL LIABILITIES</b>		<b>1,375,924</b>	<b>1,521,365</b>
<b>NET ASSETS</b>		<b>7,241,380</b>	<b>7,856,644</b>
<b>EQUITY</b>			
Accumulated funds		3,528,589	4,300,139
Reserves	9	3,712,791	3,556,505
<b>TOTAL EQUITY</b>		<b>7,241,380</b>	<b>7,856,644</b>

This statement should be read in conjunction with the accompanying notes



**Eskleigh Foundation Incorporated**

# Statement of Changes in Funds

For the Year Ended 30 June 2018

	Accumulated Funds \$	Asset Revaluation Reserve \$	Operating Reserve \$	Total \$
<b>Balance at 1 July 2016</b>	4,056,428	2,080,359	1,382,561	7,519,348
Net surplus / (deficit) for year	337,296	-	-	337,296
Revaluation increment/(decrement) of property	-	-	-	-
Revaluation increment of artwork	-	-	-	-
Transfers				
Capital works funded from reserve	-	-	-	-
Operating Reserve	(93,585)	-	93,585	-
<b>Balance as at 30 June 2017</b>	<b>4,300,139</b>	<b>2,080,359</b>	<b>1,476,146</b>	<b>7,856,644</b>
Net surplus / (deficit) for year	(615,264)	-	-	(615,264)
Revaluation increment/(decrement) of property	-	-	-	-
Revaluation increment of artwork	-	-	-	-
Transfers				
Capital works funded from reserve	-	-	-	-
Operating Reserve	(156,286)	-	156,286	-
<b>Balance as at 30 June 2018</b>	<b>3,528,589</b>	<b>2,080,359</b>	<b>1,632,432</b>	<b>7,241,380</b>

**Eskleigh Foundation Incorporated**

# **Statement of Cash Flows**

For the Year Ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Fees received		4,356,075	2,607,913
Government funding received		5,422,194	6,909,854
Payments to suppliers		(2,928,897)	(2,468,420)
Employee benefits paid		(7,271,457)	(6,170,739)
Interest received		54,453	56,619
GST remitted		(327,941)	(465,835)
Other income		345,648	296,972
<b>Net cash inflow from operating activities</b>		<b>(350,033)</b>	766,363
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		25,000	1,411
Purchase of property, plant and equipment		(761,763)	(219,149)
Loans – payments received		-	200,000
<b>Net cash outflow from investing activities</b>		<b>(736,763)</b>	(17,738)
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>(1,086,796)</b>	748,625
<b>CASH AT BEGINNING OF FINANCIAL YEAR</b>		<b>2,659,531</b>	1,910,906
<b>CASH AT END OF FINANCIAL YEAR</b>	4	<b>1,572,735</b>	2,659,531

This statement should be read in conjunction with the accompanying notes

# **Notes to the Financial Statements**

**For the Year Ended 30 June 2018**

## **1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

Eskleigh Foundation Incorporated ("the Association") is an association incorporated under the *Associations Incorporation Act (Tasmania) 1964*. This financial report covers the Association as an individual entity.

The Association applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial report that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board, the *Australian Charities and Not-for-profits Commission Act 2012*, and the *Associations Incorporations Act (Tasmania) 1964*. 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 presentation 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.

The financial statements were authorised for issue on 28 August 2018 by the Board.

### **(a) Income Tax**

The Association has not adopted the principles of tax effect accounting as it has received notification of its exemption from income tax under section 50-45 of the Australian *Income Tax Assessment Act 1997*. The Association holds deductible gift recipient status.

### **(b) Revenue**

Revenue from fees for services provided to clients is recognised upon billing of the service to the client. This generally occurs after the end of the relevant pay period when the number of hours of care provided to each client can be reliably determined. Government grants are recognised as revenue in the period in which control over the funding is obtained. Interest revenue is recognised on a proportional basis, taking into account the interest rates applicable to the financial assets. Other revenue items, including donations, bequests and fundraising are recognised on receipt.

### **(c) Cash**

For the purpose of the Statement of Cash Flows, cash includes cash on hand, cash at bank and deposits at call.

### **(d) Employee Entitlements**

Liabilities for salaries, wages and annual leave are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of the employees' service up to that date.

A liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Property, Plant and Equipment, and Art Collection

Land and buildings are measured at fair value, based on periodic but generally triennial valuations by an external independent valuer. Plant and equipment are measured using the cost basis and are depreciated over the expected useful life of each asset using the diminishing value basis. The art collection is measured using the cost basis and is depreciated over the expected life of each asset using the diminishing value basis, with an adjustment to fair value made periodically when valued by an external independent valuer.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 15, Fair Value Measurements.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The carrying amount of property, plant and equipment is reviewed annually by the board to ensure that it is not in excess of the recoverable amount of these assets. The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows from its continued use and subsequent disposal.

#### Depreciation Rates

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

Motor Vehicles	20% - 21.43%
Computer Equipment	40%
Other Equipment	10% - 30%
Structural Improvements	2.5% - 10%
Art Collection	10%

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

### (f) 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.

### (g) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

### (i) Inventories

Stock on hand is valued at the lower of cost or net replacement cost.

### (j) Trade and other payables

Trade and other payables are stated at their amortised cost.

### (k) Impairment

The carrying amounts of the Association's assets, other than inventories (see accounting policy 1(i)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

### (l) Goods and services tax

Revenues, 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). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) New Accounting Standards for Application in Future Periods

An assessment of Accounting Standards issued by the AASB that are not yet mandatorily applicable and their potential impact on the Association when adopted in future periods is discussed below:

AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the Association on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although members of the committee anticipate that the adoption of AASB 9 may have an impact on the Association's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirements for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- Recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- Depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- Inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- Application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- Inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although members of the committee anticipate that the adoption of AASB 16 will impact the Association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) New Accounting Standards for Application in Future Periods

AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

The Standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: *Contributions*.

Although members of the committee anticipate that the adoption of AASB 1058 may have an impact the Association's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

### (n) Judgements and Assumptions

In the application of Australian Accounting Standards, the Board is 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 various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. 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 estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Judgements and Assumptions

The Board has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. Judgements made by the Board that have significant effects on the financial report are disclosed in the relevant notes as follows:

#### **Employee entitlements**

Assumptions are utilised in the determination of the Associations employee entitlement provisions. These assumptions are discussed in note 1(d).

#### **Fair value of property, plant & equipment**

Assumptions and judgements are utilised in determining the fair value of the Association's property, plant and equipment including useful lives and depreciation rates. These assumptions are discussed in note 1(e).

## 2 OPERATING RESULT

Included in the operating surplus/deficit were the following specific items of revenue and expense:

	2018	2017
	\$	\$
NET GAINS/(LOSSES)		
Proceeds from disposal of fixed assets	15,399	28,556
Carrying value of assets disposed	<u>(47,647)</u>	<u>(38,954)</u>
	<u>(32,248)</u>	<u>(10,398)</u>
<b>Expenses</b>		
Depreciation		
Buildings	61,941	60,938
Plant and equipment	173,594	165,431
Motor vehicles	9,926	9,197
Art collection	<u>2,180</u>	<u>2,531</u>
	<u>247,641</u>	<u>238,097</u>
Auditors remuneration		
Auditing or reviewing the financial report	<u>10,575</u>	<u>10,850</u>
	<u>10,575</u>	<u>10,850</u>
Operating lease rentals		
Equipment	1,080	1,080
Motor vehicles	178,433	169,593
Buildings	<u>103,385</u>	<u>57,337</u>
	<u>282,898</u>	<u>228,010</u>
<b>Interest Revenue</b>		
Financial instruments at amortised cost		
Interest	<u>54,892</u>	<u>53,152</u>



# Notes to the Financial Statements

For the Year Ended 30 June 2018

## 3 CONTRIBUTION

	OPERATING REVENUE		OPERATING SURPLUS/(DEFICIT)	
	2018	2017	2018	2017
	\$	\$	\$	\$
Eskleigh Foundation	67,485	46,751	5,354	(91,230)
Administration	-	-	(621,238)	(262,711)
Eskleigh Home	5,209,476	5,014,159	154,915	206,559
Group Home 1 - Longford	513,348	478,242	6,888	59,344
Group Home 2 - Kings Meadows	537,044	484,553	83,376	60,647
Group Home 4 - Montrose	567,131	626,521	(94,899)	23,438
Attendant Care - North	880,402	932,431	64,844	60,263
North West Centre	143,748	-	(244,001)	(35,275)
Attendant Care - South	284,214	198,477	16,883	16,616
Day Support Centre South	275,526	366,265	(38,079)	101,580
Esk Banks Group Home	14,912	10,133	15,430	9,294
Group Home 5 - Carbeen Street	769,240	782,503	(90,320)	(40,731)
<b>Total</b>	<b>9,262,526</b>	<b>8,940,035</b>	<b>(740,847)</b>	<b>107,794</b>

	2018	2017
	\$	\$
<b>4 CASH</b>		
Cash on hand	2,050	2,050
Bank balances	306,150	1,392,946
Short-term deposits	1,264,535	1,264,535
	<b>1,572,735</b>	<b>2,659,531</b>

<b>5 RECEIVABLES</b>		
Trade receivables	67,145	214,860
Accrued fees	55,003	25,015
Accrued interest	9,277	8,838
	<b>131,425</b>	<b>249,221</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
<b>6 PROPERTY PLANT AND EQUIPMENT</b>		
LAND AND BUILDINGS		
At independent valuation	<u>5,915,387</u>	5,436,710
Total land and buildings	<u>5,915,387</u>	5,436,710
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	2,097,783	2,470,739
Less accumulated depreciation	<u>(1,332,047)</u>	<u>(1,617,868)</u>
	<u>765,736</u>	852,871
Motor vehicles		
At cost	116,994	50,373
Less accumulated depreciation	<u>(7,925)</u>	<u>(6,252)</u>
Total motor vehicles	<u>109,069</u>	44,121
Total plant and equipment	<u>874,805</u>	896,992
Total property, plant and equipment	<u>6,790,192</u>	<u>6,333,702</u>

In accordance with note 1(e), land and buildings are measured on the fair value basis.

The independent valuations were carried out as at 30 June 2016 on the basis of a highest and best fair value of the properties. The independent valuations were carried out by Mr A Cubbins, Certified Practising Valuer, at 30 June 2016. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current demand for land and buildings in the area and recent sales data for similar properties. The valuations resulted in a revaluation increment of \$219,555 being recognised in the Asset Revaluation Reserve for the year ended 30 June 2016.

## Movements in Carrying Amounts

	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Opening balance	5,436,710	852,871	44,121	6,333,702
Additions	540,619	94,422	114,558	749,599
Disposals	-	(7,963)	(39,684)	(47,647)
Depreciation	<u>(61,941)</u>	<u>(173,594)</u>	<u>(9,926)</u>	<u>(245,462)</u>
Carrying amount at the end of year	<u>5,915,387</u>	<u>765,736</u>	<u>109,069</u>	<u>6,790,192</u>

# Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	\$	\$
<b>7 PAYABLES</b>		
Sundry creditors and accruals	485,227	585,286
GST collected	52,143	89,527
Trade creditors	<u>82,577</u>	<u>113,992</u>
	<u><b>619,947</b></u>	<u><b>788,805</b></u>
<b>8 PROVISIONS</b>		
<b>Current</b>		
Annual leave	443,507	486,093
Long service leave	<u>248,868</u>	<u>170,007</u>
	<u><b>692,374</b></u>	<u><b>656,100</b></u>
<b>Non-Current</b>		
Long service leave	<u><b>63,602</b></u>	<u><b>76,460</b></u>
	<b>Employee Benefits</b>	<b>Total</b>
<b>Analysis of total provisions</b>	<b>\$</b>	<b>\$</b>
Opening balance at 1 July 2017	732,560	732,560
Additional provisions raised during the year	546,757	546,757
Amounts used	<u>(523,340)</u>	<u>(523,340)</u>
Balance at 30 June 2018	<u><b>755,977</b></u>	<u><b>755,977</b></u>

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## 9 RESERVES

(a) *Asset Revaluation Reserve*

The asset revaluation reserve records unrealised revaluation increments or decrements on non-current assets. Where a previously revalued asset is disposed of, the amount in the asset revaluation reserve related to that asset is transferred back to the accumulated funds.

(b) *Operating Reserve*

Eskleigh Foundation Incorporated has developed and adopted a Financial Management Policy. The purpose of this policy is to ensure Eskleigh Foundation Incorporated keeps accurate financial records, submits annual reports, undertakes an annual audit and at all times is an organisation with sound financial probity. One aspect of the policy related to the creation of an Operating Reserve.

The Operating Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. Operating Reserves are not intended to replace a permanent loss of funds or to eliminate an ongoing budget gap. Operating Reserves used are to be replenished as soon as that becomes feasible. The Operating Reserve Fund is defined as the designated fund set aside by action of the Board. It should contain an amount sufficient to continue its main operations measured for two (2) months. The Operating Reserve serves a dynamic role and will be reviewed and adjusted in response to both internal and external changes.

The Operating Reserve fund will be funded with surplus, unrestricted, operating funds. The Board may from time to time direct that a specific source of revenue be set aside for Operating Reserves. Examples could include one-time gifts or bequests, special grants, or special appeals.

## 10 MEMBERS GUARANTEE

Eskleigh Foundation Incorporated is incorporated under the *Associations Incorporations Act (Tasmania) 1964*. If it is wound up, the rules of the Association state that each member is required to contribute a maximum of \$10 each toward meeting any outstanding obligations of the Association.

At 30 June 2018, the number of financial members was 31 (2017 - 29), including 6 life members.

## 11 LEASING AND CAPITAL COMMITMENTS

	2018	2017
	\$	\$
<b>Operating Lease Commitments Payable</b>		
0 - 1 year	169,510	166,369
2 - 5 years	215,150	157,909
	<u>384,660</u>	<u>324,278</u>

## Eskleigh Foundation Incorporated

# Notes to the Financial Statements

For the Year Ended 30 June 2018

### 12 KEY MANAGEMENT PERSONNEL COMPENSATION

	2018 \$	2017 \$
Total remuneration paid to key management personnel during the year		
Employee benefits	<u>407,906</u>	<u>340,215</u>

#### Related Party Transactions

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

During the year, the following related parties provided services to Eskleigh Foundation Incorporated:

ARC Support Services - provision of administration and payroll services	-	82,774
ARC Support Services - provision of Emplive services	-	14,432
ARC Support Services - provision of personal and home care services	-	-
	<u>-</u>	<u>97,206</u>

During the year, Eskleigh Foundation Incorporated provided services to the following related parties:

ARC Support Services - provision of personal and home care services	-	<u>227</u>
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### 13 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors is not aware of any significant events since the end of the reporting period.

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## 14 FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, related party loans, accounts receivable and payable, and leases.

The totals for each category of financial instruments as measured in accordance with AASB 139 as detailed in the accounting policies to these financial instruments are as follows:

	2018 \$	2017 \$
<b>Carrying amounts classified as:</b>		
<b><i>Financial assets</i></b>		
Cash and cash equivalents	1,572,735	2,658,981
Loans and receivables	<u>131,425</u>	<u>215,368</u>
	<u>1,704,160</u>	<u>2,874,349</u>
<b><i>Financial liabilities</i></b>		
Trade and other payables	<u>619,947</u>	<u>726,166</u>
<b>Net financial assets/(liabilities)</b>	<u><b>1,084,213</b></u>	<u><b>2,148,183</b></u>

## 15 FAIR VALUE MEASUREMENTS

The Association measures and recognises the following assets at fair value on a recurring basis: Property, plant and equipment

- Land and buildings

The Association does not measure any liabilities at fair value on a recurring basis.

The totals for each category of financial instruments as measured in accordance with AASB 139 as detailed in the accounting policies to these financial instruments are as follows:

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## 15 FAIR VALUE MEASUREMENTS (CONTINUED)

### (a) Fair value hierarchy

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Association. The table presents the Associations assets and liabilities measured and recognised at fair value at 30 June 2018.

The fair values of the assets are determined using valuation techniques which maximise the use of observable data, where it is available, and minimise the use of entity specific estimates. If one or more of the significant inputs is not based on observable market data, the asset is included in level 3.

#### As at 30 June 2018:

	Note	Level 1	Level 2	Level 3	Total
Recurring fair value measurements		\$	\$	\$	\$
Land and buildings	6	-	5,915,387	-	5,915,387
		-	<b>5,915,387</b>	-	

#### As at 30 June 2017:

	Note	Level 1	Level 2	Level 3	Total
Recurring fair value measurements		\$	\$	\$	\$
Land and buildings	6	-	5,436,710	-	5,436,710
		-	<b>5,436,710</b>	-	<b>5,436,710</b>

#### Transfers between levels of the hierarchy

The Association's policy is to recognise transfers in and out of the fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. No relevant transfers occurred during the 2018 financial year.

# Notes to the Financial Statements

For the Year Ended 30 June 2018

## 15 FAIR VALUE MEASUREMENTS (CONTINUED)

**(b) Highest and best use**

All assets valued at fair value in this note are being used for their highest and best use.

**(c) Valuation techniques and significant inputs used to derive fair values**

The Association has reviewed each valuation to ensure compliance with the requirements of the new standard. There have been no changes in valuation techniques as a result of this review.

**(d) Valuation processes**

The Association's valuation policies and procedures for land and buildings involve reviewing all asset values at the reporting date and ensuring the values are consistent with other available information. The primary source of information comes from the triennial valuations performed by an external independent valuer. Independent valuations were carried out as at 30<sup>th</sup> June 2016 and these resulted in a revaluation increment of \$219,555.

The Association also reviews asset holdings for other indicative evidence that may indicate a change in fair value. No evidence attained during the financial year suggested that the values used were inappropriate.

## 16 ECONOMIC DEPENDENCE

Eskleigh Foundation Incorporated is dependent upon continued funding under a Disability Services Funding Agreement with the Tasmanian Department of Health and Human Services for the period 1 July 2016 to 30 June 2019 and from the National Disability Insurance Agency for the delivery of most of its services.

The introduction of the National Disability Insurance Scheme is being rolled out within Tasmania progressively through to the 2019/20 financial year. The Association has had some services transitioned to the NDIS model during the 2018 financial year with the remaining services expecting to be transferred during the 2019 financial years. For services transitioned to the NDIS model, the Association has been working with local NDIS Coordinators to ensure adequate care plans and related funding packages are made available.

As at the date of this report, the Directors have no reason to believe ongoing financial support won't be provided by relevant funding bodies as services are transitioned in the coming years.

## 17 ASSOCIATION DETAILS

The registered office of the Association is:

Eskleigh Foundation Inc.  
16087 Midland Highway  
Perth TAS 7300

The principal place of business is:

Eskleigh Foundation Inc.  
16087 Midland Highway  
Perth TAS 7300