



*A year of transformation*

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*Annual Report*

2017/18

**Jewish Care (Victoria) Incorporated and Controlled Entities**

**ARN: A00 407 05X**

**ABN: 78 345 431 247**

**Annual report for the financial year ended 30 June 2018**

## Consolidated general purpose financial report for the financial year ended 30 June 2018

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### Committee's report

The Committee of Management (the Committee) members of Jewish Care (Victoria) Incorporated submit herewith the annual financial report of Jewish Care (Victoria) Incorporated and Controlled Entities (collectively, the "Organisation") for the financial year ended 30 June 2018. The Committee members report as follows:

- Mr Jeffrey Appel (OAM)
- Mr Frank Ajzensztat
- Mr Mike Debinski
- Mr Rohan Filer
- Prof Sharon Goldfeld
- Ms Susie Ivany (OAM)
- Mr Adam Joel
- Ms Lisa Kennett
- Mr Greg Nankin
- Mr Michael Schoenfeld
- Mr Andrew Schwartz
- Ms Simone Szalmuk-Singer

The above named members held office during and since the end of the financial year unless otherwise stated.

### Principal activities

The principal activities of the Organisation during the financial year ended 30 June 2018 were to promote and provide for the wellbeing of Jewish people in need of care in the State of Victoria, and attend to their physical, mental, emotional and spiritual needs.

### Review of operations

Jewish Care is a not-for-profit entity relying on community support for its works. The financial report has been prepared on a going concern basis which assumes that the Organisation will be able to meet its obligations as and when they fall due. The Organisation's current liabilities exceed current assets by \$11,834,599 as at 30 June 2018 (2017: \$3,911,503). This mainly arises because of the requirement to classify Refundable Accommodation Deposits of \$54,545,392 (2017: \$56,568,318) as current liabilities (refer to Note 17 for further details).

Deficit from ordinary activities for the year of \$327,777 (2017 surplus: \$4,444,092) is made up as follows:

Review of Operations	2018 \$	Restated 2017 \$
<b>Surplus after tax</b>	<b>1,791,736</b>	<b>10,005,318</b>
<b>Non-recurring items:</b>		
- Capital appeal	(2,758,167)	(3,257,708)
- Loss on disposal of property, plant and equipment	-	31,955
- Gain on sale of property, plant and equipment	-	(411,623)
- Gain on sale of bed licenses	-	(2,496,573)
<b>Total non-recurring items</b>	<b>(2,758,167)</b>	<b>(6,133,949)</b>
<b>Recurring items:</b>		
- Bequests	(2,116,158)	(2,543,862)
- Depreciation and amortisation	2,754,812	3,116,585
<b>Total recurring items:</b>	<b>638,654</b>	<b>572,723</b>
<b>Surplus/(Deficit) from ordinary activities of the economic entity after related income tax</b>	<b>(327,777)</b>	<b>4,444,092</b>

**Net assets**

**Movement in net assets is made up of:**

	2018	Restated 2017
	\$	\$
Opening balance	181,660,615	86,836,560
Add: Surplus after tax	1,791,736	10,005,318
Add: Revaluation increment in land and buildings	11,458,079	84,818,737
<b>Closing balance</b>	<b>194,910,430</b>	<b>181,660,615</b>

**Changes in state of affairs**

There was no significant change in the state of affairs of the Organisation during the financial year.

**Subsequent events**

The organisation has strategic development plans forecasted to commence in financial year 2019 including the development of a 120 bed senior living precinct in Carnegie, Victoria and an extension of Gary Smorgon House known as Anne and Eric Smorgon Active Living Centre. Both these are expected to commence development projects in late 2018. A development of a 156 bed senior living precinct at 619 St Kilda Road, Melbourne commenced in June 2017 and is expected to be completed in financial year 2020. The refurbishment of 36 residential units at 140 Alma Road and 13 Fulton Street is continuing having commenced in late 2017 and will be completed in September 2018.

The tenants of the investment property at Northcote Ave. Caulfield, Victoria subsequently terminated the lease on 17 September 2017 in accordance with the lease agreement terms and conditions. The Jewish Care Committee resolved on 29 May 2018 to sell Northcote Ave Caulfield via public campaign. On 21 September 2018, the Organisation entered into a contract of sale to sell the property at Northcote Ave. Caulfield, with settlement date in March 2019.

Apart from the aforementioned, there have not been any other matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the Organisation, the results of those operations, or the state of affairs of the Organisation in future financial years.

**Future developments**

Disclosure of information regarding likely developments in the operations of the Organisation in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Organisation. Accordingly, this information has not been disclosed in this report.

**Indemnification and insurance of Committee members and officers**

The Organisation has not, during or since the financial year, in respect of any person who is or has been a Committee member or officer of the Organisation:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as a Committee member or officer, including costs or expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as a Committee member or officer for the costs or expenses to defend legal proceedings, with the exception of the following:

A policy has been contracted with the Victorian Managed Insurance Authority to indemnify Committee members and officers against loss for which they may not be legally indemnified by the Organisation arising out of any claim, by reason of any wrongful act committed by them, in their capacity as a director or officer, first made against them jointly or severally during the period of insurance and notified to the insurer during the indemnity period.

Further details of the policy, the level of cover and the premium paid cannot be disclosed under the terms and conditions of the contract held with the Victorian Managed Insurance Authority.

**Indemnification of auditors**

To the extent permitted by law, the Organisation has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

**Committee's meetings**

The following table sets out the number of Committee meetings held during the financial year and the number of meetings attended by each director (while they were a Committee member). During the financial year, 10 Committee meetings were held.

Directors	Committee Meetings	
	Eligible to attend	Attended
Mr Jeffrey Appel	10	7
Mr Frank Ajzensztat	10	7
Mr Mike Debinski	10	7
Mr Rohan Filer	10	10
Prof Sharon Goldfeld	8	8
Ms Susie Ivany	10	9
Mr Adam Joel	10	10
Ms Lisa Kennett	10	8
Mr Greg Nankin	10	10
Mr Michael Schoenfeld	10	10
Mr Andrew Schwartz	10	9
Ms Simone Szalmuk-Singer	8	8

**Proceedings on behalf of the Organisation**

No person has applied for leave of Court to bring proceedings on behalf of the Organisation or intervene in any proceedings to which the Organisation is party for the purpose of taking responsibility on behalf of the Organisation for all or any part of those proceedings.

The Organisation was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Committee.

On behalf of the Committee



Committee Member  
Melbourne, 9 October 2018



Committee Member  
Melbourne, 9 October 2018

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 30 June 2018**

	Note	Consolidated Entity	
		2018 \$	Restated 2017 \$
Fees and charges		21,244,671	20,426,440
Government subsidies		39,040,992	39,072,216
Other revenues	4	11,986,338	17,036,595
<b>Total revenues</b>		<b>72,272,001</b>	<b>76,535,251</b>
Employee benefits expense	6	(45,590,054)	(41,658,871)
Depreciation and amortisation expenses	5	(2,754,812)	(3,116,585)
Community development expenses		(2,276,706)	(2,248,748)
External services expenses		(6,386,497)	(5,677,638)
Food expenses		(4,796,715)	(4,897,049)
Repairs and maintenance expenses		(2,549,614)	(3,267,683)
Medical and other supplies		(638,923)	(694,969)
Consulting expenses		(570,102)	(657,859)
Energy expenses		(597,268)	(522,355)
Administration expenses		(2,437,493)	(2,127,219)
Laundry expenses		(524,435)	(441,700)
Other expenses	7	(1,357,646)	(1,219,257)
<b>Total expenses</b>		<b>(70,480,265)</b>	<b>(66,529,933)</b>
<b>Surplus before tax</b>		<b>1,791,736</b>	<b>10,005,318</b>
Income tax expense	8	-	-
<b>Surplus after tax</b>		<b>1,791,736</b>	<b>10,005,318</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income to be reclassified to profit &amp; loss in subsequent periods:</b>			
<b>Other comprehensive income not to be reclassified to profit &amp; loss in subsequent periods:</b>			
- revaluation of land and buildings	18	11,458,079	84,818,737
Other comprehensive income for the year		11,458,079	84,818,737
<b>Total comprehensive income for the year</b>		<b>13,249,815</b>	<b>94,824,055</b>

**Consolidated Statement of Financial Position  
as at 30 June 2018**

	Note	Consolidated Entity	
		2018 \$	Restated 2017 \$
<b>Current assets</b>			
Cash and cash equivalents	21	8,104,166	7,732,298
Trade and other receivables	9	4,837,982	3,466,578
Assets held for sale	12	5,084,854	-
Financial assets	10	39,360,358	51,495,146
Other assets	14	193,504	211,487
<b>Total current assets</b>		<b>57,580,864</b>	<b>62,905,509</b>
<b>Non-current assets</b>			
Trade and other receivables	9	2,548,871	2,776,355
Other assets	14	769,429	802,764
Property, plant and equipment	11	203,590,533	176,894,015
Intangible assets	13	948,589	1,079,239
Investment properties	12	-	5,231,521
<b>Total non-current assets</b>		<b>207,857,422</b>	<b>186,583,894</b>
<b>Total assets</b>		<b>265,438,286</b>	<b>249,489,403</b>
<b>Current liabilities</b>			
Trade and other payables	15	10,878,495	6,542,491
Provisions	16	3,991,576	3,706,203
Refundable accommodation deposits	17	54,545,392	56,568,318
<b>Total current liabilities</b>		<b>69,415,463</b>	<b>66,817,012</b>
<b>Non-current liabilities</b>			
Provisions	16	1,112,393	1,011,776
<b>Total non-current liabilities</b>		<b>1,112,393</b>	<b>1,011,776</b>
<b>Total liabilities</b>		<b>70,527,856</b>	<b>67,828,788</b>
<b>Net assets</b>		<b>194,910,430</b>	<b>181,660,615</b>
<b>Equity</b>			
Reserves	18	125,613,652	114,155,573
Accumulated funds		69,296,778	67,505,042
<b>Total equity</b>		<b>194,910,430</b>	<b>181,660,615</b>

**Consolidated Statement of Changes in Equity  
for the year ended 30 June 2018**

	Asset revaluation reserve	General reserves	Other reserves	Accumulated funds	Total equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016 (restated)</b>	<b>24,286,953</b>	<b>1,369,550</b>	<b>3,074,792</b>	<b>58,105,265</b>	<b>86,836,560</b>
Surplus for the year	-	-	-	10,005,318	10,005,318
Derecognition of prior year revaluations	605,541	-	-	(605,541)	-
Other comprehensive income for the year	84,818,737	-	-	-	84,818,737
<b>Total comprehensive income for the year</b>	<b>85,424,278</b>	<b>-</b>	<b>-</b>	<b>9,399,777</b>	<b>94,824,055</b>
<b>Balance at 30 June 2017 (restated)</b>	<b>109,711,231</b>	<b>1,369,550</b>	<b>3,074,792</b>	<b>67,505,042</b>	<b>181,660,615</b>
Surplus for the year	-	-	-	1,791,736	1,791,736
Derecognition of prior year revaluations	-	-	-	-	-
Investments (financial assets) revaluation	-	-	-	-	-
Other comprehensive income for the year	11,458,079	-	-	-	11,458,079
<b>Total comprehensive income for the year</b>	<b>11,458,079</b>	<b>-</b>	<b>-</b>	<b>1,791,736</b>	<b>13,249,815</b>
<b>Balance at 30 June 2018</b>	<b>121,169,310</b>	<b>1,369,550</b>	<b>3,074,792</b>	<b>69,296,778</b>	<b>194,910,430</b>

**Consolidated Statement of Cash Flows  
for the year ended 30 June 2018**

Note	Consolidated Entity	
	2018	Restated 2017
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from residents and government subsidies	68,796,890	72,803,789
Payments to suppliers and employees	(62,952,143)	(62,906,916)
Interest received	590,356	2,049,178
Proceeds from accommodation bonds held in trust	15,032,337	9,713,200
Repayment of accommodation bonds held in trust	(16,913,219)	(20,256,157)
<b>Net cash flows from operating activities</b>	<b>4,554,221</b>	<b>1,403,094</b>
<b>Cash flows from investing activities</b>		
Proceeds from financial assets	13,733,580	2,725,898
Proceeds from sale of bed licenses	-	4,927,577
Proceeds from disposal of asset held for sale	-	1,399,466
Purchase of property, plant and equipment	(17,514,595)	(10,208,476)
Purchase of Intangibles	(401,338)	(2,981,457)
<b>Net cash flows from/(used in) investing activities</b>	<b>(4,182,353)</b>	<b>(4,136,902)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>371,868</b>	<b>(2,733,898)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7,732,298</b>	<b>10,466,196</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>8,104,166</b>	<b>7,732,298</b>

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### 1. Corporate information

The consolidated financial statements of Jewish Care (Victoria) Incorporated and its controlled entities (collectively, the Organisation) for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Committee members on 26 September 2018.

Jewish Care (Victoria) Incorporated (the parent) is a "not-for-profit" entity, incorporated in Australia under the *Associations Incorporation Reform Act 2012* (and its associated regulations). The Organisation's principal place of business is:

619 St Kilda Road  
Melbourne, Victoria 3004  
Australia

The nature of the operations and principal activities of the Organisation are described in the Committee's report.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Associations Incorporation Reform Act 2012* (and its associated regulations), Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Organisation is a not-for-profit, private sector entity which is not publicly accountable. Therefore, the consolidated financial statements for the Organisation are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs).

The financial report has also been prepared on a historical cost basis, except for land and buildings and available-for-sale (AFS) investments which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest \$, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

The financial report has been prepared on a going concern basis which assumes the Organisation will be able to meet its obligations as and when they fall due.

The consolidated statement of financial position discloses a net current assets deficiency of \$11,834,599 as at 30 June 2018 (2017: \$3,911,503) for the Organisation. This mainly arises as a result of the requirement to classify refundable accommodation deposits as current liabilities. While the refundable accommodation deposits are repayable on demand, they form the basis of long term funding and are generally replaced by incoming residents. The Committee therefore believes that the going concern basis of preparation is appropriate.

#### 2.2 Statement of Compliance

The Organisation has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* for the financial year beginning on 1 July 2014.

The Organisation is a not-for-profit, private sector entity which is not publicly accountable as defined under Appendix A of AASB 1053 *Application of Tiers of Australian Accounting Standards*. Therefore the consolidated financial statement for the Organisation are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the *Australian Accounting Standards Board* (AASB) and the *Associations Incorporation Reform Act 2012* (and its associated regulations).

#### 2.3 New and amended accounting standards and interpretations

The Organisation applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2017. The Organisation has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### 2.3 New and amended accounting standards and interpretations (continued)

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the annual consolidated financial statements of the Organisation in 2017 and 2018. The nature and the impact of each new standard or amendment is described below:

##### **AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle**

These improvements include:

##### **AASB 5 Non-current Assets Held for Sale and Discontinued Operations**

Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in AASB 5. This amendment is applied prospectively.

##### **AASB 7 Financial Instruments: Disclosures**

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in AASB 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to AASB 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.

##### **AASB 119 Employee Benefits**

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

##### **AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101**

The amendments to AASB 101 clarify, rather than significantly change, existing AASB 101 requirements. The amendments clarify:

- The materiality requirements in AASB 101
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments do not have any impact on the Organisation.

The organisation has adopted all the new, revised or amended Accounting Standards and Interpretations issues by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

#### 2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Organisation's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the Organisation's disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### 2.4 Significant accounting judgements, estimates and assumptions (continued)

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.

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ended 30 June 2018 are included in the following notes:

- Note 9 – Allowance for doubtful debts
- Note 10 – Financial assets
- Note 11 – Property, plant and equipment
- Note 16 – Provisions

#### 2.5 Restatement of comparatives

During year ended 30 June 2018, the Organisation conducted a detailed review of the terms and conditions of employee award classifications in accordance with the Enterprise Agreements (EA) for pay point progression. As a result, the organisation has provided for pay adjustments relating to prior years, to be settled wholly in the next 12 months.

During the year ended 30 June 2018, the Organisation conducted a detailed review of the terms and conditions of its agency funding contract for service periods ending 30 June 2017 and 30 June 2018. As a result, the organisation has identified services delivered to clients that will not be settled by the funding agency for those services and have adjusted the financial statements accordingly.

These errors have been corrected by restating each of the affected financial statement line items for period ended 30 June 2017 and prior, as follows:

##### Impact on statement of profit or loss (increase/(decrease) in profit).

	Year ended 30 June 2017 \$	Cumulative period ended 30 June 2016 \$
Government subsidies	(289,799)	-
Employee benefits expense	(168,021)	(657,542)
<b>Net impact on profit for the year</b>	<b>(457,820)</b>	<b>(657,542)</b>

##### Impact on equity (increase/(decrease) in equity).

	Year ended 30 June 2017 \$	Cumulative period ended 30 June 2016 \$
Trade and other receivables	(289,799)	-
Trade and other payables	(168,021)	(657,542)
<b>Net impact on equity</b>	<b>(457,820)</b>	<b>(657,542)</b>

#### 3. Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements for the year ended 30 June 2018:

##### (a) Basis of consolidation

A controlled entity is any entity controlled by Jewish Care (Victoria) Incorporated. The consolidated financial statements comprise the financial statements of the Organisation and its subsidiaries as at 30 June 2018. Control is achieved when the Organisation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Organisation controls an investee only if the Organisation has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Details of the controlled entities are contained in Note 20.

All inter-organisation balances and transactions between entities in the Organisation, including any unrealised profits or losses, have been eliminated on consolidation. Where a controlled entity has entered or left the Organisation during the year its operating results have been included from the date control was obtained or until the date control ceased.

##### (b) Current versus non-current classification

The Organisation presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Organisation classifies all other liabilities as non-current.

##### (c) Fair value measurement

The Organisation measures financial instruments, and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Organisation. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



### 3. Significant accounting policies (continued)

The Organisation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within fair value, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Organisation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Notes 3, 11, 12, 18(b), 23
- Quantitative disclosures of fair value measurement Note 23
- Property, plant and equipment under revaluation model Note 3(i), 11, 18(b)
- Financial instruments (including those carried at amortised cost) Note 3(n), 3(o)

#### (d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Organisation and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Organisation has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

#### Rendering of services

Revenue from the rendering of services is recognised upon the delivery of the service to the residents.

#### Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

#### Dividends

Revenue is recognised when the Organisation's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

#### (e) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Organisation receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

### 3. Significant accounting policies (continued)

#### (f) Income taxes

Jewish Care (Victoria) Incorporated is a recognised Public Benevolent Institution and its controlled entities are exempt charitable trusts under the provisions of the *Income Tax Assessment Act 1997* (as amended) and are therefore not subject to income taxes at this time. Accordingly, no income tax has been provided for the Organisation in these financial statements.

#### (g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense; or
- for receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

#### (h) Foreign currencies

The Organisation's consolidated financial statements are presented in Australian dollars, which is also the parent entity's functional currency.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Organisation at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

#### (i) Property, plant and equipment

Construction in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Organisation depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of property, plant and equipment shall be measured initially at cost. Where an asset is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition.

For items of property, plant and equipment subsequently measured under the Revaluation model; if the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the net revaluation increase shall be recognised in profit or loss to the extent that it reverses at net revaluation decrease of the same class of assets previously recognised in profit or loss. On the other hand, if the carrying amount of a class of assets decreased as a result of a revaluation, the net revaluation decrease shall be recognised in profit or loss. However, the net revaluation decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in any revaluation surplus in respect of that same class of assets. Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment shall be offset against one another within that class but shall not be offset in respect of assets in different classes.

#### Land and buildings

Land and buildings forming part of the entity's future direction are measured on the fair value basis, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the policy of the Organisation to have an independent valuation performed every three years, with annual appraisals reviewed and endorsed by the Committee.

The Organisation views the carrying amounts of land and buildings as one asset class as per AASB116. In the situation if the market value is above its carrying amount, any net revaluation increment arising is credited to the asset revaluation reserve, except where a net revaluation decrement has previously been recognised as an expense for that

### 3. Significant accounting policies (continued)

particular class of assets, in which case the net revaluation increment is recognised as revenue, but only to the extent of the previous revaluation decrement.

Any net revaluation decrement arising is recognised as an expense for the period, except where a credit balance exists in the asset revaluation reserve for that particular class of assets, in which case the net revaluation decrement is debited to the reserve, but only to the extent of the previous revaluation increment.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Buildings under construction represent the accumulated cost of materials and any other costs incurred relating to the construction. These costs, amongst others, include labour, import duties, installation, assembly and professional fees incurred to bring the asset to the location and condition needed for it to operate in the manner intended by management. When the construction is completed and the assets are ready for its intended use, these costs are then transferred to the relevant accounts. Depreciation of these assets commence when they are available for use and is computed using the straight-line method.

#### Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses. The carrying amount is reviewed by the Committee to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected cash flows which will be received from the assets employed and subsequent disposal.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over the useful lives of the assets to the Organisation commencing from the time the asset was held ready for use. Leasehold improvements are amortised 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 assets are:

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	4.0 %	Straight Line
Furniture fixtures and fittings	10.0 %	Straight Line
Computer equipment	33.3 %	Straight Line

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated funds.

#### (j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

#### Organisation as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Organisation is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Organisation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

### 3. Significant accounting policies (continued)

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

#### Organisation as a lessor

Leases in which the Organisation does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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

#### (k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### (l) Investment properties

Investment properties are measured initially at cost, including transaction costs. After initial recognition, the Organisation carries investment properties at cost less any accumulated depreciation and any accumulated impairment losses.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Organisation accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### (m) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Where an asset is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### Bed licences

Bed licences for the Organisation's aged care facilities are initially carried at historical cost or if acquired for no or nominal cost, at fair value at the date of acquisition. Following initial recognition, the licences are not amortised but are measured at cost less any accumulated impairment losses.

### 3. Significant accounting policies (continued)

Bed licences are assessed as having an indefinite useful life as they are issued for an unlimited period and therefore are not amortised. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

#### Software

The cost of computer software is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software is amortised on a straight-line basis over 3 years after it is commissioned.

#### (n) Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, as appropriate. All financial assets are recognised

initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Organisation commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Available-for-sale ('AFS') financial assets

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. The Organisation has designated their investment portfolio at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 9.

##### AFS financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Organisation evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Organisation is unable to trade these financial assets due to inactive markets, the Organisation may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

### 3. Significant accounting policies (continued)

For a financial asset reclassified from the AFS category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Organisation's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- The Organisation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Organisation has transferred substantially all the risks and rewards of the asset, or (b) the Organisation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Organisation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Organisation continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Organisation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Organisation has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Organisation could be required to repay.

#### Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3
- Financial assets Note 10, 22
- Trade receivables Note 9

The Organisation assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Organisation first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Organisation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Organisation. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

### 3. Significant accounting policies (continued)

#### *AFS financial assets*

For AFS financial assets, the Organisation assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Organisation evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

#### **(o) Financial liabilities**

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Organisation's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Organisation has not designated any financial liability as at fair value through profit or loss.

##### *Loans and borrowings*

This is the category most relevant to the Organisation. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 22.

### 3. Significant accounting policies (continued)

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **Impairment of non-financial assets**

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3
- Property, plant and equipment Note 11
- Intangible assets Note 13

The Organisation assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Organisation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Organisation bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Organisation's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Organisation estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

#### **(p) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, subject to an insignificant risk of changes in value and have a maturity of three months or less from the date of acquisition.

#### **(q) Provisions**

##### **General**

Provisions are recognised when the Organisation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Organisation expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate

### 3. Significant accounting policies (continued)

asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Restructuring and redundancy provisions

Restructuring provisions are recognised only when the Organisation has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features. In the event that this leads to any redundancies, adequate provisions are made in accordance with the relevant accounting standard.

#### Salaries and wages

Liabilities for salaries and wages, including non-monetary benefits are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. The Organisation has re-evaluated employees length of service and experience in accordance with the Enterprise Agreements and has recognised a liability for salaries and wages for pay point progression to be settled wholly within the next 12 months, for those employees qualifying under this provision.

#### Long service leave and annual leave

The Organisation does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The liability for long service leave and annual leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

#### (r) Refundable accommodation deposits

Refundable Accommodation Deposits ("RADs") are accommodation bonds received from incoming residents which are held in trust for each individual resident and recognised as a current liability at the amount that would be payable upon discharge of the resident. This is the amount received on entry of the resident less deductions for fees/retentions from each bond account according to the statutory requirements. These liabilities are considered to be current as the Organisation does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The fees/retentions are recognised as revenue in profit and loss.

#### (s) Bequests and donations

Bequests and donations received that do not have stringent and legally enforceable spending requirements are recognised as revenue when received.

#### (t) Operating cash flow

Daily inflows and outflows of refundable accommodation deposits are considered by the Organisation to be a normal part of the operations of the business and are utilised at the discretion of the Organisation within the guidelines set out by the Prudential Compliance Standards and are therefore classified as an operating activity.

#### (u) Comparatives

Where necessary, comparative figures have been reclassified and repositioned for consistency with current year disclosures.

#### (v) Assets held for sale

The Organisation classifies non-current assets as held for sale if their carrying amount will be recovered principally through sale rather than through continuing use and a sale is considered highly probable in accordance with criteria specified in AASB5 Non-current assets held for sale and discontinued operations. Such non-current assets as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

	2018	Restated 2017
	\$	\$
<b>4. Revenue</b>		
<b>Other revenues</b>		
Donations	1,023,115	922,973
Bequests	2,116,158	2,543,862
Appeals	3,506,317	3,147,554
Interest revenue	590,356	2,049,178
Capital appeal	2,758,167	3,257,708
Gain on investment	1,598,792	1,709,471
Gain on sale of property, plant & equipment	-	411,623
Gain on sale of bed licenses	-	2,496,573
Other	393,433	497,653
<b>Total Revenues</b>	<b>11,986,338</b>	<b>17,036,595</b>
<b>5. Depreciation and amortisation of non-current assets</b>		
Computer equipment	(277,702)	(274,262)
Buildings	(898,117)	(1,739,725)
Investment property	(146,667)	-
Software	(531,989)	(292,188)
Furniture, fixtures, fittings	(900,337)	(810,410)
<b>Total depreciation and amortisation</b>	<b>(2,754,812)</b>	<b>(3,116,585)</b>
<b>6. Employee benefits expenses</b>		
Salary, wages and related costs	(41,933,561)	(38,346,434)
Superannuation	(3,041,541)	(2,874,942)
Workcover expenses	(614,952)	(437,495)
<b>Total employee benefits expenses</b>	<b>(45,590,054)</b>	<b>(41,658,871)</b>
<b>7. Other expenses</b>		
Security services	(19,768)	(6,534)
Travel and motor vehicle expenses	(713,434)	(598,756)
Rates and insurance	(531,653)	(449,589)
Rental expenses	(21,186)	(25,419)
Loss on disposal of fixed assets	-	(31,955)
Other expenses	(71,605)	(107,004)
<b>Total other expenses</b>	<b>(1,357,646)</b>	<b>(1,219,257)</b>
<b>8. Income taxes</b>		

Jewish Care (Victoria) Incorporated is a recognised Public Benevolent Institution and the controlled entities are exempt charitable trusts under the provisions of the *Income Tax Assessment Act 1997* (as amended) and are therefore not subject to income taxes at this time. Accordingly, no income tax has been provided for the Organisation in these financial statements.

	2018	Restated 2017
	\$	\$
<b>9. Trade and other receivables</b>		
<b>Current</b>		
Accommodation debtors	1,165,731	1,033,972
Less allowance for doubtful debts	(197,062)	(178,323)
	<b>968,669</b>	<b>855,649</b>
Goods and services tax recoverable	647,639	221,654
Other debtors	282,754	297,839
Accrued income	258,115	575,680
Claims Conference funding receivable	2,680,805	1,515,756
	<b>4,837,982</b>	<b>3,466,578</b>
<b>Non-current</b>		
Amounts receivable from:		
Loan debtors	2,548,871	2,776,355
Less allowance for doubtful debts	-	-
	<b>2,548,871</b>	<b>2,776,355</b>

No interest is charged on the trade receivables. An allowance has been made for estimated non-recoverable amounts arising from the past allowance of accommodation and services, determined by reference to past default experience. The Organisation has allowed for specific receivables over 90 days determined by reference to their re-payment history.

**Movement in the provision for doubtful debts**

Balance at the beginning of the year	178,323	114,905
Charge for the year	71,011	214,763
Written Off	(52,272)	(151,345)
At 30 June 2018	<b>197,062</b>	<b>178,323</b>

In determining the recoverability of a trade receivable, an impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed collectively. The calculation is based on actual incurred historical data. The Organisation holds collateral as security over some receivables and considers them as low risk. The Organisation considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Committee believes that there is no further credit provision required in excess of the allowance for doubtful debts.

	2018	2017
	\$	\$
<b>10. Financial assets</b>		
Financial investments held for trading	38,498,848	51,121,226
Term deposits	861,510	373,920
	<b>39,360,358</b>	<b>51,495,146</b>

	2018	2017
	\$	\$
<b>11. Property, plant and equipment</b>		
Land and buildings at fair value	188,714,222	181,267,187
Accumulated depreciation	<b>(10,697,459)</b>	<b>(16,028,191)</b>
	<b>178,016,763</b>	<b>165,238,996</b>
Buildings under construction	20,352,684	6,423,168
Furniture and fittings	13,605,823	12,433,034
Accumulated depreciation	<b>(8,734,274)</b>	<b>(7,833,939)</b>
	<b>4,871,549</b>	<b>4,599,095</b>
Computer equipment	3,112,329	2,917,846
Accumulated depreciation	<b>(2,762,792)</b>	<b>(2,485,090)</b>
	<b>349,537</b>	<b>432,756</b>
<b>Total property, plant and equipment</b>	<b>203,590,533</b>	<b>176,694,015</b>

	Land and buildings at fair value	Buildings under construction	Furniture and fittings at cost	Computer equipment	Total
	\$	\$	\$	\$	\$
<b>Balance at 30 June 2017</b>	165,238,996	6,423,168	4,599,095	432,756	176,694,015
Additions	2,010,305	14,137,016	1,172,791	194,483	17,514,595
Revaluation of land & buildings	11,458,079	-	-	-	11,458,079
Transfers	207,500	(207,500)	-	-	-
Depreciation expense	(898,117)	-	(900,337)	(277,702)	(2,076,156)
<b>Balance at 30 June 2018</b>	<b>178,016,763</b>	<b>20,352,684</b>	<b>4,871,549</b>	<b>349,537</b>	<b>203,590,533</b>

**Revaluation of land and buildings**

As per AASB 116 *Property, plant and equipment*, land and buildings is grouped as a separate asset class.

As at the date of revaluation, 30 June 2018, fair values of the properties are based on external valuations performed by Knight Frank, an accredited independent valuer who has valuation experience for similar land and buildings in Australia, as well as annual appraisals reviewed and endorsed by the Committee for other existing properties. A net revaluation increment to land and buildings of \$11,458,079 was recognised in Other Comprehensive Income.

Fair value measurement disclosures for the revalued land and buildings are provided in Note 23.

12. Investment Properties

	2018	2017
	\$	\$
Balance at the beginning of the year	5,231,521	-
Transfer from Property, plant and equipment	-	5,231,521
Depreciation expense	(146,667)	-
Transfer to Assets held for sale	(5,084,854)	-
Balance at 30 June 2018	-	5,231,521

During the year, the facility at Northcote Ave. Caulfield ceased to be leased and was no longer held as an investment property. A decision was made by The Jewish Care Committee on the 29th May 2018 to sell the property. The property was transferred from investment properties to assets held for sale on 1st June 2018 to reflect the change in use of the asset. On 21 September 2018, the Organisation entered into a contract of sale to sell the property at Northcote Ave. Caulfield, with settlement date in March 2019.

13. Intangibles

	2018	2017
	\$	\$
Software work in progress	46,929	111,636
Software	2,521,433	2,055,387
Accumulated depreciation of software	(1,619,773)	(1,087,784)
	901,660	967,603
<b>Total intangibles</b>	<b>948,589</b>	<b>1,079,239</b>

	Software		Total
	Software	WIP	
	\$	\$	\$
Balance at 30 June 2017	967,603	111,636	1,079,239
Additions	285,429	115,909	401,338
Transfers	180,616	(180,616)	-
Amortisation expense	(531,989)	-	(531,989)
Balance at 30 June 2018	901,659	46,930	948,589

14. Other assets

Current

	2018	2017
	\$	\$
Prepayments and deposits	193,504	211,487
<b>Total Prepayments and deposits</b>	<b>193,504</b>	<b>211,487</b>

Non-current

Prepayments and deposits	769,429	802,764
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15. Trade and other payables

	2018	Restated 2017
	\$	\$
Trade payables	4,750,417	1,593,565
Sundry payables and accruals	5,111,008	3,917,434
Commonwealth funded home care packages	1,009,819	1,024,303
Resident funds	7,251	7,189
	10,878,495	6,542,491

Commonwealth funded home care packages include funds received from the Commonwealth Government that have not yet been utilised by clients under the Consumer Directed Care (CDC) model of home care.

The average credit period on purchases of goods and services is 60 days. No interest is charged on the trade payables for the first 60 days from the date of the invoice. Specific suppliers may choose to charge interest after that period. The continuous monitoring of cash flow ensures that all payables are paid within the credit timeframe.

16. Provisions

Current

	2018	Restated 2017
	\$	\$
Employee benefits	3,991,576	3,706,203

Non-current

Employee benefits	1,112,393	1,011,776
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**Terms and conditions relating to refundable accommodation deposits (RADs)**

RADs are paid by residents upon their admission to facilities and are settled after a resident vacates the premises in accordance with the *Aged Care Act 1997*. Providers must pay a base interest rate on all refunds on RADs within legislated timeframes and must pay a penalty on refunds made outside legislated timeframes. RAD balances held prior to 1 July 2014 are reduced by annual retention fees charged in accordance with the *Aged Care Act 1997*.

RAD refunds are guaranteed by the Government under the prudential standards legislation. Providers are required to have sufficient liquidity to ensure that they can refund bond balances as they fall due in the following twelve months. Providers are also required to implement and maintain a liquidity management strategy. This is updated on a quarterly basis.

While refundable accommodation deposits are classified as a current liability given the possible timeframe for repayment of an individual RAD, it is unlikely that the RAD liability will be significantly reduced over the next twelve months. However, as the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, it is classified as a current liability in accordance with the accounting standard AASB 101 *Presentation of Financial Statements*.

17. Refundable accommodation deposits

	2018	2017
	\$	\$
Refundable accommodation deposits	54,545,392	56,568,318
	<b>54,545,392</b>	<b>56,568,318</b>

	2018	2017
	\$	\$
<b>18. Reserves</b>		
General reserve (a)	1,369,550	1,369,550
Asset revaluation (b)	121,169,310	109,711,231
Other reserve (c)	3,074,792	3,074,792
	<b>125,613,652</b>	<b>114,155,573</b>

	2018	2017
	\$	\$
<b>(a) General reserve</b>		
Balance at the beginning and the end of the year	1,369,550	1,369,550

The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.

	2018	2017
<b>(b) Asset revaluation reserve</b>		
Balance at the beginning of the year	109,711,231	24,286,953
Gain on revaluation of land & buildings	11,458,079	84,818,737
Derecognition of prior year revaluations	-	605,541
Balance at the end of the year	<b>121,169,310</b>	<b>109,711,231</b>

The asset revaluation reserve arises on the revaluation of share investments and land and buildings. Where revalued shares, land or buildings are sold, that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to accumulated surplus.

	2018	2017
	\$	\$
<b>(c) Other reserve</b>		
Balance at beginning of financial year	3,074,792	3,074,792
(Distributed)/undistributed reserves		
Balance at the beginning and the end of financial year	<b>3,074,792</b>	<b>3,074,792</b>

Other reserves represent donations received from Montefiore Home for the Aged Foundation Inc. (The Foundation) for the Organisation with the following conditions attached.

**Commitments - Montefiore Home for the Aged Foundation Inc. (The Foundation)**

The merger of the former Montefiore Homes for the Aged Incorporated and Jewish Community Services Incorporated to create Jewish Care (Victoria) Incorporated (JCV) led to the winding up of the former Foundation. It was recognised prior to the winding up that some donations were made to the Foundation for certain specific purposes and although it was not a requirement of the winding up of the Foundation that the monies be used for the specific purpose, the Foundation and JCV agreed that it would be appropriate to fulfil in spirit the conditions attached to the specific purpose donations by obliging JCV to dedicate funds to the specific purposes on an ongoing basis. Therefore, certain funds included in investments can only be used for specific purposes. The conditions for the specific purpose donations have been met by JCV for the year ended 30 June 2018.

	2018	2017
	\$	\$
<b>19. Commitments for expenditure</b>		
<b>Capital expenditure commitments</b>		
Not more than 1 year	78,695,287	20,178,618
More than 1 year and not more than 5 years	49,382,169	67,165,523
	<b>128,077,456</b>	<b>87,344,141</b>

At 30 June 2018, Jewish Care Committee has committed to various capital developments. These commitments over the next five years currently equate to \$128,077,456 relating mainly to the Windsor development. The organisation has pledged 619 St. Kilda Rd Melbourne as collateral to the bank for a loan facility. The property is valued at \$65.60m

The timing and cost of the other two main projects, Wahgoo Rd Carnegie and Anne and Eric Smorgon Active Living Centre, are subject to change, and require further Committee approval.

	2018	2017
	\$	\$
<b>Motor vehicle leases</b>		
Not more than 1 year	33,345	124,912
More than 1 year and not more than 5 years	-	-
	<b>33,345</b>	<b>124,912</b>

**20. Controlled Entities**

Name of entity	Country of Incorporation	Ownership interest	
		%	%
<b>Parent entity</b>			
Jewish Care (Victoria) Incorporated	Australia		
<b>Subsidiaries</b>			
The Melbourne Jewish Aid Society Incorporated	Australia	100	100

Principal activities of The Melbourne Jewish Aid Society incorporated include the provision of assistance to distressed, unemployed or needy Jewish persons in the State of Victoria with the grant of interest free loans.

	2018	2017
	\$	\$
<b>21. Cash and cash equivalents</b>		
Cash on hand	9,119	10,629
Cash at bank	8,095,047	7,721,669
	<b>8,104,166</b>	<b>7,732,298</b>

The Group has bank overdraft facilities organised with ANZ Bank up to \$2.0 million at 30 June 2018 (2017: \$2.0 million). This facility was not used as at balance date.



	Restated	
	2018	2017
	\$	\$
<b>22. Financial assets and financial liabilities</b>		
<b>22.1 Financial assets</b>		
Cash and cash equivalents	8,104,166	7,732,298
Loans and receivables	7,386,853	6,242,933
Held to maturity investments	861,510	373,920
Financial Investments	38,498,848	51,121,226
	<b>54,851,377</b>	<b>65,470,377</b>
<b>22.2 Financial liabilities</b>		
Trade payables	10,878,495	6,542,491
Refundable accommodation deposits	54,545,392	56,568,318
	<b>65,423,887</b>	<b>63,110,809</b>

**22.3 Financial risk management objectives and policies**

**(a) Foreign Currency Risk**

The Organisation did undertake transactions denominated in foreign currencies during the year for the provision of services to clients funded by overseas organisation(s).

**(b) Interest Rate Risk**

The Organisation is exposed to interest rate risk as it invests at both fixed and variable interest rates. The risk is managed by adopting a conservative approach with regards to long and short-term investment strategies.

**23. Fair value measurement**

The following table provides the fair value measurement of the Organisation's assets and liabilities. As the Organisation is a not-for-profit entity, fair value increments and decrements for property, plant and equipment can be recognised on a net basis across the asset class.

**Fair value measurement**

Fair value measurement for assets as at 30 June 2018:

	Date of Valuation	2018 \$
Residential aged care properties	30 June 2018	131,200,000
Community housing properties	30 June 2018	31,538,041
Respite facility	30 June 2018	4,778,722
Supported accommodation properties	30 June 2018	10,500,000

Fair value measurement for assets as at 30 June 2017:

	Date of Valuation	2017 \$
Residential aged care properties	30 June 2017	125,858,312
Community housing properties	30 June 2017	25,419,471
Respite facility	30 June 2017	4,852,650
Supported accommodation properties	30 June 2017	9,108,563

**24. Related party transactions**

Note 20 provides information about the Organisation's structure, including details of subsidiaries. There were no transactions and outstanding balances that have been entered into with related parties for the relevant financial year.

The table below discloses the compensation recognised as an expense during the reporting period to key management personnel.

	2018 \$	2017 \$
Key management personnel compensation	2,047,913	1,891,630

There were no directors or other members of key management personnel that had control over the economic entities operations.

There were no transactions with, or loans to and from, key management personnel.

Mr Jeffrey Appel (OAM) in his capacity as a member of the Committee of Management is also a principal of SBA Law who has provided pro-bono legal services to the Organisation.

**Key management personnel compensation**

No salaries, compensations or other benefits were paid or are payable to the Members in their capacity as Board Members.

**Committee of Management**

Details of the Committee of Management are listed below. All members of the Committee of Management held office during the period in an honorary capacity.

- Mr Jeffrey Appel (OAM)
- Mr Frank Ajzensztat
- Mr Mike Debinski
- Mr Rohan Filer
- Prof Sharon Goldfeld
- Ms Susie Ivany (OAM)
- Mr Adam Joel
- Ms Lisa Kennett
- Mr Greg Nankin
- Mr Michael Schoenfeld
- Mr Andrew Schwartz
- Ms Simone Szalmuk-Singer

**25. Subsequent events**

The organisation has strategic development plans forecasted to commence in financial year 2019 including the development of a 120 bed senior living precinct in Carnegie, Victoria and an extension of Gary Smorgon House known as Anne and Eric Smorgon Active Living Centre. Both these are expected to commence development projects in late 2018. A development of a 156 bed senior living precinct at 619 St Kilda Road, Melbourne commenced in June 2017 and is expected to be completed in financial year 2020. The refurbishment of 36 residential units at 140 Alma Road and 13 Fulton Street is continuing having commenced in late 2017 and will be completed in September 2018.

The tenants of the investment property at Northcote Ave. Caulfield, Victoria subsequently terminated the lease on 17 September 2017 in accordance with the lease agreement terms and conditions. The Jewish Care Committee resolved on 29 May 2018 to sell Northcote Ave Caulfield via public campaign. On 21 September 2018, the Organisation entered into a contract of sale to sell the property at Northcote Ave. Caulfield, with settlement date in March 2019.

25. Subsequent events (continued)

Apart from the aforementioned, there have not been any other matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the Organisation, the results of those operations, or the state of affairs of the Organisation in future financial years.

26. Information relating to Jewish Care (Victoria) Incorporated (the Parent)

	2018 \$	Restated 2017 \$
Current assets	57,035,364	62,374,620
Total assets	264,892,786	248,958,514
Current liabilities	69,077,196	66,546,745
Total liabilities	70,189,588	67,558,521
Net assets	194,703,198	181,399,994
Reserves	125,564,826	114,106,748
Accumulated funds	69,138,372	67,293,245
Total equity	194,703,198	181,399,993
Net surplus of the Parent entity	1,845,127	10,066,372
Total comprehensive income of the Parent entity	13,303,206	94,885,109

At 30 June 2018, Jewish Care Committee has committed to various capital developments. These commitments over the next five years currently equate to \$128,077,456 relating mainly to the Windsor development. The timing and cost of the other two main projects, Wahgoo Rd Carnegie and Anne and Eric Smorgon Active Living Centre, are subject to change, and require further Committee approval.

The Parent has bank overdraft facilities organised with ANZ Bank up to \$2.0 million at 30 June 2018 (2017: \$2.0 million). This facility was not used as at balance date.

In addition, the Parent company has also organised a loan facility for financing the construction costs of the new development project at 619 St Kilda Road Melbourne, which amounts to \$60 million. No drawdowns have been made from this facility as at reporting date.

Statement by Members of the Committee

For the year ended 30 June 2018

1. In the opinion of the Committee of Jewish Care (Victoria) Incorporated:


(a) The financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and Organisation notes are in accordance with the *Associations Incorporation Reform Act 2012* (and its associated regulations) and:

- (i) comply with Australian Accounting Standards Reduced Disclosure Regime and the *Associations Incorporation Reform Act 2012* (and its associated regulations); and
- (ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date.

(b) In the Committee's opinion there are reasonable grounds to believe that the Organisation will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Committee of Jewish Care (Victoria) Incorporated and is signed for and on behalf of the Committee by:

  
Committee Member  
Melbourne, 9 October 2018

  
Committee Member  
Melbourne, 9 October 2018

## Independent Auditor's Report to the Members of Jewish Care (Victoria) Incorporated

### Opinion

We have audited the consolidated financial report of Jewish Care (Victoria) Incorporated and its controlled entity (collectively, the "Association"), which comprises the consolidated statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement by members of the Committee for the consolidated entity comprising the Association and the entity it controlled at the year's end or from time to time during the year.

In our opinion the accompanying financial report gives a true and fair view, in all material respects, of the financial position of the Association as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Associations Incorporation Reform Act 2012* and its associated regulations.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The committee of management is responsible for the other information. The other information obtained at the date of this auditor's report is the committee of management's report accompanying the financial report.

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

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

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

## Responsibilities of the Committee of Management for the Financial Report

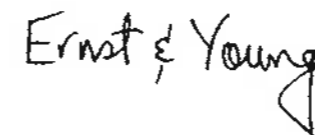
The Association's committee of management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Associations Incorporation Reform Act 2012* and its associated regulations and for such internal control as the committee of management determines is necessary to enable the preparation of the financial report that gives a true and fair view is free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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



Ernst & Young



Paul Gower  
Partner  
Registered Company Auditor  
Melbourne  
9 October 2018





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