ST VINCENT de PAUL SOCIETY (WA) INC
ABN 18 332 550 061

General Purpose Financial Report
For the year ended 30 June 2019

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ST VINCENT de PAUL SOCIETY (WA) INC
ABN 18 332 550 061
STATEMENT BY THE STATE COUNCIL

In the opinion of the State Council the financial statements and notes as set out on pages 6 to 27 are in accordance with the *Associations Incorporation Act 2015 (WA)* and the *Australian Charities and Not-for-profits Commission Act 2012* and:

1. comply with Australian Accounting Standards-Reduced Disclosure Requirements applicable to St Vincent de Paul Society (WA) Inc.

2 gives a true and fair view of the financial position of St Vincent de Paul Society (WA) Inc as at 30 June 2019 and its performance for the year ended on that date;

3. at the date of this statement, there are reasonable grounds to believe that St Vincent de Paul Society (WA) Inc. will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with sub section 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013* and is signed for and on behalf of the State Council by:

Council Member..

Council Member..

Dated this the third day of October 2019

DRY / KIRKNESS

INDEPENDENT AUDITOR'S REPORT

To the members of St Vincent De Paul Society (WA) Inc

Report on the audit of the financial report

Qualified Opinion

We have audited the financial report of St Vincent De Paul Society (WA) Inc (the "Society"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in capital funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the State Council.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of St Vincent De Paul Society (WA) Inc, has been prepared in accordance with the *Associations Incorporation Act 2015 (WA)* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the Society's financial position as at 30 June 2019 and of its financial performance and its cash flows for the year then ended; and

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Qualified Opinion

Cash from donations and other fundraising activities are a significant source of revenue for the Society. The State Council acknowledge the importance of a strong control environment and have implemented a number of controls to safeguard, at best and practically, the collection of cash donations and revenue from fundraising activities, although difficulty in achieving control over the completeness of revenues at their source prior to entry into the financial records is recognised. Accordingly, as the evidence available to us regarding revenue from these sources was limited, our audit procedures with respect to such revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion on whether the revenue from Donations, Appeals and Fundraising of the Society are complete.

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 Society in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and 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.

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

Responsibilities of the State Council for the Financial Report

The State Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Associations Incorporation Act 2015 (WA), Australian Charities and Not-for-profits Commission Act 2012,* and the preparation of the financial report in accordance with Section 15(1) and 15(2) of the *WA Charitable Collections Act 1946 and Regulations 1947 ("the Act and Regulations")* and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the State Council is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Council either intend to liquidate the Society or to cease operations, or has 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the State Council.
- Conclude on the appropriateness of the State Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the State Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition, we have:

- Obtained an understanding of the internal control structure for fundraising appeal activities.
- Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to *the Act and Regulations*.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of the Financial Report such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947*

In our opinion, the Association has complied, in all material respects, with the requirements of the *Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947* for the year ended 30 June 2019.

DRY KIRKNESS

B ROTHMAN
Partner

Date: 3 October 2019
West Perth
Western Australia

ST VINCENT de PAUL SOCIETY (WA) INC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 $	2018 $
Revenue	2		
Fundraising		4,929,707	4,120,779
Government and Other Grant Funding		4,498,285	3,860,425
Retail and Distribution Centre Sales		13,255,772	11,760,067
Specialist Community Services Contributions		1,224,064	1,157,980
Other		186,151	555,396
Non-Operating Activities		619,485	1,330,174
Total Revenue		24,713,464	22,784,821
Expenditure			
Fundraising, Public Relations and Communications		(1,934,074)	(1,563,659)
Mission Enabling		(980,355)	(1,041,424)
People in Need Services		(5,763,576)	(5,923,515)
Retail and Distribution Centre		(10,336,086)	(9,573,728)
Retail and Distribution Centre – Cost of Goods Sold		(211,601)	(240,420)
Specialist Community Services		(5,409,805)	(5,116,908)
Total Expenditure	3	(24,635,497)	(23,459,654)
Surplus/(Deficit) for the year		77,967	(674,833)
Other comprehensive income		-	-
Total comprehensive income for the year		77,967	(674,833)

The accompanying notes form part of these financial statements

ST VINCENT de PAUL SOCIETY (WA) INC
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	NOTE	2019 $	2018 Restated $
Assets			
Current Assets			
Cash and cash equivalents	4	6,656,524	5,012,655
Trade and other receivables	5	80,671	280,356
Inventories	6	209,816	165,181
Other Assets	7	511,069	342,940
Non-current assets held for sale	8	508,688	868,800
Total Current Assets		7,966,768	6,669,932
Non-Current Assets			
Investment		-	129,795
Property, plant and equipment	9	20,216,501	20,543,744
Total Non-Current Assets		20,216,501	20,673,539
Total Assets		28,183,269	27,343,471
Liabilities			
Current Liabilities			
Trade and other payables	10	1,681,104	1,053,045
Provisions	11 (a)	1,266,259	1,283,205
Total Current Liabilities		2,947,363	2,336,250
Non-Current Liabilities			
Provisions	11 (b)	957,135	806,417
Total Non-Current Liabilities		957,135	806,417
Total Liabilities		3,904,498	3,142,667
Net Assets		24,278,771	24,200,804
Capital Funds			
Accumulated funds		24,278,771	24,200,804
Total Capital Funds		24,278,771	24,200,804

The accompanying notes form part of these financial statements

ST VINCENT de PAUL SOCIETY (WA) INC
STATEMENT OF CHANGES IN CAPITAL FUNDS
FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated Funds	Asset Revaluation Reserve	Capital Fundraising Reserve	Total Capital Funds
	$	$	$	$
Balance at 30 June 2017	21,970,254	1,550,253	2,380,707	25,901,214
Retrospective adjustment upon change in accounting policy-refer to Note 1(n)				
- Transfer from asset revaluation reserve upon recognition of the deemed cost of land	450,000	(450,000)	-	-
- Reversal of accumulated depreciation	74,676	-	-	74,676
- Reversal of Asset Revaluation-land and buildings	-	(869,098)	-	(869,098)
- Reversal of Asset Revaluation-Non-current assets held for sale	-	(231,155)	-	(231,155)
Deficit attributable to the Society	(674,833)	-	-	(674,833)
Transfer from capital fundraising reserve	2,380,707	-	(2,380,707)	
Balance at 30 June 2018 (Restated)	24,200,804	-	-	24,200,804
Surplus attributable to the Society	77,967			77,967
Balance at 30 June 2019	**24,278,771**			**24,278,771**

The accompanying notes form part of these financial statements

ST VINCENT de PAUL SOCIETY (WA) INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 $	2018 $
Cash flows from operating activities:			
Receipts from customers and funding bodies (Inc. GST)		25,848,412	23,234,081
Interest income		62,195	37,136
Payments to clients, suppliers and employees (Inc. GST)		(23,930,087)	(22,952,833)
Net cash flows provided by operating activities	13 (a)	1,980,520	318,384
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		387,217	950,295
Purchase of property, plant and equipment		(1,217,110)	(1,259,723)
Proceeds from sale of assets held for sale		368,998	
Purchase of assets held for sale		(8,892)	(53,236)
Proceeds from sale of investment designated as fair value through other comprehensive income		133,136	
Net cash flows used in investing activities		(336,651)	(362,664)
Net increase / (decrease) in cash and cash equivalents		1,643,869	(44,280)
Cash and cash equivalents at the beginning of the financial year		5,012,655	5,056,935
Cash and cash equivalents at the end of the financial year	13 (b)	6,656,524	5,012,655

The accompanying notes form part of these financial statements

St Vincent de Paul Society (WA) Inc (the 'Society'), working in Australia since 1865, is an independent, volunteer based, charitable organisation operating within the ethos of the Catholic Church. The Society mission is to serve the poor and disadvantaged of any nature, gender, creed, race or nationality on a person-to-person basis. The Society is an association incorporated in Western Australia and operating pursuant to the *Associations Incorporation Act 2015 (WA)*.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are Tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standard-Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The State Council has determined that the Society is not publicly accountable.

The Society is a not-for-profit public benevolent organisation and receives a principal part of its income from donations, as cash or in kind. The Society is a deductible gift recipient (DGR).

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following significant accounting policies which are consistent with the previous year unless otherwise stated, have been adopted in the preparation of this financial report. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Income Tax

The Society is exempt from Income Tax under Subdivision 50-5 of the Income Tax Assessment Act 1997.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at-call with banks, other short term highly liquid investments with original maturities of 3 months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the Statement of Financial Position.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(c) Property, Plant and Equipment

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

Property
Freehold land and buildings are carried at cost less depreciation for buildings and any accumulated impairment losses. Properties acquired by donations or bequest have been brought to account based on independent valuation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(c) Property, Plant and Equipment (cont.)

Plant and Equipment
Purchased plant and equipment is carried at cost less depreciation.

Repairs and maintenance are recognised as expenses in profit or loss during the financial year in which they are incurred.

Depreciation
Depreciation is calculated on a straight-line basis to write off the net cost or other revalued amount of each asset over its expected useful life to the Society to its residual value, except leasehold improvements, which are over the shorter of the estimated useful life of the asset or the term of the lease, as follows:

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% on historical cost
Building improvements	20%
Furniture, plant and equipment	10% - 50%
Computer equipment	20%
Motor vehicles	15% - 20%

Building improvements situated on leasehold land are depreciated over five years and/or over the term of the lease whichever is the lesser.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they occur.

(d) Financial Instruments

Financial instruments are recognised initially on the date that the Society becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification
On initial recognition, the Society classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income equity instrument (FVOCI equity)
- fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Society changes its business model for managing financial assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(d) Financial Instruments (cont.)

Amortised cost
Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Society's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Trade receivables:
Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Society has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default. The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Other financial assets measured at amortised cost:
Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised.

Fair Value through other comprehensive income – Equity Instruments

Equity instruments:
The Society held shares in listed entities over which they did not have significant influence nor control. The Society has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they were not held for trading purposes. These investments were carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve was transferred to accumulated surplus and was not reclassified to profit or loss. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Fair Value through profit or loss
All financial assets not classified as measured at amortised cost or fair value through other comprehensive income – equity, as described above, are measured at FVTPL.

Financial liabilities
The Society measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities of the Society comprise trade and other payables.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(d) Financial Instruments (cont.)

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

(e) Operating Leases

The Society has commitments for lease payments for operating leases, where substantially all the risks and benefits remain with the lessor. These operating lease payments are charged as an expense to profit or loss in the period in which they are incurred.

(f) Impairment of Assets

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If such an indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

At each reporting date, the Society reviews several factors affecting property, plant and equipment, including their carrying values, to determine if these assets may be impaired. Any excess of the asset's carrying value over its recoverable amounts is recognised immediately in profit or loss as an impairment expense.

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

(g) Inventories

Inventories as disclosed in the Statement of Financial Position represents stocks of consumables for either use in the provision of services or for sale.

Donated goods for resale which are held at various store locations are not recognised in the Statement of Financial Position as the value cannot be reliably measured.

(h) Employee Benefits

Wages, salaries, annual leave and personal leave
Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Society expects to pay as at reporting date including on-costs.

Personal leave is non-vesting and has not been provided for.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(h) Employee Benefits (cont.)

Long service leave
The provision for long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs and are discounted using the rates attaching to corporate bonds at reporting date which most closely match the terms of maturity of the related liabilities.

Superannuation
The Society contributes to complying funds at the required rate of the employees' wages and salaries. Superannuation contributions are recognised as an expense when incurred.

(i) Accounts payable and other payables

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

(j) Provisions

Provision for Maintenance
Provisions for building and cyclical maintenance are raised in accordance with the requirements of the funding agreements with the Department of Housing. Expenditure incurred in connection with such maintenance is charged against the provision.

Provision for Replacement of Computers and Information Technology
Provision for replacement of computers and information technology is raised in accordance with the requirements of Lotterywest Information Communication and Technology Grant received by the Society. Expenditure incurred in connection with the acquisition of replacement information communication and technology software and hardware is charged against the provision.

(k) Revenue

Sale of Goods
Revenue from the sale of goods is recognised when entered into the point of sale system. Revenue from services provided is recognised upon the delivery of the services.

Government Grants
Grant revenue is recognised in profit or loss when the Society obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Society and the amount of the grant can be measured reliably. Grants from government are principally of a recurrent or capital nature and are intended to fund ongoing operations or asset acquisitions. To the extent that any grants have not been fully expended at the end of the reporting period, they are carried forward as unspent grants to future accounting periods.

Interest
Bank interest revenue is recognised when interest is received.

Legacies
Legacies are recognised when the legacy is received. Revenue from legacies comprising bequests of property are recognised at fair value, being the market value of the property at the date the Society becomes legally entitled to the property.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(k) Revenue (cont.)

Donated assets and services
A large number of volunteers have donated significant amounts of their time to the Society for assisting in the delivery of programs, fund-raising campaigns and management. The value of these donated services is not recognised in the accompanying financial report as no objective basis is available to measure the value of such services.

Assets donated to the Society are measured at fair value in profit or loss when it can be reliably measured.

Fundraising income is recognised when it is recorded in the Society's books.

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

(l) 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 Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(m) Critical Accounting Estimates and Judgements

Management evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Society. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Key estimates - Provisions for maintenance
The Society determines the provision for maintenance at each reporting period in terms of funding agreements (refer note 1 (j)).

Key estimates - Provisions for employee benefits
Provision for employee benefits payable after 12 months from the reporting date are based on future wages and salary levels, experience of employee departures and periods of services, as discussed in note 1(h). The amount of these provisions would change should any of these factors change in the next 12 months.

Key judgements - Impairment of receivables
No impairment of receivables has been made at 30 June 2019, as all outstanding debts are expected to be received in due course.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(n) Comparative Figures

The Society voluntarily changed its accounting policy relating to the measurement of property, plant and equipment for the financial year ended 30 June 2019. Land and buildings acquired by the Society before June 2005 were previously measured using a revaluation model in accordance with AASB 116: Property, Plant and Equipment, while land and buildings acquired after June 2005 were measured at cost. The Society has now elected to measure the entire holdings of land and building at cost. This change has been implemented as management is of the opinion that consistent measurement should apply to the entire class of Property, Plant and Equipment, and results in a more accurate carrying amount of Property, Plant and Equipment at the end of each reporting period.

Management assessed the impact of adopting historical costs of land and buildings and presented retrospective adjustment upon change in accounting policy on the statement of financial position. The impact on the profit or loss was immaterial hence no comparative figures are restated.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(n) Comparative Figures (cont.)

As at 30 June 2018	Note	As Previously Stated $	Effect of Change in Accounting Policy $	Restated $
Assets				
Current Assets				
Cash and cash equivalents	4	5,012,655		5,012,655
Trade and other receivables	5	280,356		280,356
Inventories	6	165,181		165,181
Other Assets	7	342,940		342,940
Non-current assets held for sale	8	1,077,415	(208,615)	868,800
Total Current Assets		6,878,547	(208,615)	6,669,932
Non-Current Assets				
Investments		129,795		129,795
Property, plant and equipment	9	21,360,706	(816,962)	20,543,744
Total Non-Current Assets		21,490,501	(816,962)	20,673,539
Total Assets		28,369,048	(1,025,577)	27,343,471
Liabilities				
Current Liabilities				
Trade and other payables	10	1,053,045		1,053,045
Provisions	11 (a)	1,283,205		1,283,205
Total Current Liabilities		2,336,250	-	2,336,250
Non-Current Liabilities				
Provisions	11(b)	806,417	-	806,417
Total Non-Current Liabilities		806,417	-	806,417
Total Liabilities		3,142,667	-	3,142,667
Net Assets		25,226,381	(1,025,577)	24,200,844
Capital Funds				
Asset revaluation reserve		1,550,253	(1,550,253)	-
Accumulated funds		23,676,128	524,676	24,200,804
Total Capital Funds		25,226,381	(1,025,577)	24,200,804

(o) Non-Current Assets held for Sale

Non-current assets are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as "held for sale" occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(o) Non-Current Assets held for Sale (cont.)

Impairment losses are recognised for any initial or subsequent write-down of an asset classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

(p) New Accounting Standards and Interpretations

The Society has adopted AASB 9 Financial Instruments, with a date of initial application of 1 July 2018. As a result, the Society has changed its financial instruments accounting policies. There were no financial assets/liabilities which the Society had previously designated as at fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the Society has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9. Hence, there is no reclassification or restatement of financial assets and liabilities under AASB 9 at the date of initial application.

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Society, together with an assessment of the potential impact of such pronouncements on the Society when adopted in future periods, are discussed below:

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2019)

  When effective, this standard will replace the current accounting requirements applicable to revenue with a single, principle-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principles of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:
  - identity the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contracts(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  This standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

  Although the State Council anticipates that the adoption of AASB 15 may have an impact on the Society's revenue recognition, it is impracticable at this stage to provide a reasonable estimate of such an impact.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(p) New Accounting Standards for Application in Future Periods (cont.)

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

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

The main changes introduced by the new Standard include:
- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

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

While the impact of AASB 16 has not yet been quantified the Society has $8,092,817 worth of operating leases which the State Council anticipate will be brought onto the Statement of Financial Position.

– AASB 1058: Income for Not-for-Profit Entities

This Standard is applicable to annual reporting periods beginning on or after 1 January 2019. It clarifies and simplifies the income recognition requirements that apply to not-for-profit ("NFP") entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. AASB 1058 applies when a NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment). Upon initial recognition of the asset, this Standard requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable Accounting Standard, such as:

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(p) New Accounting Standards for Application in Future Periods (cont.)

(a) contributions by owners;
(b) revenue, or a contract liability arising from a contract with a customer;
(c) a lease liability;
(d) a financial instrument; or
(e) a provision.

If the transaction is a transfer of a financial asset to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity (i.e. an in-substance acquisition of a nonfinancial asset), the entity recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. The entity recognises income as it satisfies its obligations under the transfer similarly to income recognition in relation to the performance obligations under AASB 15. If the transaction does not enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

Each revenue stream, including grant agreements are currently being reviewed to determine the impact of AASB 1058.

Although the State Council anticipate that the adoption of AASB 1058 will have an impact on the Society's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2 REVENUE

	2019 $	2018 $
Operating Activities:		
Fundraising	4,929,707	4,120,779
Government and Other Grant Funding	4,498,285	3,860,425
Retail and Distribution Centre Sales	13,255,772	11,760,067
Specialist Community Services Contributions	1,224,064	1,157,980
Other revenue	186,151	555,396
	24,093,979	21,454,647
Non-Operating Activities:		
Bequests including assets contributed	373,219	1,189,097
Gain on sale of property, plant and equipment	27,704	71,691
Interest	62,195	37,136
Non-recurrent grants	156,367	32,250
	619,485	1,330,174
TOTAL REVENUE	24,713,464	22,784,821

NOTE 3 SURPLUS

	2019 $	2018 $
(a) Surplus/(Deficit)/ has been determined after charging the following specific expenses:		
Employee Benefit – Superannuation	1,021,093	927,805
Depreciation of property, plant and equipment	1,115,311	1,143,480
Operating leasing costs	2,925,341	2,677,761
Bad and doubtful debts	20,538	23,249
	5,082,283	4,772,295
(b) The results for the year were affected by the following significant items of revenue:		
Bequests	373,219	1,189,097
Gain on Sale of property, plant and equipment	27,704	71,691
	400,923	1,260,788

		2019 $	2018 Restated $
NOTE 4	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	15,490	32,040
	Cash at bank	4,624,164	2,969,447
	Term deposits	2,016,870	2,011,168
		6,656,524	5,012,655
NOTE 5	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	58,096	57,998
	GST	22,045	69,188
	Other	530	153,170
		80,671	280,356
NOTE 6	**INVENTORIES**	209,816	165,181
		209,816	165,181
NOTE 7	**OTHER ASSETS**		
	Prepayments	326,193	342,940
	Bonds	149,876	-
	Accrued Revenue	35,000	-
		511,069	342,940
NOTE 8	**NON-CURRENT ASSETS HELD FOR SALE**	508,688	868,800
		508,688	868,800
NOTE 9	**PROPERTY, PLANT AND EQUIPMENT**		
	WORK IN PROGRESS	11,076	240,422
		11,076	240,422
	LAND AND BUILDINGS		
	At cost	20,148,175	20,148,175
	Less: Accumulated depreciation	(1,092,824)	(870,245)
	Less: Accumulated impairment losses	(1,500,000)	(1,500,000)
		17,555,351	17,777,930
	PLANT AND EQUIPMENT		
	At cost	3,985,299	3,295,427
	Less: Accumulated depreciation	(2,477,970)	(1,897,470)
		1,507,329	1,397,957
	MOTOR VEHICLES		
	At cost	1,722,399	1,591,925
	Less: Accumulated depreciation	(946,259)	(809,301)
		776,140	782,624

	2019	2018 Restated
	$	$

NOTE 9 PROPERTY, PLANT AND EQUIPMENT (Cont.)

OFFICE AND COMPUTER EQUIPMENT		
At cost	653,583	562,671
Less: Accumulated depreciation	(286,978)	(217,860)
	366,605	344,811
	20,216,501	20,543,744

Movements in carrying amounts

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

	Work in Progress	Land and Buildings	Plant and Equipment	Motor Vehicles	Office and Computer Equipment	Total
	$	$	$	$	$	$
Net book value at 1 July 2018 (Restated)	240,422	17,777,930	1,397,957	782,624	344,811	20,543,744
Additions	11,076		530,949	569,383	105,702	1,217,110
Disposals			(72,558)	(356,093)	(391)	(429,042)
Transfer	(240,422)		240,422			-
Depreciation		(222,579)	(589,441)	(219,774)	(83,517)	(1,115,311)
Net book value at 30 June 2019	11,076	17,555,351	1,507,329	776,140	366,605	20,216,501

Included in land and buildings are joint venture properties developed jointly by the Society and the Department of Housing. In terms of the Housing Joint Venture Lease Agreements, the Society shall not mortgage, charge, encumber or create any security over its interest without the prior written consent of the Department of Housing. The lease terms of the Agreements are 25 years, whereafter each party to the agreements has the option to purchase the other party's equitable interest in the joint venture at market value.

		2019	2018 Restated
		$	$
NOTE 10	**TRADE AND OTHER PAYABLES**		
	Trade payables	810,732	783,841
	PAYG/GST payable	81,506	79,180
	Unspent grants	788,866	190,024
		1,681,104	1,053,045
NOTE 11	**PROVISIONS**		
(a)	**CURRENT**		
	Annual Leave and Long Service Leave	1,000,410	1,041,108
	Property Maintenance	265,849	242,097
	Total Current Provisions	1,266,259	1,283,205
(b)	**NON-CURRENT**		
	Long Service Leave	336,821	229,639
	Property Maintenance	620,314	564,904
	ICT Upgrade Provision	-	11,874
	Total Non-Current Provisions	957,135	806,417
	Total Provisions	2,223,394	2,089,622
NOTE 12	**CONTINGENT LIABILITIES AND CONTINGENT ASSETS**		
	Operating lease commitments being for leasing premises payable:		
	Not later than 1 year	2,549,072	2,187,663
	Later than 1 year but not later than 5 years	5,270,787	2,961,933
	Later than 5 years	272,958	-
	Total Operating Lease Commitments	8,092,817	5,149,596

There are no other contingent liabilities or assets as at 30 June 2019

NOTE 13 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of net cash flows from operating activities

	2019 $	2018 $
Surplus/(deficit)/ from ordinary activities	77,967	(674,833)
Non-cash flows in surplus/(deficit) from ordinary activities:		
Depreciation and amortisation	1,115,311	1,143,480
Gain on sale of property, plant and equipment	(27,704)	(71,691)
Bad debts	20,538	23,249
Work in progress expensed	66,194	-
Bequest of investment portfolio	-	(129,795)
Changes in assets and liabilities:		
(Increase) in receivables	(20,636)	(21,514)
Decrease/(Increase) in prepayments	16,747	(76,784)
(Increase) in inventories	(44,635)	(111,898)
(Increase) in other current assets	(32,235)	(47,714)
(Increase)/decrease in other non-current assets	-	87,571
Increase in payables	76,360	117,724
Increase in unspent grants	598,841	98,727
Increase/(decrease) in provisions	133,772	(18,138)
Net cash provided by operating activities	1,980,520	318,384

(b) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year, as shown in the Statement of Cash Flows, is reconciled to items in the Statement of Financial Position as follows:

	2019 $	2018 $
Cash on hand	15,490	32,040
Cash at bank	4,624,164	2,969,447
Term deposits	2,016,870	2,011,168
	6,656,524	5,012,655

Financing Facilities Available

At reporting date, the following financing facilities had been negotiated and were available:

	2019 $	2018 $
Total Facilities		
- Bank overdraft	150,000	150,000
- Corporate credit card facility	150,000	150,000
Facilities unused at reporting date		
- Bank overdraft	150,000	150,000
- Corporate credit card facility	99,379	113,645

	2019 $	2018 $

NOTE 14 RELATED PARTY TRANSACTIONS

(a) Members of State Council act in a voluntary capacity and do not receive any remuneration for their services. As part of the role of State President is entitled to a fully maintained Society vehicle or a Vehicle allowance towards the provision of their own vehicle and associated running costs. The current State President receives an allowance of $13,000 PA, the payment of this allowance received full approval of State Council.

(b) Transactions between related parties are detailed below:

	2019 $	2018 $
Payments to:		
- National office levies	244,228	261,236
	244,228	261,236

(c) Key Management Personnel Compensation

	2019 $	2018 $
Salary	758,890	769,026
Employee benefits	278,241	188,969
	1,037,131	957,995

NOTE 15 ECONOMIC DEPENDENCY

A significant portion of the Society's revenue is provided by donations, retail outlets sale of donated goods plus Government funding.

NOTE 16 FINANCIAL RISK MANAGEMENT

The Society's financial instruments consist mainly of cash at bank, trade and other receivables, short term deposits and accounts payables.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows

	Note	2019 $	2018 $
Financial Assets			
Cash and cash equivalents	(4)	6,656,524	5,012,655
Trade receivables	(5)	58,096	57,998
		6,714,620	5,070,653
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables		810,732	783,841
Unspent grants		788,866	190,024
	(10)	1,599,598	973,865

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

NOTE 16 FINANCIAL RISK MANAGEMENT (Cont.)

Term receivables reprice to market interest rates every three months, ensuring carrying amounts approximate fair value.

The Society has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement.*

NOTE 17 EVENTS OCCURRING AFTER THE REPORTING DATE

The financial report was authorised for issue on 3 October 2019 by the State Council.

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

NOTE 18 ENTITY DETAILS

The registered office of the entity is:

Ozanam House
9 Brewer Road
Canning Vale
Western Australia 6155

The principal place of business is:

Ozanam House
9 Brewer Road
Canning Vale
Western Australia 6155