

# REACH OUT



## SAINTS CARE LTD 2017 FINANCIAL REPORT



# ANNUAL FINANCIAL REPORT

**SAINTS CARE LTD**  
ABN 75 078 973 510

**For the financial year ended 30 June 2017**



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## Directors' Report

The directors of Saints Care Ltd submit this report on the company for the financial year ended 30 June 2017.

### Directors

The names of each person who has been a director during the financial year and to the date of this report are:

1. Kenneth Barrows (resigned 31 March 2017)
2. Benjamin Smith (appointed 31 March 2017)
3. Julie Crittenden
4. Richard Gillard (resigned 6 February 2017)
5. Matthew Henricks (resigned 27 May 2017)
6. Russell Jacka
7. Elizabeth Rayner (resigned 1 April 2017)
8. Kenneth Robinson
9. Karli Smith (resigned 27 May 2017)
10. Malcolm Stephenson
11. Jennifer Meurant (appointed 27 May 2017)
12. Adrian O'Dea (appointed 27 May 2017)
13. Alisha Raju (appointed 27 May 2017)
14. Jennifer Robinson (appointed 27 May 2017)

Directors have been in office since the start of the financial year, being 1 July 2016, to the date of this report unless otherwise stated.

### **Saints Care - Mission Statement**

*As an expression of our Christian discipleship, we will facilitate the provision of quality compassionate ministries that empower people and enhance their capacity to build communities of joy, hope, love and peace.*

### **Short and long term objectives of the company**

The short and long term objectives of Saints Care Ltd, together with operational strategies are:

- 1. To encourage and facilitate Community of Christ congregations to be engaged in compassionate ministries**

#### **Strategies**

- a. Congregations will be encouraged to:
  - i. Know the Saints Care mission statement.
  - ii. Elect/appoint compassionate ministry leadership.
  - iii. Initiate compassionate ministries.
  - iv. Provide meaningful opportunities and experiences of service for all ages.

- b. Congregations will be supported by Saints Care personnel and financial resources.

## **2. To provide meaningful community engagement**

### **Strategies**

- a. Congregations will be encouraged to know their community and identify core community issues.
- b. Saints Care will encourage Community of Christ participants to be involved in like-minded community organisations
- c. Saints Care will support congregations in applying for government and non-government funding.
- d. Saints Care will champion and/or auspice community and community-based support networks and organisations including independent accommodation, youth services and community centres.

## **3. To develop professional governance practices and policies that promote integrity and professionalism**

### **Strategies**

- a. Saints Care will produce governance practices and procedure manuals
- b. Saints Care will utilise new and emerging technologies

## **Principal Activities**

To assist in achieving the objectives of the company, the principal activities of Saints Care Ltd are categorised into five operational divisions, namely:

1. **Oblation ministries**; providing financial relief and support to the poor and needy
2. **Independent accommodation**; supporting disadvantaged people with low cost housing
3. **Youth services**; providing living skills, brokerage, accommodation and counselling services to young people who are at risk of homelessness
4. **Community centres**; managing community centres
5. **Congregational compassionate ministries**; supporting Community of Christ congregational social ministry projects

## **Information on directors**

### **Kenneth Barrows**

Qualifications/Experience: Mission President, Community of Christ, Australia  
Mission Centre  
Special responsibilities: Chair and CEO

### **Benjamin Smith**

Qualifications/Experience: Bachelor of Arts (Community Development)  
Mission President, Community of Christ, Australia  
Mission Centre  
Special responsibilities: Chair and CEO

### **Julie Crittenden**

Qualifications/Experience: CPA, MCom, Financial Officer, Community of  
Christ, Australia Mission Centre  
Special responsibilities: Company Secretary

### **Richard Gillard**

Qualifications/Experience: CPA, extensive director and company secretarial  
experience in not-for-profit sector

### **Matthew Henricks**

Qualifications/Experience: BSc (Hons), M.Psych (Org); MAHRI, MAPS  
Director of Henricks Consulting Pty Ltd, CEO  
Helping Hands Program Pty Ltd

### **Russell Jacka**

Qualifications/Experience: Bachelor of Economics, Diploma Education,  
Director of Network of Caring,  
Co-owner Jackateam Endowment Fund,  
Independent Amway business co-owner

### **Elizabeth Rayner**

Qualifications/Experience: Bachelor of Arts and Law (BA/LLB)

### **Kenneth Robinson**

Qualifications/Experience: B. Psych; M. Psych; Retired Community of Christ  
Appointee minister

### **Karli Smith**

Qualifications/Experience: Bachelor in International Studies (Development)  
and Masters of Human Rights Law

### **Malcolm Stephenson**

Qualifications/Experience: Bachelor of Arts (Liberal Studies) Business  
Administration – Graceland University; Master of  
Religion – Park University  
Retired Community of Christ Appointee minister

**Jennifer Meurant**

Qualifications/Experience: BEc, MBus, Grad Cert Inn, Grad Cert Chge Mgt  
Academic Director Institute of Strategic  
Management, Principal KNJ Consulting

**Adrian O’Dea**

Qualifications/Experience: Cert IV Government:Statutory Compliance, Cert III  
in Business (Frontline Management), Community  
of Christ – Ordained Minister (Elder), Local  
Congregational Financial Officer

**Alisha Raju**

Qualifications/Experience: MBA (Pending), Post Graduate Certificate in  
Management, Diploma Project Management,  
Bachelor Business (Human Resource  
Management & Industrial Relations).  
Senior Project Manager

**Jennifer Robinson**

Qualifications/Experience: BA(Hons), MA & PhD(Mass Communication),  
MPRIA(Professional member of The PR Institute of  
Australia).  
Program Manager & Lecturer, RMIT University;  
some board experience in non-profit sector;  
volunteer Community of Christ leadership roles in  
US and Australia

**Meetings of directors**

During the financial year, eight meetings of directors were held. Attendances  
by each director were as follows:

	<b><u>Number eligible to attend</u></b>	<b><u>Number attended</u></b>
Kenneth Barrows	6	6
Benjamin Smith	2	2
Julie Crittenden	8	7
Richard Gillard	4	2
Matthew Henricks	8	6
Russell Jacka	8	6
Elizabeth Rayner	6	1
Kenneth Robinson	8	8
Karli Smith	8	7
Malcolm Stephenson	8	5
Jennifer Meurant	0	0
Adrian O'Dea	0	0
Alisha Raju	0	0
Jennifer Robinson	0	0

#### **Indemnification of officers and auditors**

During the year Saints Care Ltd paid professional indemnity and director's and officer's liability insurance for all of its directors and officers.

#### **Directors Interests**

The directors had no material interests in contracts or proposed contracts with Saints Care Ltd during the financial year other than those disclosed in Note 11 Related Parties.

#### **Performance Measurements**

Saints Care Ltd monitors its performance against budget. The budget is approved by the board of directors and ratified by Community of Christ Australia Mission Conference prior to the commencement of the financial year. Financial results are presented to the board of directors by Financial Officer. The board uses this information for future planning, tracking progress over time and determining whether agreed objectives or standards have been met.

The board reviews performance based on operational divisions, which are identified by the types of services being provided. Refer to Note 4 Operational Divisions, for more details on performance of individual operational divisions.

#### **Events Subsequent to reporting date**

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

#### **Company limited by guarantee**



Saints Care Ltd is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company. At 30 June 2017 the total amount that members of the company are liable to contribute if the company is wound up is \$220.

**Auditor's Independence Declaration**

The Auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on the following page of the annual report.

**Registered Office**

The registered office and principal place of business is 12 Taylor St, West Pennant Hills, New South Wales 2125.

**Notice of Meeting**

The Annual General Meeting of Saints Care Ltd will be held on 13 November by video conference, where this report will be presented.

Signed in accordance with a resolution of the Board of Directors



Benjamin Smith  
Chair/ Director  
5 November 2017



Julie Crittenden  
Company Secretary/Director  
5 November 2017



Frost Crane & Co  
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**SAINTS CARE LIMITED**  
**ABN 75 078 973 510**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 AUSTRALIAN  
CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012**

TO THE DIRECTORS OF Saints Care Limited

I declare that, for the year ended 30th June, 2017, to the best of my knowledge and belief, there have been;

- i. no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits*
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Frost Crane & Co  
Bruce Frost CA  
Carlingford. NSW  
Registered Company Auditor  
2 November 2017

## Financial Statements

Saints Care Ltd  
ABN: 75 078 973 510

### Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Grant revenue from rendering services	5	870,726	942,557
Investment income – interest and distribution	6	431,109	201,712
Investment income – distribution (loss)/gain on sale	6	(23,916)	(97,392)
Rental income		97,668	117,225
Donations	7	174,284	67,215
Gain on sale of assets held for sale	8	-	2,150,756
Other income	9	122,181	80,909
<b>Total revenue from operating activities</b>	4	<b>1,672,052</b>	<b>3,462,982</b>
Youth support services		856,311	936,370
Congregation compassionate ministries		182,090	243,648
Community centres		250	626
Independent accommodation		37,969	41,511
Oblation aid		3,425	25,688
Administration	11	421,008	329,466
<b>Total expenses from operating activities</b>	4	<b>1,501,053</b>	<b>1,577,309</b>
<b>Result before investment re-measurement (loss)/gain</b>		<b>170,999</b>	<b>1,885,673</b>
Net (loss)/gain on re-measurement of investments at fair value	6	53,319	56,409
<b>Result for the year</b>		<b>224,318</b>	<b>1,942,082</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>224,318</b>	<b>1,942,082</b>

The accompanying notes form part of these financial statements

## Statement of Financial Position As at 30 June 2017

	Note	2017 \$	2016 \$
<b>Current Assets</b>			
Cash and cash equivalents	12	264,442	305,937
Receivables		48,909	152,375
Financial Investments	13	2,846,296	2,229,610
Assets held for sale		-	-
<b>Total Current Assets</b>		<u>3,159,647</u>	<u>2,687,922</u>
<b>Non-Current Assets</b>			
Receivables		-	-
Financial investments	13	6,624,456	7,020,462
Property, plant & equipment	14	281,428	287,164
<b>Total Non-Current Assets</b>		<u>6,905,884</u>	<u>7,307,626</u>
<b>TOTAL ASSETS</b>		<u>10,065,531</u>	<u>9,995,548</u>
<b>Current Liabilities</b>			
Unexpended Grants	15	40,027	216,431
Payables		32,870	23,938
Provisions	16	135,423	127,064
<b>Total Current Liabilities</b>		<u>208,320</u>	<u>367,433</u>
<b>Non-Current Liabilities</b>			
Provisions	16	11,385	6,607
<b>Total Non-Current Liabilities</b>		<u>11,385</u>	<u>6,607</u>
<b>TOTAL LIABILITIES</b>		<u>219,705</u>	<u>374,040</u>
<b>NET ASSETS</b>		<b>9,845,826</b>	9,621,508
<b>Funds</b>			
Retained funds		6,404,258	6,171,790
Reserves		3,441,568	3,449,718
<b>TOTAL FUNDS</b>		<b>9,845,826</b>	9,621,508

The accompanying notes form part of these financial statements

**Statement of Changes in Funds**  
**For the year ended 30 June 2017**

	Note				
	2(i)	Retained Funds	Capital Reserve	Special Purpose Reserves	Total
<b>Balance at 1 July 2015</b>		<b>\$4,217,644</b>	<b>\$3,374,661</b>	<b>\$87,121</b>	<b>\$7,679,426</b>
<b>Comprehensive income</b>					
Result for the year		\$1,942,082	-	-	\$1,942,082
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>\$1,942,082</b>	<b>-</b>	<b>-</b>	<b>\$1,942,082</b>
Transfer to Special Purpose Reserves		\$12,064	-	(\$12,064)	-
<b>Balance at 30 June 2016</b>		<b>\$6,171,790</b>	<b>\$3,374,661</b>	<b>\$75,057</b>	<b>\$9,621,508</b>
<b>Comprehensive income</b>					
Result for the year		\$224,318	-	-	\$224,318
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>\$224,318</b>	<b>-</b>	<b>-</b>	<b>\$224,318</b>
Transfer from Special Purpose Reserves		\$8,150	-	(\$8,150)	-
<b>Balance at 30 June 2017</b>		<b>\$6,404,258</b>	<b>\$3,374,661</b>	<b>\$66,907</b>	<b>\$9,845,826</b>

For a description of each reserve, please refer to note 2(i)  
 The accompanying notes form part of these financial statements

**Saints Care Ltd**  
 ABN: 75 078 973 510

**Statement of Cash Flows**  
**For the year ended 30 June 2017**

	<b>Notes</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from grants		<b>945,960</b>	1,026,457
Receipts from other supporters		<b>576,691</b>	320,896
Payments to suppliers and employees		<b>(1,794,901)</b>	(1,824,681)
Investment income		<b>431,109</b>	201,712
<i>Net cash provided by operating activities</i>	18	<b>158,859</b>	(275,616)
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	2,310,414
Payment for Property, plant and equipment		<b>(9,077)</b>	(49,939)
Redemption of investments		<b>371,869</b>	368,658
Payment for investments		<b>(563,146)</b>	(2,545,295)
<i>Net cash used in investment activities</i>		<b>(200,354)</b>	83,838
Net increase/(decrease) in cash held		<b>(41,495)</b>	(191,778)
Cash and cash equivalents at the beginning of financial year		<b>305,937</b>	497,715
<b>Cash and cash equivalents at the end of financial year</b>	12	<b>264,442</b>	305,937

The accompanying notes form part of these financial statements

**Saints Care Ltd**  
ABN: 75 078 973 510

## **Notes to the Financial Statements**

**For the year ended 30 June 2017**

### **Note 1 Organisation and Nature of Operations.**

Saints Care Ltd is a charity arm of Community of Christ in Australia. Community of Christ is an international Christian denomination with 250,000 members in 1,500 congregations in approximately 60 nations. The mission of the Church is to proclaim Jesus Christ and promote communities of joy, hope, love and peace. In Australia, the Community of Christ offers:

- A community of people where the gospel of Jesus Christ is the focus of worship, learning, caring and mission.
- Local congregations where deep friendships are established and individual ideas are valued.
- A global community with a worldwide mission that values all cultures and celebrates the rich diversity of human life.
- Meaningful opportunities to serve Jesus Christ by helping others and promoting peace.

The principal activities of Saints Care Ltd during the financial year were to provide financial relief and support to the poor and needy, to support disadvantaged people with low cost housing, to provide accommodation support, living skills, mentoring, outreach and case management to young people who are at risk of homelessness and to develop social ministry outreach programs in partnership with congregations of Community of Christ (for example, Hope Safari in Brisbane, Homestead Community Café in Guildford, Food Pantry in Perth, Community Café' in Adelaide and the Bendigo and Frankston Community Camps).

### **Note 2 Statement of Significant Accounting Policies**

#### **(a) Statement of Compliance**

The financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standards and other mandatory professional reporting requirements and the Corporations Act 2001 with the exception of the AIFRS standards as more fully explained in note 3.

The financial statements cover Saints Care Ltd, a company limited by guarantee, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 5 November 2017 by the directors of the company.

## Statement of Significant Accounting Policies (continued)

### (b) Basis of Preparation

The financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

These financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

### (c) Taxation

#### *Income tax*

No provision for income tax has been made in these accounts as the company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. The company holds deductible gift recipient status.

#### *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 it is recognised as part of the cost of acquisition of an asset or as part of an item of expense as applicable.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the Australian Taxation Office is included with other receivables or payables (current) in the statement of financial position.

Cash flows are included in the statements of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from or payable to the Australian Taxation Office, are classified as operating cash flows.

### (d) Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

#### *Significant Accounting Judgements*

##### Grants Received

Once the Company has been notified of the successful outcome of a grant application, the terms and conditions of each grant are reviewed to determine whether the funds relate to a reciprocal grant (i.e. payment for services rendered) in which case it is accounted for under AASB 118 Revenue or a non-reciprocal grant in which case it is accounted for under AASB 1004 Contributions.



## Statement of Significant Accounting Policies (continued)

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

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

The carrying amount of property, plant, and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. In the situation where the carrying value is greater than the estimated recoverable amount, the carrying value is immediately written down to its estimated recoverable amount. The estimated recoverable amount is assessed as the greater of fair value less costs to sell and value in use.

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 highest and best use of the land and buildings are considered in determining valuation. Directors' valuations are used if an independent valuation does not take place during an annual reporting period.

Where property, plant or equipment is held to provide a service rather than to generate cash, value in use is determined as the depreciated replacement cost.

#### Depreciation

The depreciable amount of property, plant and equipment is depreciated over their estimated useful lives to the company commencing from the time the asset is held ready for use on a reducing balance basis.

Properties held for service purposes (Independent Accommodation) are held at deemed cost in 2004. Land is not depreciated.

The depreciation rates for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Furniture & fittings	6.70-25%
Office equipment	25-60%
Motor vehicles	22.50%
Buildings	3.75%

Assets residual values and useful lives are reviewed and adjusted, if appropriate, at each financial year-end.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

## **Statement of Significant Accounting Policies (continued)**

### **(f) Financial Investments**

Financial investments represent the unit value of funds invested in Community of Christ Ltd's pooled investment fund.

Financial investments have been reported as 'fair value through profit or loss' to enable performance evaluation on a fair value basis in accordance with a documented risk management or investment strategy. Fair value represents the amount for which an asset could be exchanged between knowledgeable willing parties.

Investments in the fund are initially measured at cost on trade date when the related contractual or obligations exist. Then subsequently measured, at each reporting date, at fair value with realised and unrealised gains and losses arising from changes in the fair value of these assets included in the income statement in the period in which they arise.

Saints Care Ltd apportions the financial investments unit value between current and non-current assets based on Community of Christ Ltd's pooled investment fund determination.

### **(g) Employee Entitlements**

Employee entitlements comprise wages and salaries (including non-monetary benefits), non-vesting accumulating sick leave, annual and long service leave.

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised in payables (current) in respect of employees' services up to the reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date are recognised in provisions (current) as the Company does not have an unconditional right to defer settlement of these liabilities for at least 12 months after the end of the reporting period. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled including the on-costs of applicable government superannuation guarantee contribution and workers compensation. Annual leave not expected to be paid within 12 months has been based on current pay rates and not discounted as the difference is immaterial.

The liability for long service leave is recognised in current provisions when the Company does not have an unconditional right to defer settlement of this liability for at least 12 months after the end of the reporting period otherwise the liability is recognised as non-current and measured as the present value of expected future payments to be made in respect of services provided by the employees. This non-current liability has been calculated using a recognised shorthand method that recognises a liability for employees who meet the minimum continuous service periods under state long service leave legislation based on current pay rates as there is an immaterial difference using this method. On-costs of applicable government superannuation guarantee contribution and workers compensation have been included when they are expected to be paid.

No liability has been recognised for sick leave as it does not vest and past experience indicates that on average, sick leave taken each reporting period is less than the entitlement accruing in that period.

## Statement of Significant Accounting Policies (continued)

### (h) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement cash and cash equivalents is as defined above net of any outstanding bank overdrafts.

### (i) Revenue

Revenue is recognised as follows:

#### *Donations*

Donations collected from congregations of Community of Christ are recognised in the reporting period in which funds are collected and due. Other donations are recognised when received.

#### *Rental Income*

Rental incomes are recognised when the right to receive it as per the lease occurs.

#### *Government Grants*

Grants are recognised when control or the right to receive the contribution is received and it is probable that the economic benefits gained from the grant will flow to the Company and the grant can be reliably measured.

#### *Investment Income*

Distributions from Community of Christ Ltd's pooled investment fund are recognised as income when declared.

Interest revenue is recognised as it accrues, taking in to account the interest rates applicable to the financial assets.

#### *Other Income*

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Other revenue is recognised when the right to receive the revenue has been legally established and the amount can be reliably measured.

No amounts are included in the statements for services donated by volunteers.

### (j) Reserves

**Capital Reserve:** The Capital Reserve was created from the sale of property owned by Saints Care Ltd. The primary purpose of the reserve is to help fund the operation of the company from the interest received from the capital invested.

**Special Purpose Reserves:** These reserves have been created by the donations of monies for a specific purpose. The reserves will be extinguished when the money is used for the purpose specified by the donors.

## **Statement of Significant Accounting Policies (continued)**

### **(k) Comparatives Edited**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### **(l) Economic Dependence**

Saints Care Ltd is dependent on the NSW Department of Family and Community Services for the majority of its revenue to operate the Youth Support Services division that provides specialist services to young people at risk of homelessness under the NSW Government Going Home Staying Home (GSHS) reforms.

### **(m) New Standards and Interpretations Not Yet Adopted**

At the date of authorisation of the financial report, the following material Standards and Interpretations were issued but not yet effective:

- AASB 9 Financial Instruments
- AASB 15 Revenue
- AASB 16 Leases

Saints Care Ltd is assessing the potential impact on its financial statements of these new and revised Standards & Interpretations.

Saints Care Ltd has operating lease commitments for residential and commercial property. The impact of AASB 16 *Leases* will result in a material gross up of assets and liabilities for the Youth Services Division.

## **Note 3 Compliance with Australian equivalents to International Financial Reporting Standards**

Consideration was given to the requirements contained in Australian Accounting Standards that are equivalents to the International Financial Reporting Standards (AIFRS). The directors consider that, given the size and nature of the company and its operations, the adoption of all AIFRS is not warranted. Many of the provisions in the AIFRS are not applicable to the company including the regulations relating to dividends, borrowing, debt equity ratios, consideration of employee incentive schemes involving shares and share options, contracts when purchasing another company, and other similar transactions. If the said standard was adopted then there would be no material impact on the financial statements.

Further, AASB 1053 Application of Tiers of Accounting Standards, commenced 1 July 2013. As a not-for-profit entity, the company is eligible to apply Tier 2 reporting requirements. As the company has decided to apply some of the available reduced disclosure this precludes compliance with some AIFRS.

## Note 4 Operational Divisions

Saints Care Ltd comprises the following five main operational divisions:

1. **Oblation ministries:** providing financial relief and support to the poor and needy
2. **Independent accommodation:** supporting disadvantaged people with low cost housing
3. **Youth services:** providing living skills, brokerage, accommodation and counselling services to young people who are at risk of homelessness

Saints Care Ltd decided to cease being a Community Housing Provider effective 30 June 2017 and terminated its Community Housing Assistance Agreement: Homelessness Services Property lease with NSW Family and Community Services together with its associated contract with Mission Australia. Therefore 'Hills' service as per note 4 finished 30 June 2017.

4. **Community centres:** managing community centres.

Saints Care Ltd board decided to cease management of the Community Centre at Kingsley on 19 December 2010 with cessation of management to be timed to coincide with the expiration of Saints Care Ltd's management agreement with the Western Australian Government's Department for Communities on 30 September 2011. The agreement was extended to 31 October 2011 at the department's request and management then ceased at this date. The Community Centre at Kingsley operated on funding provided by department therefore no material financial effect occurred. Minor ongoing expenses are still incurred mainly pertaining to insurance.

5. **Congregational compassionate ministries:** supporting Community of Christ congregational social ministry projects

Saints Care Ltd board decided to cease operating the Hope Community Care (HOPE) project, the official end date for this program was 30 June 2016. Financially this will result in expenditure reduction of approximately \$80,000 per annum.

**Note 4 Operational Divisions (continued)**

2017	Oblation	Independent Accommodation			Youth Services			Comm. Centres	Congregational Compassionate Ministries			General & Admin.	Total
		Brisbane	Sydney	Coffs Harbour	Northern Sydney	Hills	Youth Rez		Kingsley	Hope Care	Guildford Café		
Grants							870,726						870,726
Investment Income					13	62	1,293	47	1	4		405,773	407,193
Rental Income		54,566		6,240		36,862							97,668
Donations	39,069					3,059				72	16,440	115,644	174,284
Gain on sale assets													-
Other Income										385	11,901	109,895	122,181
<b>Total revenue</b>	<b>39,069</b>	<b>54,566</b>		<b>6,240</b>	<b>13</b>	<b>39,983</b>	<b>872,019</b>	<b>47</b>	<b>1</b>	<b>461</b>	<b>28,341</b>	<b>631,312</b>	<b>1,672,052</b>
Personnel expenses							(309,140)		(6)		(162,499)	(357,904)	(829,549)
Client aid & program expenses	(3,425)						(280,910)			(277)	(12,670)		(297,282)
Client property exp		(34,558)	107	(3,518)	(1,850)	(27,027)						(4,358)	(71,204)
Equipment							(14,697)					(2,100)	(16,797)
Occupancy & maintenance						(13,056)	(8,054)			(150)		(4,725)	(25,985)
Depreciation							(8,207)				(1,793)	(4,813)	(14,813)
Audit						(591)	(1,891)		(420)	(84)		(4,103)	(7,089)
CCSS							(162,872)						(162,872)
Other					(530)	(2,845)	(24,641)	(250)	(250)	(845)	(3,096)	(43,005)	(75,462)
<b>Total expenses</b>	<b>(3,425)</b>	<b>(34,558)</b>	<b>107</b>	<b>(3,518)</b>	<b>(2,380)</b>	<b>(43,519)</b>	<b>(810,412)</b>	<b>(250)</b>	<b>(676)</b>	<b>(1,356)</b>	<b>(180,058)</b>	<b>(421,008)</b>	<b>(1,501,053)</b>
<b>Result before investment loss/gain</b>	<b>35,644</b>	<b>20,008</b>	<b>107</b>	<b>2,722</b>	<b>(2,367)</b>	<b>(3,536)</b>	<b>61,607</b>	<b>(203)</b>	<b>(675)</b>	<b>(895)</b>	<b>(151,717)</b>	<b>210,304</b>	<b>170,999</b>
Investment loss/gain												53,319	53,319
<b>Result for the year</b>	<b>35,644</b>	<b>20,008</b>	<b>107</b>	<b>2,722</b>	<b>(2,367)</b>	<b>(3,536)</b>	<b>61,607</b>	<b>(203)</b>	<b>(675)</b>	<b>(895)</b>	<b>(151,717)</b>	<b>263,623</b>	<b>224,318</b>



**Note 4 Operational Divisions (continued)**

2016	Oblation	Independent Accommodation			Youth Services			Comm. Centres	Congregational Compassionate Ministries			General & Admin.	Total
		Brisbane	Melbourne	Coffs Harbour	Northern Sydney	Hills	Youth Rez	Kingsley	Hope Care	Guildford Café	Other		
Grants							942,557						<b>942,557</b>
Investment Income					17	73	4,021	65	11	5		100,128	<b>104,320</b>
Rental Income		55,783	14,065	6,240		41,137							<b>117,225</b>
Donations	41,959					2,283			1,498	325	567	20,583	<b>67,215</b>
Gain on sale assets			2,150,756										<b>2,150,756</b>
Other Income									757	747		79,405	<b>80,909</b>
<b>Total revenue</b>	<b>41,959</b>	<b>55,783</b>	<b>2,164,821</b>	<b>6,240</b>	<b>17</b>	<b>43,493</b>	<b>946,578</b>	<b>65</b>	<b>2,266</b>	<b>1,077</b>	<b>567</b>	<b>200,116</b>	<b>3,462,982</b>
Personnel expenses							(268,148)		(55,803)		(150,116)	(267,494)	<b>(741,561)</b>
Client aid & program expenses	(25,686)						(303,768)		(2,819)	(390)	(5,221)		<b>(337,884)</b>
Client property exp		(20,286)	(17,707)	(3,518)		(32,766)						(4,232)	<b>(78,509)</b>
Equipment							(37,416)		(1,013)			(683)	<b>(39,112)</b>
Occupancy & maintenance						(12,726)	(35,234)		(13,998)	(275)		(5,242)	<b>(67,475)</b>
Depreciation							(10,395)		(2,264)			(1,813)	<b>(14,472)</b>
Audit						(592)	(1,349)		(375)	(75)		(3,023)	<b>(5,414)</b>
CCSS							(187,868)						<b>(187,868)</b>
Other	(2)				(1,974)	(4,659)	(39,475)	(626)	(6,398)	(1,031)	(3,870)	(46,979)	<b>(105,014)</b>
<b>Total expenses</b>	<b>(25,688)</b>	<b>(20,286)</b>	<b>(17,707)</b>	<b>(3,518)</b>	<b>(1,974)</b>	<b>(50,743)</b>	<b>(883,653)</b>	<b>(626)</b>	<b>(82,670)</b>	<b>(1,771)</b>	<b>(159,207)</b>	<b>(329,466)</b>	<b>(1,577,309)</b>
<b>Result before investment loss/gain</b>	<b>16,271</b>	<b>35,497</b>	<b>2,147,114</b>	<b>2,722</b>	<b>(1,957)</b>	<b>(7,250)</b>	<b>62,925</b>	<b>(561)</b>	<b>(80,404)</b>	<b>(694)</b>	<b>(158,640)</b>	<b>(129,350)</b>	<b>1,885,673</b>
Investment loss/gain												56,409	<b>56,409</b>
<b>Result for the year</b>	<b>16,271</b>	<b>35,497</b>	<b>2,147,114</b>	<b>2,722</b>	<b>(1,957)</b>	<b>(7,250)</b>	<b>62,925</b>	<b>(561)</b>	<b>(80,404)</b>	<b>(694)</b>	<b>(158,640)</b>	<b>(72,941)</b>	<b>1,942,082</b>

**Note 5 Grant Revenue**

	2017 \$	2016 \$
Government grants	867,076	942,557
Other organisations	3,650	
	<u>870,726</u>	<u>942,557</u>

**Note 6 Investment Income**

	2017 \$	2016 \$
Interest from cash deposits – Westpac	<u>1,493</u>	<u>4,232</u>
<u>Community of Christ Ltd Investment Fund distribution</u>		
Interest from cash deposits	17,396	7,826
Interest from term deposits and fixed interest funds	163,161	69,794
Rent from direct property	-	8,364
Income distributions from property trusts	79,553	14,242
Income distributions from private equity funds	1,916	1,021
Income distributions from share funds – Australia focus	116,343	10,317
Income distributions from share funds – International focus	91,132	98,666
Franking credit refund from ATO	17,945	11,113
Gain/(loss) on sale of investments	(23,916)	(97,392)
Portfolio and management expenses	(45,185)	(21,503)
Property management expenses	(12,645)	(2,360)
		100,088
Gain/(loss) on re-measurement of investments at fair value	53,319	56,409
Total Community of Christ Ltd Investment Fund result for the year	<u>459,019</u>	<u>156,497</u>

Community of Christ Ltd Investment Fund changed their method of valuing investments at fair value from cum dividend to ex dividend in 2017. This resulted in a distribution of \$126,158 for 2016 being recognised as income in 2017 and distributed to Saints Care Ltd as part of the overall 2017 distribution. Further, Community of Christ Ltd discovered \$12,645 had been distributed to Saints Care Ltd in 2016 and 2015 in error relating to direct property net income and was deducted in 2017.

**Note 7 Donations**

	2017 \$	2016 \$
Community of Christ church members & friends	174,284	66,915
Others		300
	<u>174,284</u>	<u>67,215</u>



<b>Note 8</b>	<b>Gain on sale of assets held for sale</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
	Gain on sale of Independent Accommodation asset	-	2,150,756

Gain on sale of Independent Accommodation Asset

On 14 March 2016, settled occurred for the property at 19 Graham Rd, Viewbank Victoria that the Company had a 35% share in; it's Independent Accommodation units known as 'Kalimna' were located on this property. The Company received net proceeds of \$2,232,138 for its 35% share in the property. Kalimna was valued by deemed cost in 2004 at \$81,382 therefore a significant gain on sale of \$2,150,756 resulted.

<b>Note 9</b>	<b>Other Income</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
	Accounting fee	<b>109,894</b>	79,401
	Program fees	<b>385</b>	747
	Fundraising income	<b>600</b>	757
	Other	<b>11,302</b>	4
		<b>122,181</b>	80,909

<b>Note 10</b>	<b>Personnel Expenses</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
	Wages, salaries, allowances, benefits & superannuation	<b>505,682</b>	485,611
	Provision for annual & long service leave	<b>13,136</b>	8,259
	Motor Vehicles	<b>8,068</b>	7,481
	Workers compensation insurance	<b>15,253</b>	12,967
	Other	<b>6,242</b>	9,475
		<b>548,381</b>	523,793
	Community of Christ ministerial & administrative staff fee	<b>281,168</b>	217,768
		<b>829,549</b>	741,561

**Employee numbers**

Average number of full-time equivalent employees – Saints Care employees	<b>6</b>	6
Average number of full-time equivalent employees – Community of Christ ministerial & administrative staff	<b>3</b>	3

## **Note 11**

### **Related Parties**

#### *Community of Christ/Ltd*

Saints Care Ltd is a charity arm of Community of Christ in Australia. The Presiding Bishopric of Community of Christ is trustee for all assets of the church worldwide. Community of Christ's Australia Mission Financial Officer acts as agent for the Presiding Bishopric in Australia and serves as a director and company secretary for Saints Care Ltd. Community of Christ's Australia Mission President serves as chair & CEO for Saints Care Ltd.

Community of Christ (Australia Mission) and Community of Christ Ltd provide staffing and administration to Saints Care Ltd; \$281,168 of the 'personnel expenses'(see notes 4 and 10) incurred by Saints Care Ltd was for ministerial and administrative staff expenses recouped by Community of Christ Ltd during the 2017 year (\$217,768 in 2016).

Community of Christ Ltd and Saints Care Ltd also share an office; \$20,854 of 'general & administration' expenses incurred by Saints Care Ltd was for occupancy and general office running costs recouped by Community of Christ Ltd during the 2017 year (\$20,421 in 2016). Other shared expense were split at the time of payment to the supplier.

Saints Care Ltd provides accounting and administration services to Community of Christ Ltd; \$109,894 of the 'general & administration' 'other income' (see note 4 & 9) incurred by Saints Care Ltd was recouped from Community of Christ during the 2017 year (\$79,401 in 2016).

Community of Christ Ltd receives a consolidated flat audit fee from Frost Crane & Co for audit services rendered for Community of Christ Ltd, Presiding Bishopric and Saints Care Ltd. During the 2017 year, Saints Care Ltd paid Community of Christ Ltd \$7,089 (\$5,414 in 2016) for audit fees.

#### *Directors Compensation*

Except for Community of Christ Australia Mission President and Financial Officer (as mentioned above) and an ex-officio director who is a counsellor to the Financial Officer employed part-time for part of the year to assist Financial Officer, directors' act in an honorary position and receive no compensation for their services. During the year travel and meal expenses totalling \$1,223 (\$1,365 in 2016 incurred by the directors in fulfilling their role were reimbursed.

Mr M Henricks is CEO of Helping Hands Program Pty Ltd, this organisation operates a project called The Water Works Program. During 2017 Saints Care Ltd sponsored the supply of water filtration systems for a village in Uganda with The Water Works Program.

**Note 12 Cash and cash equivalents**

	2017	2016
	\$	\$
Cash at bank	263,706	305,187
Others	736	750
Total cash and cash equivalents as stated in the statement of financial position	<u>264,442</u>	<u>305,937</u>

**Note 13 Financial Investments****Current**

	2017	2016
	\$	\$
Financial assets at fair value through profit or loss - Unit value of funds invested in Community of Christ Ltd's pooled investment fund	2,846,296	2,229,610

**Non-Current**

Financial assets at fair value through profit or loss - Unit value of funds invested in Community of Christ Ltd's pooled investment fund	6,624,456	7,020,462
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Total unit value of funds invested in Community of Christ Ltd's pooled investment fund	<u>9,470,752</u>	<u>9,250,072</u>
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Financial investments have been reported as 'fair value through profit or loss' to enable performance evaluation on a fair value basis through a documented risk management or investment strategy.

Financial assets at 'fair value through profit or loss' are measured at fair value and changes therein, including any interest or dividend income, are recognised in the profit or loss.

**Note 14 Property, Plant and Equipment**

	2017 \$	2016 \$
Furniture and Fittings at cost	21,750	14,318
Less Provision for Depreciation	<u>(9,399)</u>	<u>( 9,197)</u>
<b>Net Value Furniture and Fittings</b>	<b><u>12,351</u></b>	<b><u> 5,121</u></b>
Office Equipment at Cost	8,090	10,625
Less Provision for Depreciation	<u>(6,454)</u>	<u>(8,080)</u>
<b>Net Value Office Equipment</b>	<b><u>1,636</u></b>	<b><u> 2,545</u></b>
Motor Vehicles at cost	60,312	88,319
Less Provision for Depreciation	<u>(21,120)</u>	<u>(39,127)</u>
<b>Net Value Motor Vehicle</b>	<b><u>39,192</u></b>	<b><u>49,192</u></b>
West Pennant Hills office building at original cost	81,717	81,717
Less Provision for Depreciation	<u>(27,972)</u>	<u>(25,915)</u>
<b>Net Value West Pennant Hills Office Building</b>	<b><u>53,745</u></b>	<b><u>55,802</u></b>
<b>Independent Accommodation land and buildings at cost*</b>	<b>174,504</b>	174,504
<b>Net Property, Plant and Equipment</b>	<b><u>281,428</u></b>	<b><u>287,164</u></b>

\*Land and buildings is stated at deemed cost in 2004.

**Note 14 Property, Plant and Equipment (continued)****Movements in Carrying Values**

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

	<b>Furniture &amp; Fittings</b>	<b>Office Equipment</b>	<b>Motor Vehicles</b>	<b>WPH Office Building</b>	<b>Independent Accommodation Land &amp; Building</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>2015</b>						
Balance at the beginning of the year	6,269	4,022	86,608	57,933	255,886	410,718
Additions at cost						
Disposals (including transfer to 'asset held for sale')			(27,700)		(81,382)	(109,082)
Depreciation expense	(1,148)	(1,477)	(9,716)	(2,131)		(14,472)
<b>Carrying amount at end of year</b>	<b>5,121</b>	<b>2,545</b>	<b>49,192</b>	<b>55,802</b>	<b>174,504</b>	<b>287,164</b>
<b>2016</b>						
Balance at the beginning of the year	5,121	2,545	49,192	55,802	174,504	287,164
Additions at cost	9,077	(2,534)	(28,007)			(21,464)
Disposals (including transfer to 'asset held for sale')		2,534	28,007			30,541
Depreciation expense	(1,847)	(909)	(10,000)	(2,057)		(14,813)
<b>Carrying amount at end of year</b>	<b>12,351</b>	<b>1,636</b>	<b>39,192</b>	<b>53,745</b>	<b>174,504</b>	<b>281,428</b>

**Note 15 Unexpended Grants**

	<b>2017</b>	2016
	<b>\$</b>	\$
Youth Services: Youth Resolutions unspent grant monies received from NSW Department of Family & Community Services(NSW FACS), amount excludes GST. 2016 unspent funds are required to be returned to NSW FACS.	<b>35,427</b>	211,831
Other	<b>4,600</b>	4,600
	<b>40,027</b>	216,431

**Note 16 Provisions**

	<b>2017</b>	2016
	<b>\$</b>	\$
<b>Current</b>		
Employee Benefits – Annual Leave	<b>83,215</b>	76,814
Employee Benefits – Long Service Leave	<b>52,208</b>	50,250
	<b>135,423</b>	127,064
<b>Non-Current</b>		
Employee benefits – Long Service Leave	<b>11,385</b>	6,607

**Note 17 Contingent Liabilities**

Directors are of the opinion that there are no provisions required for contingencies in 2017 or 2016.

## Note 18 Notes to the statement of cash flow Information

	2017	2016
	\$	\$
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank	263,706	305,187
Cash on hand (petty cash)	736	750
	<u>264,442</u>	<u>305,937</u>
(b) Reconciliation of cash flows from operations with surplus for the year		
Surplus for the year	224,318	1,942,082
Non-cash flows in surplus		
Depreciation	14,813	14,472
Revaluation of Investment Pool Units	(53,319)	(56,409)
Net (gain)/loss on disposal of financial investment	23,916	97,392
Net (gain)/loss on disposal of property, plant and equipment	-	(2,151,393)
Changes in assets and liabilities		
(Increase)/decrease in receivables	103,466	(22,500)
Increase/(decrease) in payables	(167,473)	(107,518)
Increase/(decrease) in provisions	13,137	8,258
<b>Cash flows from operations</b>	<u>158,859</u>	<u>(275,616)</u>

## Note 19 Events after the Reporting Period

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

## Note 20 Members' Guarantee

The company is limited by guarantee. If the company is wound up, the Memorandum and Articles of Association state that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company. As at 30 June 2017 the number of members was eleven.

**Saints Care Ltd**  
ABN: 75 078 973 510

## Directors' Declaration

The directors declare that in the directors' opinion:

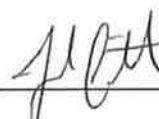
- (a) there are reasonable grounds to believe that the registered entity will be able to pay all of its debts, as and when they become due and payable;
- and
- (b) the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012

Signed in accordance with sub-section 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.



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Benjamin Smith  
Director/Chair



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Julie Crittenden  
Director/Company Secretary

Dated: 5 November 2017

Dated: 5 November 2017





Frost Crane & Co  
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**SAINTS CARE LIMITED**  
**ABN 75 078 973 510**  
**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF SAINTS CARE LIMITED**

**Report on the Audit of the Financial Report**

**Opinion**

I have audited the accompanying financial report of Saints Care Limited which comprises the statement of financial position as at 30th June, 2017 and the statement of comprehensive income statement, statement of changes in equity, and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

In my opinion the financial report of Saints Care Limited have been prepared in accordance with Division 60 of the *Australian Charities and Not-For-Profits Commission Act 2012*, including:

- i. giving a true and fair view of the company's financial position as at 30 June, 2017 and of their performance for the year ended on that date; and
- ii. complying with Accounting Standards to the extent described in Note1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

**Basis for opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the financial report section of my report. I am independent of the company in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* 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 my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Directors' Responsibility for the Financial Report**

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Emphasis of Matter - Basis of Accounting**

I draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the registered entity's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

### **Directors' Responsibility for the Financial Report**

The directors of the entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of ACNC Act and the needs of members in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility also includes such internal controls as the directors determine necessary to enable the preparation of a 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 directors are responsible for assessing the company'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 directors intend either to liquidate the company or cease operations, or have no realistic alternative but to do so.

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

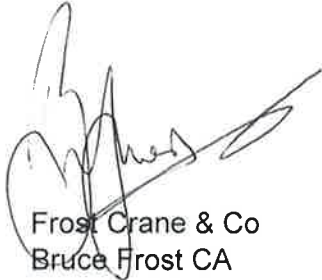
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but it not a guarantee that an 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Accounting Standards, professional judgement is exercised and professional scepticism is maintained throughout the audit. I also:

- Analyse the risks of material misstatement in the financial report are identified and assessed, whether due to fraud or error, and design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the company'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 company's ability to continue as a going concern. If I were to conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the registered entity 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Frost Crane & Co  
Bruce Frost CA  
Carlingford. NSW  
Registered Company Auditor  
6 November 2017