

**ALARA QLD LIMITED**  
A.B.N. 94 628 523 943

**FINANCIAL REPORT FOR THE  
YEAR ENDED 30 JUNE 2018**

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# DIRECTORS' REPORT

## YEAR ENDED 30 JUNE 2018

The Directors present their report together with the financial report of ALARA QLD Limited ("the Company"), for the year ended 30 June 2018 and the Auditor's Report thereon.

The Directors holding Office during the financial year were:

<b>Joanne Witt</b> , <i>Cert IV Mental Health Recovery; Dip Community Services</i>	Chairperson
<b>Catherine Wheeler</b> , <i>Grad Dip in Computer Education, Dip Teach, Ass Dip Com Rec, Cert IV in Training &amp; Assessment, JP (Qual)</i>	Company Secretary and Director
<b>Robyn Hartfiel</b> , <i>Llb (Hons)</i>	Director
<b>Michael Kingham</b>	Director
<b>Noelene Schultz</b>	Director
<b>Ian Morley</b> , <i>B. Com. (Retired at 2017 AGM)</i>	Treasurer and Director
<b>Antonietta Harrison</b> , <i>Dip. Bus.; Adv. Dip. Acc. (Acted as Treasurer September 2017 to May 2018)</i>	Acting Treasurer and Director
<b>Margaret Byrne</b> (Appointed to a casual vacancy 26 Feb 2018)	Director
<b>Phillip Bell</b> <i>CPA; FAIM</i> (Appointed to a casual vacancy and as Treasurer 21 May 2018)	Treasurer and Director

### DIRECTOR'S MEETINGS

The number of Board Meetings attended by each Board Director of ALARA QLD Limited during the financial year is as follows:

Name	No. Board Meetings held during the period of time the Director held office	Meetings Attended	No. of Workshops	Workshops Attended
Jo' Witt	11	11	2	2
Cathy Wheeler	11	11	2	2
Robyn Hartfiel	11	11	2	2
Ian Morley	2 – Retired at AGM 2017	2	N/A	N/A
Mike Kingham	11	11	2	2
Noelene Schultz	11	9	2	2
Toni Harrison	11	11	2	2
Marg Byrne	4 – Appointed to a casual vacancy at 26 Feb 2018 Meeting	4	1	1
Phillip Bell	1 – Appointed to a casual vacancy and as Treasurer at the 21 May 2018 meeting	0	0	May workshop attended as invitee

### COMPANY SECRETARY

The Company Secretary of ALARA QLD Limited during and since the end of the financial year was Catherine Wheeler.

### BOARD PROCESSES

Board Directors participated in two Board workshops.

The first Board Workshop was conducted on the 21st October 2017, focused on reviewing the current Vision, Mission and Value Statements for relevance to a social business model of operation. The Board also reviewed and updated the strategic outcomes, strategies and measures for the organisation having regard for the NDIS transition.

A second Board Planning Workshop was held on Saturday 12th May 2018 where the Board obtained an update on sector trends, unit costing and cost recovery as part the budget process, NDIS preparedness, Consumer Directed Care (Aged Care program) and progress and changes to Aged Care Funding, and a progress report on range of new innovations being implemented by ALARA better support staff and service users.

During the financial year, Board members again conducted internal audits around key strategic areas identified in the Strategic Plan and the Executive Review.

Board members responsible for those audits were:

- Financial Outcomes: Toni Harrison and Robyn Hartfiel
- Workforce Development: Cathy Wheeler and Mike Kingham
- Client and Community: Cathy Wheeler, Jo Witt and Noelene Schultz
- Innovation and Improvement (bi-annual): Jo Witt, Toni Harrison and Cathy Wheeler
- Executive Review:
  - Executive Manager: Jo' Witt, Toni Harrison, Noelene Schultz
  - Finance Manager: Robyn Hartfiel, Toni Harrison

Board Directors participated at the Staff All-together held on the 23rd October 2017 at the Catalyst Church Convention Centre at Brassall and in various functions and social events throughout the year.

Three Board Directors attended an Advanced Strategy, Risk and Governance Workshop (Steve Bowman) on the 30th April 2018. Two Board Directors attended the NDS State Conference.

## PRINCIPAL ACTIVITY AND OBJECTIVES

The principal activity and objects of ALARA QLD Limited during the year was the provision of support and services for people with a disability, their carers and families in south east Queensland. In the opinion of the Directors no significant changes have occurred in the nature of these activities or objects during the financial year.

## PREPARATION OF FINANCIAL STATEMENTS

### RESULTS

The Company recorded an **operating loss** for the current financial year of \$423,768 compared to an operating surplus of \$361,102 in the previous year.

The company has reclassified the presentation of the net movement (increase/decrease) in carried forward grant funding obligations. These will now be reflected in the Statement of Equity (opposed to the State of Comprehensive Income). The Company is of the opinion that this change in presentation will more accurately reflect the underlying transactions.

This decrease in the operating result was due primarily to the following factors:

Revenue – increased by **\$1,554,173 (+16.7%)**

- Hours sold to external clients and to individuals with YLYC packages increased by \$7,475,393 with the transition to the National Disability Insurance Scheme (NDIS).
- However, State Government Grants received decreased by \$5,967,167 similarly with the transition to the NDIS.
- Federal Government Grants received increased by \$175,110 via the Commonwealth Home Support and Continuity of Support (COS) Programs.
- Receipt of user fees decreased by \$89,601.

**Expenditure** – increased by **\$2,399,043 (26.2%)**

- Increase in wage costs of \$1,365,800 (+25%). This increase collates to the increase in revenue from the transition to the NDIS.
- Increase in Hours Purchased from Other Services and Equipment & Hire with the transition to NDIS by \$659,928 (+27%) and \$91,970 (+4%) respectively. This relates to services purchased by clients from other providers under self-directed & plan managed packages.
- A decrease in provision for employee entitlements expense by \$8,803.
- An increase in the provision for doubtful debts by \$10,000.
- Return of unspent funds to the Department was \$164,951 higher than the prior year.

The year's operating deficit can be correlated to the Company's transition to the NDIS model, in particular the progressive scaling down of State Block funding and gradual increase in hours sold to clients under the new funding model. The Company will refine its budget allocations over the coming year to

accommodate the progressive transition to the new funding model and to ensure the business returns to a surplus position.

**Capital Expenditure** – \$415,619 (2017-\$249,830)

- Replacement of service vehicles in its fleet - \$358,644
- Replacement of computer equipment - \$26,904.
- Final refurbishment costs of Dingley Dell premises \$17,343.

## DIVIDENDS

The Company is prohibited by its Constitution from paying dividends.

## STATE OF AFFAIRS

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial period under review not otherwise disclosed in this report or the financial statements.

## EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

## LIKELY DEVELOPMENTS

The term of ALARA's current service agreements with key government funding bodies are as follows:

The current Department of Communities, Child Safety and Disability Services – Community Care Service Agreement has been extended to 30 June 2019. The Community Care agreement will be varied as individuals and associated funding transfer to the NDIS. The current Department Of Communities - Disability Services Service Agreement commenced on 1 July 2016 and the agreement runs with progressive adjustments as funded individuals transfer to the NDIS until the expiry or termination of the last remaining funding schedule. The agreement with the Federal Department of Health pertaining to the Commonwealth Home Support Programme has been extended to 30th June 2020.

With the introduction of a National Disability Insurance Scheme and reform in aged care funding arrangements, the ALARA Board are carefully monitoring developments. Strategies and performance objectives are included in the 2015/2019 Strategic Plan to support the organisation through this major transition.

## REVIEW OF OPERATIONS

Operations of the Company during the year are reviewed in the Chair's and EM's report in the Annual Report.

## DIRECTORS' BENEFITS

No Directors' fees are payable.

## DIRECTORS' INTERESTS IN CONTRACTS

Since the end of the previous year no director of the company has received or become entitled to receive any benefit by reason of a contract made by the company or a related body corporate with the director, a firm of which the director is a member, or a company in which the director has a substantial financial interest.

## INDEMNIFICATION AND INSURANCE OF OFFICERS

The ALARA QLD Limited Constitution enables ALARA to the extent permitted by the Law to indemnify any person who is or has been a Director or Officer of the Company or related Body Corporate against any liability incurred by them in their capacity as a Director or officer, to a person other than the Company or Related Body Corporate, except where the liability relates to a wilful breach of duty or a contravention of Section 181-184 of the Law. Directors and officers are also indemnified against any liability for legal costs or expenses incurred by them in defending any proceedings in which judgement is given in their favour; or if they are acquitted or granted relief.

Director's liability insurance premiums have been paid by the entity and is included in the total insurance product/liability insurance amount of \$8,410 which also includes GST.

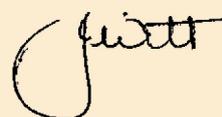
## AUDITOR'S INDEPENDENCE DECLARATION

Refer to the attached Auditor's Independence Declaration which forms part of and should be read in conjunction with this report.

Dated at IPSWICH this 9<sup>th</sup> day of August 2018.

Signed in accordance with a resolution of the Directors:

Director



Director



ALARA QLD LIMITED  
A.B.N. 94 628 523 943

## STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
<b>REVENUE FROM CONTINUING OPERATIONS</b>			
User Pay Fees		100,632	190,232
Donations		19,446	27,316
Membership Fees		470	520
Other Income		59,201	50,300
Hours Sold		8,394,452	919,059
Interest Received		11,017	21,105
Disability Services - Recurrent		1,049,599	5,626,896
Disability Services - NonRecurrent		-	-
Community Care - Recurrent		992,278	2,382,147
Community Care - Non Recurrent		-	-
MyAgedCare - Recurrent		227,557	52,447
MyAgedCare - NonRecurrent		-	-
Other Grants		-	30,455
Transferred from/(to) Unspent Grants		-	-
<b>TOTAL INCOME</b>		<b>10,854,652</b>	<b>9,300,479</b>

# STATEMENT OF COMPREHENSIVE INCOME

## YEAR ENDED 30 JUNE 2018

EXPENSES	Note	2018 \$	2017 \$
Advertising		15,124	9,313
Audit Fees (for audit of the company - nil other services)		8,100	7,800
Bad and Doubtful Debts		5,961	8,077
Bank Charges		5,272	5,494
Cleaning		20,364	23,881
Computer Software / Support		96,263	85,848
Consultancy Fees		33,181	6,252
Craft Supplies		620	600
Depreciation		190,040	186,999
Donations		3,693	2,659
Electricity		28,802	26,306
Fees & Subscriptions		18,479	26,912
First Aid		6,618	6,181
Functions & Fundraising		32,203	30,172
General Expenses		11,637	12,186
Equipment & Hire		124,781	32,811
Hours Purchased Other Services		2,352,435	1,692,507
Insurance		71,193	40,527
Interest Paid		-	282
Loss on Disposal of Fixed Asset		(33,464)	920
Motor Vehicle Expenses		125,001	117,553
Provision for Doubtful Debts		10,000	-
Out of Pocket Expenses		13,432	11,484
Legal Costs		14,353	2,021
Postage & Stationery		84,930	99,410
Provision for Employee Entitlements		(66,456)	44,909
Quality Assurance		-	8,965
Rates		10,576	7,330
Rent		45,287	43,915
Repairs & Maintenance		43,940	41,143
Staff / Client Amenities		30,248	23,682
Staff Training		38,911	33,775
Superannuation		602,023	506,345
Telephone		104,905	75,285
Travelling / Mileage		116,479	110,758
Wages & Tsfr to Employee Entitlements		6,791,399	5,425,599
Volunteer Expenses		175	394
Workers' Comp Insurance		65,283	79,579
Recovery of Unspent Grant Funds		241,884	76,933
Provision for Vehicle Replacement		14,750	24,299
<b>TOTAL EXPENSES</b>		<b>11,278,420</b>	<b>8,939,377</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>(423,768)</b>	<b>361,102</b>

See Auditor's Report and accompanying notes to the financial statements.

ALARA QLD LIMITED  
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## STATEMENT OF CHANGES IN EQUITY YEAR ENDED 30 JUNE 2018

<b>Retained Earnings (Accumulated Deficit)</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Beginning Balance 1 July</b>	3,504,425	3,256,601
Contributions	-	-
Rounding	-	1
Adjustment to carried forward grant fund liability      9	162,400	(113,278)
Transfer to Provision for Future Growth	-	
Net Income	<u>(423,768)</u>	<u>361,102</u>
<b>Ending Balance 30 June</b>	<u>3,243,057</u>	<u>3,504,425</u>

# BALANCE SHEET

## YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	2,335,940	3,572,874
Trade and other receivables	3	780,924	143,311
<b>TOTAL CURRENT ASSETS</b>		<b>3,116,864</b>	<b>3,716,184</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	4	3,453,565	3,275,278
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,453,565</b>	<b>3,275,278</b>
<b>TOTAL ASSETS</b>		<b>6,570,429</b>	<b>6,991,463</b>
<b>CURRENT LIABILITIES</b>			
Sundry creditors and provisions	5	668,891	599,701
Unexpended grants carried forward		692,615	855,014
Loans payable	6	-	-
Employee provisions	7	538,639	604,268
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,900,144</b>	<b>2,058,983</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans payable	6	1,229,079	1,229,079
Employee provisions	7	98,149	98,976
Provision for Future Growth	8	100,000	100,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,427,228</b>	<b>1,428,055</b>
<b>TOTAL LIABILITIES</b>		<b>3,327,372</b>	<b>3,487,038</b>
<b>NET ASSETS</b>		<b>3,243,057</b>	<b>3,504,425</b>
<b>EQUITY</b>			
Accumulated equity	9	3,243,057	3,504,425
<b>TOTAL EQUITY</b>		<b>3,243,057</b>	<b>3,504,425</b>
<b>TOTAL EQUITY</b>		<b>3,243,057</b>	<b>3,504,425</b>

See Auditor's Report and accompanying notes to the financial statements.

# STATEMENT OF CASH FLOWS

## YEAR ENDED 30 JUNE 2018

	2018		2017	
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Cash receipts in the course of operations	10,033,622		9,236,265	
Interest received	11,017	10,044,639	21,105	9,257,371
Less:				
Cash payments in the course of operations	11,109,448		8,686,559	
Borrowing costs - interest paid	0	11,109,448	282	8,686,841
<b>Cash flows from operating activities</b>		(1,064,809)		570,529
<b>Cash flows from investment activities</b>				
Proceeds from sale of assets			21,182	
Payment for property, plant & equipment	(172,125)	(172,125)	(249,880)	(228,698)
		(1,236,934)		341,831
<b>Cash flows from financing activities</b>				
Loan raised/(repaid)	0	0	(11,317)	(11,317)
<b>Net increase/(decrease) in cash</b>		(1,236,934)		330,514
Cash at beginning of year		3,572,874		3,214,282
<b>Cash at end of year</b>				
Cash on hand	3,680		2,880	
Cash at bank	2,332,260	2,335,940	3,569,994	3,572,874

### Notes to Statement of Cash Flows

#### 1. Reconciliation of net operating cash flow to net operating profit:

<b>Net operating profit/(loss)</b>		(423,768)		247,823
Depreciation	190,040		186,999	
Loss on disposal of assets	(33,464)		(23,486)	
(Increase)/decrease in sundry debtors	(647,613)		(43,108)	
Increase/(decrease) in unexpended grants	(162,400)		113,278	
Increase/(decrease) in accruals	54,102		19,814	
Increase/(decrease) in doubtful debts	10,000		0	
Increase/(decrease) in employee provisions	(66,456)		44,909	
Increase/(decrease) in provision for vehicle replacements	14,750	(641,041)	24,299	322,705
<b>Cash flows from operating activities</b>		(1,064,809)		570,528

#### 2. Reconciliation of cash

For the purposes of the Cash Flow statement, cash includes cash on hand and at bank and cash equivalents

See Auditor's Report and accompanying notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 30 JUNE 2018

### Note 1 CORPORATE INFORMATION

The financial statements of the not-for-profit company, ALARA QLD Limited, (the company) for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 6th August 2018.

### Note 2 SUMMARY OF ACCOUNTING POLICIES

#### (a) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012, Australian Accounting Standards – Reduced Disclosure Requirements, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

#### (b) 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### Significant accounting judgements

##### *Leases*

The company has entered into leases of premises and office equipment. Management has determined that all of the risks and rewards of ownership of these premises and equipment remain with the lessor and has therefore classified the leases as operating leases.

##### *Grants received*

The company has received a number of government grants during the year. 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.

#### Significant accounting estimates and assumptions

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

##### *Make good provisions*

Any provisions for future costs to return certain leased premises to their original condition are based on the company's past experience, with similar premises and estimates of likely restoration costs determined by the company's property manager. These estimates may vary from the actual costs incurred as a result of conditions existing at the date the premises are vacated.

##### *Provisions for employee benefits*

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed in Note 2(j). The amount of these provisions would change should any of these factors change in the next 12 months.

#### (c) REVENUE RECOGNITION

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

##### *Revenue from fundraising*

##### *Donations*

Donations collected, including cash and goods for resale, are recognised as revenue when the company gains control, economic benefits are probable and the amount of the donation can be measured reliably.

##### *Legacies*

Legacies are recognised when the company is notified of an impending distribution or the legacy is received, whichever occurs earlier.

##### *Revenue from care*

##### *Government funding*

The company's care activity is supported by grants received from the federal, state and local governments. Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when the company obtains control of the funds.

##### *Fees from services to clients*

Fees charged for care provided to clients are recognised when the service is provided.

##### *Sales of goods*

Revenue from sales of goods comprises revenue earned (net of returns, discounts and allowances) from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 30 JUNE 2018

### Investment income

Investment income comprises interest. Interest income is recognised as it accrues, using the effective interest method.

### Asset sales

The gain or loss on disposal of all non-current assets and available-for-sale financial investments is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

### (d) EXPENDITURE

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions by donation and do not include costs of disseminating information relating to the activities carried on by the company.

Hours purchased other services costs comprise amounts paid to external organisations to assist in the provision of care to clients.

### (e) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less where the investment is convertible to known amounts of cash and is subject to insignificant risk of changes in value. For the purposes of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

### (f) TRADE AND OTHER RECEIVABLES

Trade receivables, which comprise amounts due from sales of merchandise and from services provided to clients are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Normal terms of settlement vary from seven to 90 days. The carrying amount of the receivable is deemed to reflect fair value.

An allowance for doubtful debts is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

### (g) PROPERTY, PLANT AND EQUIPMENT

#### Bases of measurement of carrying amount

Land and buildings are currently generally shown at cost but will be revalued and the revaluation will be measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Any property, plant and equipment donated to the company or acquired for nominal cost are recognised at fair value at the date the company obtains control of the assets.

### Revaluation of land and buildings

Following initial recognition at cost, land and buildings will be carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is the amount that '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'. Fair values are confirmed by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date. Director valuations are used if an independent valuation does not take place during an annual reporting period.

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve, except where it reverses a revaluation decrement previously recognised in the statement of comprehensive income, in which case it is credited to that statement.

When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the statement of profit or loss and other comprehensive income, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

### Depreciation

Items of property, plant and equipment (other than land and certain buildings) are depreciated over their useful lives to the company commencing from the time the asset is held ready for use. Depreciation is calculated on a diminishing value basis over the expected useful economic lives of the assets using varying rates as follows:

	2018	2017
Freehold buildings & improvements	0 to 20	0 to 20
Plant and equipment	20 to 30	20 to 30
Furniture and fittings	10 to 20	10 to 20
Computer equipment	25 to 30	25 to 30
Motor vehicles	22.5	22.5
Equipment held under finance leases	Lease Life	Lease Life

### Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 30 JUNE 2018

The recoverable amount of property, plant and equipment is the higher of fair value less costs of disposal and value in use. Depreciated replacement cost is used to determine value in use where the assets are not held principally for cash generating purpose and would be replaced if the company was deprived of it. Depreciated replacement cost is the current replacement cost of an item of plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

An impairment loss exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income. However, where land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

### Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the company or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Any part of the asset revaluation reserve attributable to the asset disposed of or derecognised is transferred to general funds at the date of disposal.

### (h) TRADE CREDITORS AND OTHER PAYABLES

Trade payables and other payables represent liabilities for goods and services provided to the company before the end of the financial year that are unpaid. These amounts are usually settled in 30 days. The carrying amount of the creditors and payables is deemed to reflect fair value.

### (i) DEFERRED INCOME

Liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

### (j) EMPLOYEE BENEFITS

Employee benefits comprise wages and salaries, annual, non-accumulating sick and long service leave, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date that are expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in the provision for annual leave. Both liabilities are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave have been calculated at 40% of the total available sick leave, which is considered to be a conservative estimate of the amount that will be actually utilised.

The liability for long service leave is recognised in the provision for employee benefits and measured at the payrates applicable at reporting date. The directors do not currently believe it is practicable to calculate the provision by measuring the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Under that method consideration is given to anticipated future wage and salary levels, experience of employee departures and periods of service and expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

The company pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the statement of profit or loss and other comprehensive income when they are due. The company has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

### (m) LEASED ASSETS AND LIABILITIES

#### Operating leases

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 30 JUNE 2018

### Finance leases

Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the statement of profit or loss and other comprehensive income. The fair value of the leases is estimated as the present value of future cash flow, discounted at market interest rates. The carrying value of the leases is considered a reasonable reflection of fair value.

Capitalised leased assets are depreciated over the estimated useful life of the asset or lease term, if shorter.

### (k) TAXATION

#### Income tax

The company is a Public Benevolent Institution for the purposes of Australian taxation legislation and is therefore exempt from income tax. This exemption has been confirmed by the Australian Taxation Office. 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 which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

<b>Note 2</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>2018</b>	<b>2017</b>
		\$	\$
	Cash at Bank	181,047	88,524
	Cash at Bank - Donations Account	91,140	78,987
	Cash at Bank - Maximiser Account	1,732,290	3,147,790
	Cash at Bank - Self Directed	327,783	254,692
	Cash on Hand	3,680	2,880
		<u>2,335,940</u>	<u>3,572,874</u>

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the company's cash requirements. These deposits earn interest at market rates.

The monies held at Bank are retained at balance date and are intended to be expended in future financial years for the following purposes:

Grant funds for:

- Capital purposes including vehicle replacements
- Client support
- Emergency Relief
- Employee Entitlements
- Replacement for Vehicles

<b>Note 3</b>	<b>TRADE AND OTHER RECEIVABLES</b>	<b>2018</b>	<b>2017</b>
		\$	\$
	Sundry Debtors	805,674	158,061
	Less: Provision for doubtful debts	(25,000)	(15,000)
	Other Debtors	250	250
		<u>780,924</u>	<u>143,311</u>

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 30 JUNE 2018

### Note 3 PROVISION FOR DOUBTFUL DEBTS

Past experience indicates that no impairment allowance is necessary in respect of trade debtors 'not past due' and 'past due 0-30 days'. Impairment allowances recognised at the reporting dates have been determined after a review of amounts outstanding at those dates and comprise amounts due from individual residents at the company's residential care facilities. No individual balance due exceeds \$1,000 and no collateral is held as security for these amounts. The movement in the allowance for impairment in respect of trade debtors during the year was as follows:

	2018	2017
	\$	\$
Balance at 1 July	15,000	15,000
Impairment losses recognised	10,000	-
Balance at 30 June	25,000	15,000

### Note 4 PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Furniture & Fittings	Plant & Equipment	IT Equipment	Motor Vehicles	Total
COST OR FAIR VALUE						
At 30 June 2017	2,937,382	127,316	253,153	276,057	973,703	4,567,611
Additions	17,344	4,579	8,148	26,904	358,644	415,619
Disposals	-	-	-	-	(319,384)	(319,384)
At 30 June 2018	<b>2,954,726</b>	<b>131,895</b>	<b>261,301</b>	<b>302,961</b>	<b>1,012,962</b>	<b>4,663,846</b>
ACCUMULATED DEPRECIATION						
At 30 June 2017	(216,226)	(101,538)	(204,422)	(188,953)	(581,195)	(1,292,333)
Charge for year	(44,087)	(6,042)	(12,977)	(24,445)	(93,452)	(181,003)
Disposals	-	-	-	-	263,055	263,055
At 30 June 2018	<b>(260,313)</b>	<b>(107,580)</b>	<b>(217,399)</b>	<b>(213,398)</b>	<b>(411,591)</b>	<b>(1,210,281)</b>
NET CARRYING AMOUNT						
at 30 June 2018	<b>2,694,413</b>	<b>24,315</b>	<b>43,902</b>	<b>89,563</b>	<b>601,371</b>	<b>3,453,565</b>

#### Revaluation of land and buildings

The company intends to engage independent accredited valuers to determine the fair value of its land and buildings. Fair value is amount that '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 the valuation.

### Note 5 TRADE CREDITORS AND OTHER PAYABLES

	2018	2017
	\$	\$
Trade creditors	3,527	3,189
Provision Vehicle Replacement	383,301	368,551
Accrued wages	282,062	227,961
	668,891	599,701

The provision of \$383,301 has been created out of operational funding to replace company owned vehicles in the future.

# NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 30 JUNE 2018

### Note 6 INTEREST-BEARING LOANS

	2018	2017
(A) OBLIGATIONS UNDER SECURED LOANS	\$	\$
Current		
National Australia Bank Equipment Loan	-	-
Non-current		
National Australia Bank Equipment Loan	-	-
Salisbury Road - Mortgage Department of Communities	1,229,079	1,229,079
	<u>1,229,079</u>	<u>1,229,079</u>

A first mortgage of \$600,000 was given to the Department of Communities in 2010 as security for the property purchased at 33 Salisbury Road. The Company received further capital project funding during 2011/12 and 2012/13 of \$629,079 to refurbish the property. This has increased the total mortgage to \$1,229,079 which is due for release in 2030. A 5 year loan facility of \$200,000 was established with the NAB during 2012 to fund the purchase of a Commuter bus. This loan was finalised during 2016/17. There are no other mortgages, charges or other securities affecting the assets of the Company.

### Note 7 EMPLOYEE PROVISIONS

(A) CURRENT		
Long service leave	220,784	194,244
Annual leave	317,855	311,227
Sick leave	-	98,797
<b>Total current provisions</b>	<u>538,639</u>	<u>604,268</u>
(B) NON-CURRENT		
Long service leave	98,149	98,976
<b>Total non-current provisions</b>	<u>98,149</u>	<u>98,976</u>

A portion of long service leave and the entire annual leave balance have been classified as a current liability since 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. The company expects that 43% of the long service liability will be paid after 12 months following the end of the reporting period.

### Note 8 PROVISION FOR FUTURE GROWTH

Non-current		
Provision for Future Growth	100,000	100,000
<b>Total non-current provisions</b>	<u>100,000</u>	<u>100,000</u>

The board have established a special provision for future growth to ensure ALARA QLD Limited is well prepared for any significant changes to its business model that might occur as a consequence of the implementation of the NDIS in the coming years.

**Note 9 TOTAL FUNDS****(A) MOVEMENTS IN FUNDS**

Details of the movement in each reserve and fund are provided in the statement of changes in equity.

The company has elected to reclassify items relating to transfers from/(to) the Unspent Grant Fund Liability that had in prior years been included on the Statement of Comprehensive Income. These amounts related to the net movement (increase/decrease) in carried forward grant funding obligations during the year.

The Statement of Equity now shows an Adjustment to Carried Forward Grant Fund Liability 2018: \$164,399 (2017: -\$113,278). The Company is of the opinion that this presentation more accurately reflects the underlying transactions.

This reclassification will effect the comparative figures on the Statement of Comprehensive Income most notably the profit figure (reported previously as \$247,824).

**(B) MEMBERS' GUARANTEE**

The company is limited by guarantee. In the event of the company being wound up, the constitution states that each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the company.

**Note 10 RELATED PARTIES AND RELATED PARTY TRANSACTIONS****DIRECTORS' COMPENSATION**

The directors act in an honorary capacity and receive no compensation for their services.

**Note 11 ECONOMIC DEPENDENCY**

The company is dependent upon the ongoing receipt of grants from the Queensland Department of Communities, Child Safety and Disability to ensure the continuance of its services to clients.

**Note 12 ADDITIONAL COMPANY INFORMATION**

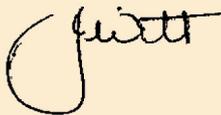
The registered office of the company and its principal place of business is: 8 Warwick Road, IPSWICH QLD 4305

# DIRECTORS' DECLARATION

1. (a) The financial statements and notes to the accounts have been made out in accordance with applicable Australian Accounting Standards.
1. (b) The financial statements and notes to the accounts are drawn up so as to give a true and fair view of the results and cash flows and financial position of the company for the financial year ended 30 June 2018.
2. In the opinion of the Directors:
  - (a) As at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
  - (b) The financial statements set out on F7 to F17 are drawn up in accordance with the Corporations Law including Sections 296 and 297.

Dated at this the 9th of August 2018 in accordance with a resolution of the Board:

Director:



Director:



See Auditor's Report and accompanying notes to the financial statements.

# AUDITOR'S INDEPENDENCE DECLARATION



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Your independent audit specialist

CB Audit Pty Ltd | ABN 32 146 530 529 | PO Box 7440 Loganholme Qld 4129

10 August 2018

The Directors  
Alara Qld Limited  
PO Box 63  
IPSWICH QLD 4305

## AUDITOR'S INDEPENDENCE DECLARATION

This declaration is made in connection with our audit of the financial report of the company for the year ended 30 June 2018 and in accordance with the provisions of the Australian Charities and Not-for-profits Commission Act 2012.

I declare that, to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to this audit;
- No contraventions of the Code of Professional Conduct in relation to this audit.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Matthew Williams'.

**Matthew Williams**  
CB Audit Pty Ltd  
Registered Company Auditor No. 470848

Matthew Williams, IPA, SSAud, RCA  
*Managing Director*

Registered Company, Not-for-profit & SMSF Auditors  
Liability limited by a scheme approved under Professional Standards Legislation

# INDEPENDENT AUDITOR'S REPORT



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALARA QLD LIMITED**

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

We have audited the accompanying financial report, being a special purpose financial report of Alara Qld Limited, which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the responsible entities' declaration.

In our opinion, the financial report of Alara Qld Limited has been prepared in accordance with Division 60 of the Australian Charities and Not-for-Profits Commission Act 2012, including:

- a) giving a true and fair view of the registered entity's financial position as at 30 June 2018 and of its financial performance and cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 the Australian Charities and Not-for-profits Commission Regulation 2013.

### ***Basis of opinion***

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

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

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

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

### ***Responsibility of the Responsible Entities' for the Financial Report***

The responsible entities of the registered 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 the ACNC Act and the needs of the members.

Matthew Williams, IPA, SSAud, RCA  
*Managing Director*

Registered Company, Not-for-profit & SMSF Auditors  
Liability limited by a scheme approved under Professional Standards Legislation

The responsible entities' responsibility also includes such internal control as the responsible entities determine is 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 responsible entities are responsible for assessing the registered entity'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 responsible entities either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so. The responsible entities are responsible for overseeing the registered entity's financial reporting process.

***Auditor's Responsibility for the Audit of the Financial Report***

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

As part of an audit in accordance with 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 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.
- Conclude on the appropriateness of the responsible entities 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 registered entity'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 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.

We communicate with responsible entities 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.



Matthew Williams  
CB Audit Pty Ltd  
Registered Company Auditor No. 470848

28 August 2018