SIR MOSES MONTEFIORE JEWISH HOME
AND CONTROLLED ENTITIES
ABN 55 390 901 239

FINANCIAL REPORT - 30 JUNE 2018

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FINANCIAL REPORT - 30 JUNE 2018

BOARD OF MANAGEMENT'S REPORT

The Board of Management present the financial report on the Sir Moses Montefiore Jewish Home and its controlled entities ("group") for the financial year ended 30 June 2018, and report as follows:

BOARD OF MANAGEMENT

The names of the members of the Board of Management in office at the end of the financial year are as follows:-

David Freeman AM (President)
Gary Inberg (Vice President)
Assoc. Professor Peter Gonski (Secretary)
Tom Mautner (Treasurer)
Alex Abulafia (resigned 3 December 2017)
Lisa Brender
Rob Conyer (elected 3 December 2017)
Maxwell Einfeld
Michael Graf
Toby Hammerman (appointed 29 January 2018)
Dr. Susan Hertzberg
Barry Joseph
Trevor Pogroske
Leora Ross
Jarred Rubin (elected 3 December 2017)
Renee Symonds
Jeremy Waine (resigned 25 August 2017)

PRINCIPAL ACTIVITIES

The principal activities of the group during the financial year were the provision of residential and community care services for ageing Jewish persons. There were no significant changes in the nature of the activities during the year.

RESULTS

The group consolidated deficit for the financial year after providing for income tax was $9.95M.

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BOARD OF MANAGEMENT'S REPORT

OBJECTIVES OF THE GROUP

The short term objectives of the group are to:

- Provide accommodation and care for the aged and / or disabled in an integrated living environment;
- Provide in conjunction with the accommodation services such health, domestic or maintenance support services as may be assessed necessary by reason of the particular age or disability of the residents;
- Provide day aged care support through the day centre;
- Assist and ensure that the continuing independence of residents is maintained as far as practicable and to provide appropriate support, and encourage mutual care and concern among residents; and
- Provide community care and outreach services.
- Maintain the residential aged care facilities situated at 120 High Street, Hunters Hill, 30-36 Dangar Street, Randwick, 23 Nelson Street, Woollahra and 768 Anzac Parade, Maroubra including the landscaping and grounds in a high standard of condition; and
- Ensure that the group continues to remain economically and structurally viable through efficient and diligent financial and operational management.

To achieve these objectives the group has adopted the following strategies:

- A programme of continual improvement that is monitored by the Board of Management and executive management;
- An established set of key performance indicators to ensure the maintenance of high care and financial accountabilities; and
- Regular monitoring of actual performances to budget expectations.

Signed in accordance with a resolution of the Board of Management:

D. Freeman
President

T. Mautner
Treasurer

Sydney, 8 October 2018

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		Consolidated		Parent Entity	
		2018	2017	2018	2017
	Note	$ 000	$ 000	$ 000	$ 000
ASSETS					
Cash and cash equivalents	6	98,156	108,996	95,965	104,270
Trade and other receivables	7	13,452	13,988	12,279	11,894
Financial assets	8	117,873	120,305	117,873	120,305
Deferred tax assets	16	71	76	-	-
Loans to related entities	7	-	-	1,821	1,745
Investment properties	9	39,145	40,157	39,145	40,157
Property, plant and equipment	10	376,468	378,177	366,086	367,743
Intangible assets	11	1,620	2,204	1,442	2,100
Investments in controlled entities	8	-	-	7,452	7,452
Goodwill	22	1,401	1,401	-	-
TOTAL ASSETS		648,186	665,304	642,063	655,666
LIABILITIES					
Trade and other payables	12	8,757	5,878	7,732	4,999
Liabilities to employees to be payable within 12 months	12	7,927	7,836	7,191	7,284
Refundable loans expected to be payable within 12 months	13	69,891	77,231	69,071	76,616
Current tax liabilities	16	39	164	-	-
Employee entitlements expected to be payable within 12 months	15	465	460	410	409
Refundable loans expected to be payable after 12 months	13	189,531	191,936	188,860	190,890
Deferred tax liabilities	16	2	1	-	-
Employee entitlements expected to be payable after 12 months	15	3,492	3,352	3,214	3,111
Non-interest bearing loans from associated entities expected to be payable after 12 months	14	-	-	14,667	10,419
TOTAL LIABILITIES		280,104	286,858	291,145	293,728
NET ASSETS		**368,082**	**378,446**	**350,918**	**361,938**
FUNDS					
Reserves		251,093	251,505	245,856	246,268
Accumulated funds		116,989	126,941	105,062	115,670
TOTAL FUNDS		**368,082**	**378,446**	**350,918**	**361,938**

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated		Parent Entity	
		2018	2017	2018	2017
	Note	$ 000	$ 000	$ 000	$ 000
Revenue	4	90,038	94,932	79,047	84,191
Other income	4	624	6,204	616	6,204
		90,662	101,136	79,663	90,395
Expenses					
Administration		(2,823)	(2,193)	(2,668)	(1,979)
Catering supplies		(4,743)	(5,780)	(4,476)	(5,481)
Cleaning consumables		(4,161)	(3,720)	(3,890)	(3,526)
Depreciation and amortisation	5	(9,238)	(9,116)	(8,889)	(8,817)
Employee expenses		(68,582)	(67,918)	(60,292)	(60,234)
Fair value loss on investment properties		(1,012)	-	(1,012)	-
Insurance		(164)	(220)	(164)	(220)
Loss on disposal of financial assets	5	-	(360)	-	(360)
Other expenses		(1,486)	(1,385)	(1,479)	(1,376)
Property and maintenance costs		(3,838)	(3,821)	(3,496)	(3,586)
Resident care supplies and services		(2,233)	(2,256)	(1,928)	(1,961)
Utilities		(2,069)	(1,731)	(1,977)	(1,670)
		(100,349)	(98,500)	(90,271)	(89,210)
(Deficit) surplus before income tax		(9,687)	2,636	(10,608)	1,185
Income tax expense	16	(265)	(347)	-	-
(Deficit) surplus for the year		(9,952)	2,289	(10,608)	1,185
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Net changes on revaluation of financial assets	8	(412)	2,152	(412)	2,152
Revaluation of property assets	10	-	52,727	-	49,777
Other comprehensive (loss) income for the year		(412)	54,879	(412)	51,929
Total comprehensive (loss) income for the year		**(10,364)**	**57,168**	**(11,020)**	**53,114**

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STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated Funds $ 000	Asset Revaluation Reserve $ 000	Financial Assets Reserve $ 000	Total Reserves $ 000	Total Funds $ 000
Consolidated					
Balance at 1 July 2016	124,652	181,768	14,858	196,626	321,278
Comprehensive income					
Surplus for the year	2,289	-	-	-	2,289
Other comprehensive income	-	52,727	2,152	54,879	54,879
Total comprehensive income for the year	2,289	52,727	2,152	54,879	57,168
Balance at 30 June 2017	**126,941**	**234,495**	**17,010**	**251,505**	**378,446**
Balance at 1 July 2017	126,941	234,495	17,010	251,505	378,446
Comprehensive income					
Deficit for the year	(9,952)	-	-	-	(9,952)
Other comprehensive loss	-	-	(412)	(412)	(412)
Total comprehensive loss for the year	(9,952)	-	(412)	(412)	(10,364)
Balance at 30 June 2018	**116,989**	**234,495**	**16,598**	**251,093**	**368,082**
Parent Entity					
Balance at 1 July 2016	114,485	179,481	14,858	194,339	308,824
Comprehensive income					
Surplus for the year	1,185	-	-	-	1,185
Other comprehensive income	-	49,777	2,152	51,929	51,929
Total comprehensive income for the year	1,185	49,777	2,152	51,929	53,114
Balance at 30 June 2017	**115,670**	**229,258**	**17,010**	**246,268**	**361,938**
Balance at 1 July 2017	115,670	229,258	17,010	246,268	361,938
Comprehensive income					
Deficit for the year	(10,608)	-	-	-	(10,608)
Other comprehensive loss	-	-	(412)	(412)	(412)
Total comprehensive loss for the year	(10,608)	-	(412)	(412)	(11,020)
Balance at 30 June 2018	**105,062**	**229,258**	**16,598**	**245,856**	**350,918**

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$ 000	$ 000	$ 000	$ 000
Cash flows from operating activities				
Receipts from customers and government	87,259	85,174	68,393	67,237
Payments to suppliers and employees	(100,441)	(98,496)	(87,023)	(85,943)
Dividends received	8,152	8,331	8,152	8,331
Donations and bequests received	2,542	5,801	2,542	5,801
Interest received	3,194	3,489	3,134	3,466
Interest paid	(840)	(710)	(831)	(708)
Income tax paid	(385)	(205)	-	-
Net cash flows from operating activities	(519)	3,384	(5,633)	(1,816)
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment	19	-	19	-
Proceeds from sale of financial assets	12,467	18,490	12,467	18,490
Proceeds from sale of investment property	-	1,969	-	1,969
Payments for retirement village construction	(3,571)	(2,237)	(3,571)	(2,237)
Purchase of property, plant and equipment	(2,746)	(4,158)	(2,615)	(4,149)
Purchase of financial assets	(9,839)	(11,757)	(9,839)	(11,757)
Purchase of investment property	-	(8,546)	-	(8,546)
Purchase of intangible assets	(291)	(585)	(269)	(585)
Purchase of shares in controlled entity	-	-	-	(1,401)
Purchase of goodwill	-	(1,401)	-	-
Net cash flows from investing activities	(3,961)	(8,225)	(3,808)	(8,216)
Cash flows from financing activities				
Proceeds from refundable loans	46,853	58,905	45,753	57,975
Proceeds from loans	-	-	-	5,000
Proceeds from loans from related entities	-	-	7,800	2,956
Repayment of refundable loans	(53,213)	(64,132)	(52,417)	(63,702)
Repayment of loans	-	-	-	(5,000)
Repayment of loans to related entities	-	-	-	(866)
Dividends paid	-	(200)	-	-
Net cash flows from financing activities	(6,360)	(5,427)	1,136	(3,637)
Net decrease in cash and cash equivalents	(10,840)	(10,268)	(8,305)	(13,669)
Cash and cash equivalents at the beginning of the financial year	108,996	119,264	104,270	117,939
Cash and cash equivalents at the end of the financial year (note 6)	**98,156**	**108,996**	**95,965**	**104,270**

Note 1 - Reporting entity

Reporting entity
The financial report includes the consolidated financial statements and notes of Sir Moses Montefiore Jewish Home and its controlled entities ("group"), and the separate financial statements and notes of Sir Moses Montefiore Jewish Home as an individual parent entity ("parent entity").

Note 2 - Basis of preparation

Statement of compliance
The group applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards* and AASB 2010-2: *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirement.*

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions.

Basis of measurement
The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The group has applied the ASIC class order 98/100 and so the financial report is presented in thousands of Australian dollars.

Comparatives
Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where the group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

Restatement of 2017 consolidated comparative financial information
In the current financial year it was identified that the 2017 consolidated Dividends Received (Note 4) and 2017 consolidated Dividend Paid/Payable (Statement of Changes in Funds) included $1.4M that should have been eliminated on consolidation in 2017. This has been corrected in these 2018 financial statements and the 2017 financial comparative information has been restated. The effect of this restatement on consolidated total assets, consolidated total liabilities, consolidated net assets and consolidated total funds is $Nil.

Note 2 - Basis of preparation (continued)

New and revised standards that are effective for these financial statements
A number of new and revised standards are effective for annual periods beginning on or after 1 July 2017, however none have significantly impacted the group's financial statements.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the group. These include:

- AASB 9 *Financial Instruments* (effective for the year ending 30 June 2019)
- AASB 15 *Revenue from Contracts with Customers* (effective for the year ending 30 June 2020)
- AASB 16 *Leases* (effective for the year ending 30 June 2020)
- AASB 1058 *Income of Not-for-profit Entities* (effective for the year ending 30 June 2020)

The Board of Management's assessment of the impact of these new standards (to the extent applicable to the group) is that none are expected to significantly impact the group's financial statements in future reporting periods.

Critical accounting estimates and judgements
The Board of Management evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates

Impairment
The Board of Management assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Estimation of useful lives of assets
The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Presentation of Statement of Financial Position on a liquidity basis
The Board of Management have taken the view that in complying with the requirements of AASBs, the treatment of refundable loans (accommodation bonds and refundable accommodation deposits) as current liabilities does not reflect the true liquidity of the entity as these liabilities may not be repaid in the next 12 months.
Accordingly, in the current year the Board of Management have chosen to present its statement of financial position under the liquidity presentation method (*AASB 101 Presentation of Financial Statements*) on the basis that it presents a more reliable and relevant view.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 3 - Statement of accounting policies

Significant accounting policies
The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Principles of Consolidation
The consolidated financial statements comprise the financial statements of the parent entity, being Sir Moses Montefiore Jewish Home and its controlled entities and together are referred to in this report as the group. Control exists where the parent entity has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. Despite this power to govern, it is the parent entity's policy to allow its controlled entities to act independently. A list of controlled entities is contained in note 22 to the financial statements.

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

Income tax
The parent entity is a not-for-profit Charity & Public Benevolent Institution and is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. National Nurses Plus Pty Limited, a controlled entity is not exempt from income tax.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

All other receipts and payments are classified, for taxation purposes, in accordance with taxation legislation. Future income tax benefits relating to tax losses are not carried forward in the financial statements unless the benefits are virtually certain of being realised.

Note 3 - Statement of accounting policies (continued)

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 (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Revenue recognition
Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes including goods and services tax (GST). Revenue is recognised for the major business activities as follows:

Resident fees, daily accommodation payments and recurrent government subsidies
Revenue from residents' fees, daily accommodation payments and related government subsidies are recognised on a proportional basis to take account of the delivery of service to or occupancy by residents.

Grants, donations and bequests
Income arising from the contribution of an asset (including cash) is recognised when the following conditions have been satisfied:

(a) the group obtains control of the contribution or the right to receive the contribution;
(b) it is probable that the economic benefits comprising the contribution will flow to the group; and
(c) the amount of the contribution can be measured reliably at the fair value of the consideration received.

Interest and dividends
Revenue from interest and dividends is recognised on an accruals basis.

Retentions from accommodation bonds
The retention income earned from resident accommodation bonds is recognised as income as the group becomes entitled to receive the retention under the terms of the resident agreement.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in risk.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 3 - Statement of accounting policies (continued)

Trade receivables
For all sources of recurrent income, trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables.

Refundable loans receivable
Refundable loans receivable (Note 7) represents the amount of resident refundable accommodation deposits that have been received by the group in the two months post balance date from residents that have entered the group's aged care facilities before or on balance date.

Property, plant and equipment

Recognition and measurement
Land and buildings are shown at their fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. All revaluation adjustments are applied to the asset revaluation reserve. Each other class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Subsequent costs
Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Impairment
Property, plant and equipment including land and buildings are subject to the group’s policy for impairment review whereby an asset is tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Note 3 - Statement of accounting policies (continued)

Property, plant and equipment (continued)

Depreciation and amortisation

The depreciable amount of all property, plant and equipment including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the group commencing from the time the asset is held ready for use.

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

Buildings	2.5%
Plant and Equipment	20%
Furniture, fixtures and fittings	20% - 50%
Computer equipment	33% - 50%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are compared at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

Investment properties

Investment properties are measured at the cost of acquisition upon initial recognition. When the investment properties have been bequeathed or donated to the parent entity, the investment properties are recorded at the Board's valuation that is determined by reference to current market values.

Subsequent to initial recognition, investment properties are measured at their fair value, being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value is supported by an external assessment. Increments and decrements to the fair value are applied to the statement of profit or loss and other comprehensive income in the period in which they occur.

Note 3 - Statement of accounting policies (continued)

Financial instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions to the instrument. For financial assets this is equivalent to the date that the group commits itself to either purchase or sells the asset. Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Non-derivative financial assets
The group classifies its non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its non-derivative financial assets at initial recognition and re-evaluates this designation at each reporting date.

Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if the possibility exists that it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period.

Note 3 - Statement of accounting policies (continued)

Financial instruments (continued)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position (note 7).

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. This includes the capital index bonds and deposits held with financial institutions with original maturity dates of greater than twelve months held by the group.

Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months after the end of the reporting period.

Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The group only holds financial instruments that are traded in an active market. The fair value of financial instruments traded in active markets (such as publicly traded securities and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

Impairment
At the end of each reporting period, the Board of Management assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire.

Note 3 - Statement of accounting policies (continued)

Intangible assets

Software
Software has a finite useful life and is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the software over its estimated useful life of three years.

Trade and other payables
Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the group during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. The carrying amount of trade and other payables is deemed to reflect fair value.

Income received in advance
Income, other than government subsidy income, that is received before the service to which the payment relates has been provided is recorded as a liability until such time as the service has been provided, at which time it is recognised in the statement of profit or loss and other comprehensive income.

Employee benefits
Provision is made for the group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Provisions
Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Refundable accommodation deposits and resident accommodation bonds
Refundable accommodation deposits and resident accommodation bonds are non-interest bearing deposits made by aged care facility residents to the entity upon their admission. Refundable accommodation deposits are measured at their principal amount less any other amounts deducted from the deposit at the election of the resident. Accommodation bonds are measured at the principal amount net of any retentions or any other amounts deducted from the bond at the election of the resident.

Note 3 - Statement of accounting policies (continued)

Fair value of assets and liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity’s own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$ 000	$ 000	$ 000	$ 000
Note 4 - Revenue				
Operational revenue				
Government subsidies	44,682	45,042	38,292	37,875
Resident and client fees	26,194	25,520	21,022	20,598
Retentions from accommodation bonds	249	472	249	472
Daily accommodation payments	3,371	3,062	3,311	3,037
Other operating revenue	1,365	1,031	1,356	1,027
Dividends received	5,987	7,034	6,687	7,034
Interest received	4,490	5,566	4,430	5,543
Investment property income	1,006	831	1,006	831
	87,344	88,558	76,353	76,417
Fundraising revenue				
Bequests and legacies	1,228	4,710	1,228	4,710
Boutique sales	98	107	98	107
Donations	1,354	1,440	1,354	1,440
Membership fees	14	117	14	117
	2,694	6,374	2,694	6,374
Total revenue	90,038	94,932	79,047	82,791
Other income				
Profit on disposal of property, plant and equipment	16	4	8	4
Fair value gains on investment properties	-	6,200	-	6,200
Profit on disposal of financial assets	608	-	608	-
Total other income	624	6,204	616	6,204
Total revenue and other income	90,662	101,136	79,663	88,995
Note 5 - Expenses				
Depreciation	8,455	8,514	8,110	8,232
Amortisation	783	602	779	585
Total depreciation and amortisation	9,238	9,116	8,889	8,817
Bad debts written off	193	2	188	(4)
Fair value loss on investment properties	1,012	-	1,012	-
Net loss on disposal of financial assets	-	360	-	360
Interest charges paid and payable	896	853	888	850
Investment property expenses	225	150	225	150
Impairment - trade receivables	68	127	63	61

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$ 000	$ 000	$ 000	$ 000
Note 6 - Cash and cash equivalents				
Cash at bank and on hand	5,698	15,222	3,507	10,495
Term deposits	92,458	93,774	92,458	93,775
Total cash and cash equivalents	98,156	108,996	95,965	104,270
Note 7 - Trade and other receivables				
Estimated to be received within 12 months				
Trade receivables	5,691	5,972	4,805	4,896
Provision for impairment	(185)	(310)	(125)	(250)
	5,506	5,662	4,680	4,646
Refundable loans receivable	2,806	2,900	2,806	2,425
Other receivables	4,768	5,262	4,448	4,668
Prepayments	372	164	345	155
	13,452	13,988	12,279	11,894
Estimated to be received after 12 months				
Loans to related entities	-	-	1,821	1,745
	-	-	1,821	1,745
Total trade and other receivables	13,452	13,988	14,100	13,639
Provision for impairment				
Opening net carrying value	310	185	250	185
Charge for the year	68	127	63	61
Amount written back	(193)	(2)	(188)	4
Closing net carrying value	185	310	125	250
Note 8 - Financial assets				
Estimated to be settled after 12 months				
Shares in controlled entities	-	-	7,452	7,452
Available-for-sale financial assets	117,873	120,305	117,873	120,305
Total financial assets	117,873	120,305	125,325	127,757
Movements in carrying amount				
Opening net carrying value	120,305	122,180	127,757	128,231
Purchases	9,839	16,777	9,839	18,178
Disposals	(11,859)	(20,804)	(11,859)	(20,804)
Revaluation (decrement) increment	(412)	2,152	(412)	2,152
Closing net carrying value	117,873	120,305	125,325	127,757

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 9 - Investment properties

	Consolidated 2018 $ 000	Consolidated 2017 $ 000	Parent Entity 2018 $ 000	Parent Entity 2017 $ 000
Investment properties at fair value	39,145	40,157	39,145	40,157
Total investment properties	39,145	40,157	39,145	40,157
Movements in carrying amount				
Opening net carrying value	40,157	25,400	40,157	25,400
Additions	-	8,557	-	8,557
Fair value adjustments	(1,012)	6,200	(1,012)	6,200
Closing net carrying value	39,145	40,157	39,145	40,157

Valuation of investment properties

A review is carried out each financial year to ascertain whether the carrying amount of the asset varies materially from its market value. As a result of this review an independent valuation assessment was performed by licensed real estate agents Mr David Jarvis, Sales Director of Ray White, North Ryde and Mr Grant Whiteman, Director of Ray White, Commercial Eastern Suburbs. Both Mr Jarvis and Mr. Whiteman are experienced in the sale of these types of properties within the general location in which the investment properties are located. The valuation assessment was based upon sales of comparable properties in the vicinity of the group's investment properties.

Note 10 - Property, plant and equipment

Consolidated Entity	Land $ 000	Buildings $ 000	Work in Progress $ 000	Plant and Equipment $ 000	Total $ 000
At 30 June 2017					
Cost or fair value	128,850	257,445	8,179	12,752	407,226
Accumulated depreciation	-	(20,386)	-	(8,662)	(29,048)
Net carrying amount	128,850	237,059	8,179	4,090	378,178
Movements in carrying amounts					
Opening net carrying value	128,850	237,059	8,179	4,090	378,178
Additions	-	421	4,220	2,119	6,760
Disposals	-	-	-	(14)	(14)
Reclassification	-	18	(169)	151	-
Depreciation charge for the year	-	(6,724)	-	(1,732)	(8,456)
Closing net carrying value	128,850	230,774	12,230	4,614	376,468
At 30 June 2018					
Cost or fair value	128,850	257,867	12,230	14,878	413,825
Accumulated depreciation	-	(27,093)	-	(10,264)	(37,357)
Net carrying amount	128,850	230,774	12,230	4,614	376,468

Note 10 - Property, plant and equipment (continued)

Parent Entity	Land $ 000	Buildings $ 000	Work in Progress $ 000	Plant and Equipment $ 000	Total $ 000
At 30 June 2017					
Cost or fair value	123,250	252,252	8,179	11,890	395,571
Accumulated depreciation	-	(19,849)	-	(7,979)	(27,828)
Net carrying amount	123,250	232,403	8,179	3,911	367,743
Movements in carrying amounts					
Opening net carrying value	123,250	232,403	8,179	3,911	367,743
Additions	-	327	4,196	1,945	6,468
Disposals	-	-	-	(15)	(15)
Reclassification	-	18	(169)	151	-
Depreciation charge for the year	-	(6,502)	-	(1,608)	(8,110)
Closing net carrying value	123,250	226,246	12,206	4,384	366,086
At 30 June 2018					
Cost or fair value	123,250	252,597	12,206	13,910	401,963
Accumulated depreciation	-	(26,351)	-	(9,526)	(35,877)
Net carrying amount	123,250	226,246	12,206	4,384	366,086

Revaluation

The group's residential aged care land and buildings were independently revalued on 30 June 2017. The revaluation was based upon an independent valuation carried out by Mr Grant Gilbett AAPI, Certified Practicing Valuers of CBRE Pty. Limited. Mr Gilbett is an expert in the field of valuing aged care businesses and related property.

The valuation methodology utilised two generally adopted methods for valuing aged care facilities - being the capitalisation of net returns and the direct comparison approach. The capitalisation of net returns approach adopts a capitalisation rate or price earnings ratio based on the EBITDA, which determines the return from the provision of care services and in this case additional accommodation payments. Management as well as occupancy are also relevant factors in this approach. The direct comparison approach is undertaken on a rate per funded bed. Factors taken into account in this approach include certification standard, accreditations period, the categories of ACFI residents, building design, particularly the ratio of private rooms, the age and quality of the building and location. Other factors considered include the current bond balance, uplift potential in bonds, sales evidence and competition within the marketplace.

For the year ended 30 June 2018, the directors have made an assessment and are not aware of any impairment that would indicate a decrease in the fair value of property, plant and equipment. Further to this they are not aware of any material change in the underlying assumptions that encompassed the current year valuation and will undertake an external valuation in future years.

Work in progress

Work in progress predominantly relates to design and consulting expenses incurred in the process of obtaining project approval (DA) and concept approval (Master-plan) from the NSW Department of Planning and Randwick City Council in relation to the next stages of development of the Randwick campus, which includes:

(i) the construction of a new 90 bed residential aged care building, public plaza and associated precinct for retail, communal and/or commercial use.

(ii) the construction of two apartment buildings of 6 and 7 storeys respectively containing a total of 79 independent living units, pool, gymnasium, club lounge, cinema, kitchen, dining and communal rooms, 2 basement levels containing 97 car parking spaces, podium garden, landscaping and associated works.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 11 - Intangible assets

	Consolidated 2018 $ 000	Consolidated 2017 $ 000	Parent Entity 2018 $ 000	Parent Entity 2017 $ 000
Software - at cost	3,272	2,842	3,169	2,761
Accumulated amortisation	(1,919)	(1,136)	(1,837)	(1,058)
	1,353	1,706	1,332	1,703
Work in progress - at cost	267	498	110	397
Total intangible assets	1,620	2,204	1,442	2,100

Movements in carrying amounts	Software $ 000	Work in Progress $ 000	Total $ 000
Consolidated Entity			
Opening net carrying value	1,706	498	2,204
Additions	430	84	514
Reclassification	-	(315)	(315)
Amortisation charge for the year	(783)	-	(783)
Closing net carrying value	1,353	267	1,620
Parent Entity			
Opening net carrying value	1,703	397	2,100
Additions	408	28	436
Reclassification	-	(315)	(315)
Amortisation charge for the year	(779)	-	(779)
Closing net carrying value	1,332	110	1,442

Note 12 - Trade and other payables

	Consolidated 2018 $ 000	Consolidated 2017 $ 000	Parent Entity 2018 $ 000	Parent Entity 2017 $ 000
Expected to be payable within 12 months				
Trade payables	3,592	3,178	3,517	3,149
Income in advance	610	584	388	372
Holding deposits received	2,150	-	2,150	-
Other payables	2,405	2,116	1,677	1,478
	8,757	5,878	7,732	4,999
Liabilities to employees	7,927	7,836	7,191	7,284
Total trade and other payables	16,684	13,714	14,923	12,283

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$ 000	$ 000	$ 000	$ 000
Note 13 - Refundable loans				
Expected to be payable within 12 months				
Resident liability refunds due	19,068	16,435	18,868	16,335
Refundable loans	50,823	60,796	50,203	60,281
	69,891	77,231	69,071	76,616
Expected to be payable after 12 months				
Refundable loans	189,531	191,936	188,860	190,890
	189,531	191,936	188,860	190,890
Total refundable loans	259,422	269,167	257,931	267,506
(a) Movement in refundable loans				
Opening net carrying value	269,167	277,360	267,506	275,785
Loans received	46,144	58,539	45,518	57,734
Loans refunded	(55,889)	(66,732)	(55,093)	(66,013)
Closing net carrying value	259,422	269,167	257,931	267,506

(b) Terms and conditions

Refundable loans (accommodation deposits and bonds) are repayable on the following basis:-

(i) If the resident gives notice more than 14 days prior to departure then the loan is payable on the date of departure;

(ii) If the resident gives notice less than 14 days prior to departure then the loan is payable within 14 days after notice is given;

(iii) If the resident gives no notice the loan is repayable 14 days after departure; and

(iv) If the resident dies, the loan is repayable within 14 days from the date that notice is received of the granting of probate or letters of administration.

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$ 000	$ 000	$ 000	$ 000
Note 14 - Borrowings				
Expected to be payable after 12 months				
Loans from related entities				
S.M.M.J.H. Camelot Pty. Limited	-	-	13,181	10,413
Montefiore Homecare Pty. Limited	-	-	1,479	-
Highmount Pty. Limited	-	-	7	6
Total borrowings	-	-	14,667	10,419

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$ 000	$ 000	$ 000	$ 000
Note 15 - Provisions				
Expected to be payable within 12 months				
Employee entitlements - long service leave	465	460	410	409
	465	460	410	409
Expected to be payable after 12 months				
Employee entitlements - long service leave	3,492	3,352	3,214	3,111
	3,492	3,352	3,214	3,111
Total provisions	3,957	3,812	3,624	3,520
Note 16 - Income tax				
(a) Income tax expense				
Current income tax	259	376	-	-
Deferred income tax	6	(29)	-	-
	265	347	-	-
(b) Assets				
Estimated to be received after 12 months				
Deferred tax assets	71	76	-	-
(c) Liabilities				
Estimated to be payable within 12 months				
Current tax liabilities	39	164	-	-
Estimated to be payable after 12 months				
Deferred tax liabilities	2	1	-	-

Note 17 - Contingent liabilities

At balance date the group is not aware of the existence of any contingent liability.

Note 18 - Events occurring after balance date

Subsequent to balance date the group has entered into a construction contract to further develop its Randwick campus with the construction of independent living units (refer Note 10 'Work in progress'). Other than the execution of this construction contract, there were no significant events occurring after balance date.

Note 19 - Related party transactions

(a) Parent and controlled entities

Transactions between the parent entity and its controlled entities during the year consisted of:

	Parent Entity 2018	Parent Entity 2017
Loans advanced or repaid to the parent entity	4,172	-
Loans advanced or repaid by the parent entity	-	(3,332)
Aggregate amount payable to entities in the consolidated entity at balance date:	14,667	10,419
Aggregate amount payable by entities in the consolidated entity at balance date:	1,821	1,745

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	$ 000	$ 000	$ 000	$ 000
(b) Director related entities				
The following transactions took place with board members or an entity in which they have a financial interest:				
Professional fees and costs charged by Abadee, Dresdner & Freeman, a firm associated with Mr David Freeman	86	65	86	65
Ms Renee Symonds provides staff training services	14	9	14	9

Note 20 - Key management personnel

Remuneration of key management personnel

The aggregate amount of compensation that was paid to key personnel by the group during the year was:	1,553	1,531	1,553	1,531

Note 21 - Economic dependency

The Directors consider that the group is economically dependent on revenue received from the Commonwealth Government Department of Health with respect to its residential aged care facilities. The Directors believe that this revenue will continue to be made available to the group for the foreseeable future.

The total amount of recurrent government funding received during the financial year was $44.70M (2017: $45.0M) and this represented 49.3% of total revenues (2017: 44.5%).

Note 22 - Controlled entities

	Country of Incorporation	Percentage Owned and Voting Power	
		2018	2017
Parent Entity			
Sir Moses Montefiore Jewish Home	Australia	-	-
Controlled Entities			
S.M.M.J.H. Camelot Pty. Limited	Australia	100%	100%
Cyril Rosenbaum Synagogue Pty. Limited	Australia	100%	100%
Sir Moses Montefiore Jewish Home (as trustee for Sir Moses Montefiore Jewish Home Foundation)	Australia	-	-
Highmount Pty. Limited (as trustee for The Australian Jewish Community Trust)	Australia	100%	100%
The Australian Jewish Community Trust (Trustee: Highmount Pty. Limited)	Australia	-	-
National Nurses Plus Pty. Limited	Australia	100%	100%
Montefiore Homecare Pty. Limited	Australia	100%	100%

	Consolidated	
	2018	2017
	$ 000	$ 000
Goodwill		
National Nurses Plus Pty. Limited	1,401	1,401

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 23 - Contingent asset - investment in commonly controlled entity

The group and JewishCare operate the Burger Centre aged day care facility in partnership, holding equal rights in the registered company - The Burger Centre Pty Limited (the commonly controlled 'entity').
The group has not applied the equity method of accounting to its 50% interest in the commonly controlled entity and consequently does not record any investment value or share of operating surpluses or deficits in its financial statements. However, at each annual balance date the group assesses the residual value of its interest in the entity based on the audited annual financial statements of the entity.

The residual value of the group's interest in the net assets of the entity is considered to be a fair estimate of a contingent asset to the group should the commonly controlled entity discontinue its operations at balance date. As at the date of this report there is no intention of the group to discontinue the operations of the commonly controlled entity.

	2018	**2017**
	$ 000 / %	**$ 000 / %**
Interest in the net assets of the commonly controlled entity	50%	50%
Net assets of the commonly controlled entity	468	470
Contingent asset - investment in commonly controlled entity	234	235

SIR MOSES MONTEFIORE JEWISH HOME
AND CONTROLLED ENTITIES
ABN 55 390 901 239

FINANCIAL REPORT - 30 JUNE 2018

DECLARATION BY BOARD OF MANAGEMENT

The members of the Board of Management of Sir Moses Montefiore Jewish Home and its controlled entities declare that:

1. The accompanying financial statements comprising the statement of financial position, statement of profit or loss and other comprehensive income statement, statement of changes in funds, statement of cash flows and notes to the financial statements:

   (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements, the *Aged Care Act 1997*, the *Residential Care Subsidies Principles 2014* and the *Australian Charities and Not-for-profits Commission Act 2012*; and

   (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the group.

2. In the opinion of the members of the Board of Management there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the members of the Board of Management and is signed for and on behalf of the Board by:

D. Freeman
President

T.Mautner
Treasurer

Sydney, 8 October 2018

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SIR MOSES MONTEFIORE JEWISH HOME
AND CONTROLLED ENTITIES
ABN 55 390 901 239

FINANCIAL REPORT - 30 JUNE 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SIR MOSES MONTEFIORE JEWISH HOME

Opinion

We have audited the financial report of Sir Moses Montefiore Jewish Home (the parent entity) and Sir Moses Montefiore Jewish Home and its controlled entities (the group) which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Board of Management's Declaration of the consolidated entity comprising the parent entity and the entities it controlled during the year.

In our opinion, the accompanying financial report of Sir Moses Montefiore Jewish Home (the parent entity) and Sir Moses Montefiore Jewish Home and its controlled entities (the group) is in accordance with the *Aged Care Act 1997, Residential Care Subsidies Principles 2014, Australian Charities and Not-for-profits Commission Act 2012*, including:

a) giving a true and fair view of the parent entity's and consolidated group's financial position as at 30 June 2018 and of its financial performance for the year then ended, and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Report* section of our report. We are independent of the group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Board of Management, would be in the same terms if given to the Board of Management as at the time of this auditor's report.

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

SIR MOSES MONTEFIORE JEWISH HOME
AND CONTROLLED ENTITIES
ABN 55 390 901 239

FINANCIAL REPORT - 30 JUNE 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SIR MOSES MONTEFIORE JEWISH HOME

Board of Management's Responsibility for the Financial Report

The Board of Management of Sir Moses Montefiore Jewish Home are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Board of Management 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 Board of Management are responsible for assessing the parent entity's and the consolidated group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intend to liquidate the parent entity or to cease operations, or have no realistic alternative but to do so.

The Board of Management are responsible for overseeing the parent entity's and consolidated group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at *The Auditing and Assurance Standards Board* and the website address is http://www.auasb.gov.au/Home.aspx.

We communicate with the Board of Management 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.

StewartBrown

StewartBrown
Chartered Accountants

Stuart Hutcheon
Partner

8 October 2018