TEAMHealth

TOP END ASSOCIATION FOR MENTAL HEALTH INCORPORATED

Annual Report for the financial year ended 30 June 2017

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Board of Management's Report

The Board of Management of the Top End Association for Mental Health Incorporated (the "Association") submit herewith the annual report of the Association for the financial year ended 30 June 2017. In order to comply with the provisions of the *Associations Act (NT)* and the *Australian Charities and Not-for-Profit Commission Act 2012*, the Board of Management reports as follows:

The names of the members of the Board of Management of the Association during or since the end of the financial year are:

- Markus Spazzapan - Chairperson;
- Janet Hanigan - Deputy Chairperson
- Amin Islam - Treasurer
- Toni Vine Bromley - Public Officer (Resigned October 2016)
- Merrilee Cox - Public Officer (Appointed October 2016)
- David Chapman - Board Member
- David Malone - Secretary

Principal activities
The principal activity of the Association during the financial year was to provide a range of mental health and aged care services.

Review of operations
The Association recorded an operating surplus of $242,245 for the financial year ended 30 June 2017 (2016 surplus $307,440). Reduction in property values in the Darwin market led TEAMhealth to recognise a drop in the market valuation of properties of $345,750. This valuation change has led to a net deficit in total comprehensive income for the year ended 30 June 2017 of $103,505 (2016 surplus $307,440). The net assets of the Association are $6,254,161 (2016: $6,357,666).

Changes in state of affairs
There were no significant changes in the state of affairs of the Association during the financial year.

This statement is made in accordance with a resolution of the Board of Management and is signed for and on behalf of the Board of Management by;

On behalf of the Board of Management:

Dated: 31 October 2017

....

Janet Hanigan
A/Chairperson
Building 4, Darwin Corporate Park
631 Stuart Highway, BERRIMAH 0828

Dated: 31 October 2017

....

Amin Islam
Treasurer
Building 4, Darwin Corporate Park
631 Stuart Highway, BERRIMAH 0828

Deloitte Touche Tohmatsu
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Australia

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The Board of Management
Top End Association for Mental Health Inc
GPO Box 4050
Darwin NT 0801

31 October 2017

Dear Board of Management

Top End Association for Mental Health Inc

In accordance with Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012 (Cth)*, I am pleased to provide the following declaration of independence to the Board of Management of Top End Association for Mental Health Inc.

As lead audit partner for the audit of the financial statements of Top End Association for Mental Health Inc for the financial period ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

L C Girolamo
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Report to the members of Top End Association for Mental Health Incorporated

Opinion

We have audited the financial report, being a special purpose financial report of Top End Association for Mental Health Incorporated (the "Entity"), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Board of Management.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 (the "ACNC Act"), including:

(i) giving a true and fair view of the Entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards to the extent described in Note 3, and Division 60 of 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 Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the "Code") that are relevant to 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.

Other Information

The Board of Management are responsible for the other information. The other information comprises the Board of Management's report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Management for the Financial Report

The Board of Management of the Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 3 to the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The Board of Management's responsibility also includes such internal control as the Board of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board of Management are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using

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the going concern basis of accounting unless the Board of Management either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.

- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 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.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

L C Girolamo
Partner
Chartered Accountants
Darwin, 31 October 2017

Board of Management's Declaration

As detailed in Note 3 to the financial statements, the Association is not a reporting entity because in the opinion of the Board of Management there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the Board of Management's reporting requirements under the *Associations Act (NT)* and the *Australian Charities and Not-for-Profit Commission Act 2012.*

The Board of Management declare that:

(a) the accounts of the Association have been properly prepared and are in accordance with the books of account of the Association;

(b) in the Board of Management's opinion, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable; and

(c) in the Board of Management's opinion, the attached financial statements and notes thereto are in accordance with the *Associations Act (NT)* and the *Australian Charities and Not-for-Profit Commission Act 2012*, including compliance with accounting standards and presenting fairly the financial position and performance of the Association.

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

On behalf of the Board of Management:

Dated: 31 October 2017

....
Janet Hanigan
A/Chairperson
Building 4, Darwin Corporate Park
631 Stuart Highway, BERRIMAH 0828

Dated: 31 October 2017

....
Amin Islam
Treasurer
Building 4, Darwin Corporate Park
631 Stuart Highway, BERRIMAH 0828

Statement of profit or loss and other comprehensive income for the year ended 30 June 2017

	Note	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Revenue	4.1	7,067,737	7,140,093
Other income	4.2	157,834	139,426
Employee benefits expense	4.3	(4,481,042)	(4,109,624)
Operation expenses		(830,217)	(718,617)
Vehicle expenses		(232,514)	(207,196)
Travel expenses		(210,687)	(166,532)
IT expenses		(100,703)	(59,942)
Premises expenses		(468,374)	(553,831)
Client support services		(227,150)	(199,146)
Depreciation		(321,442)	(361,388)
Amortisation		(2,145)	(2,145)
Finance costs		(9,891)	(23,189)
Low value assets <$5,000		(99,161)	(221,012)
Assets purchased on behalf of government programs	4.4	-	(349,457)
Surplus for the year		**242,245**	**307,440**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Loss on revaluation of property	11	(345,750)	-
Other comprehensive income for the year		**(345,750)**	**-**
Total comprehensive income for the year		**(103,505)**	**307,440**

Notes to the financial statements are included on pages 11 to 19.

Statement of financial position as at 30 June 2017

	Note	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Current assets			
Cash and cash equivalents	13(a)	5,002,892	4,696,257
Trade and other receivables		66,547	52,831
Other assets	5	181,366	106,358
Total current assets		**5,250,805**	**4,855,446**
Non-current assets			
Property, plant and equipment	6	3,344,216	3,795,671
Intangible assets		2,210	4,355
Total non-current assets		**3,346,426**	**3,800,026**
Total assets		**8,597,231**	**8,655,472**
Current liabilities			
Trade and other payables	7	551,331	740,524
Borrowings	8	53,230	152,938
Provisions	9	271,837	185,825
Deferred revenue	10	1,303,930	1,069,571
Total current liabilities		**2,180,328**	**2,148,858**
Non-current liabilities			
Borrowings	8	85,271	34,404
Provisions	9	77,471	114,544
Total non-current liabilities		**162,742**	**148,948**
Total liabilities		**2,343,070**	**2,297,806**
Net assets		**6,254,161**	**6,357,666**
Equity			
Reserves	11	1,643,436	1,989,186
Retained earnings	12	4,610,725	4,368,480
Total equity		**6,254,161**	**6,357,666**

Notes to the financial statements are included on pages 11 to 19.

Statement of changes in equity for the year ended 30 June 2017

	Note	Reserves $	Retained earnings $	Total $
Balance at 30 June 2015		**1,989,186**	**4,061,040**	**6,050,226**
Surplus for the year		-	307,440	307,440
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	307,440	307,440
Balance at 30 June 2016		**1,989,186**	**4,368,480**	**6,357,666**
Surplus for the year		-	242,245	242,245
Other comprehensive income for the year		(345,750)	-	(345,750)
Total comprehensive income for the year		(345,750)	242,245	(103,505)
Balance at 30 June 2017		**1,643,436**	**4,610,725**	**6,254,161**

Notes to the financial statements are included on pages 11 to 19.

Statement of cash flows
for the year ended 30 June 2017

	Note	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Cash flows from operating activities			
Grants received		6,920,309	6,530,539
Other income received		310,533	495,192
Payments to suppliers and employees		(6,790,102)	(6,264,140)
Interest received		116,273	118,464
Interest and other costs of finance paid		(9,891)	(23,189)
Net cash provided by operating activities	13(b)	**547,122**	**856,866**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		24,091	3,636
Payments for property, plant and equipment		(215,737)	(81,487)
Net cash used in investing activities		**(191,646)**	**(77,851)**
Cash flows from financing activities			
Repayment of borrowings		(48,841)	(139,364)
Net cash used in financing activities		**(48,841)**	**(139,364)**
Net increase in cash and cash equivalents		306,635	639,651
Cash and cash equivalents at the beginning of the financial year		4,696,257	4,056,606
Cash and cash equivalents at the end of the financial year	13(a)	**5,002,892**	**4,696,257**

Notes to the financial statements are included on pages 11 to 19.

1. General information

Top End Association for Mental Health Incorporated is an Association, incorporated under the *Associations Act (NT)* and the *Australian Charities and Not-for-Profits Commission Act 2012*. Top End Association for Mental Health Incorporated's registered office and its principal place of business are as follows:

Registered office & Principal place of business
Building 4, Darwin Corporate Park
631 Stuart Highway, BERRIMAH 0828

The principal activities of the Association during the financial year were to provide a range of mental health and aged care services.

2. Application of new and revised Accounting Standards

In the current year, the Association has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has resulted in no significant changes to the Association's accounting policies.

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current year end. The reported results and position of the Association may change on adoption of these pronouncements as they require amendments to the Association's existing accounting policies. Adoption will also result in changes to information currently disclosed in the financial statements. The Association does not intend to adopt any of these pronouncements before their effective dates.

3. Significant accounting policies

Financial reporting framework
The Association is not a reporting entity because in the opinion of the Board of Management there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, these special purpose financial statements have been prepared to satisfy the Board of Management's reporting requirements under the *Associations Act (NT)* and the *Australian Charities and Not for Profits Commission Act 2012*.

For the purposes of preparing the financial statements, the Association is a not-for-profit entity.

Statement of compliance
The financial statements have been prepared in accordance with the *Associations Act (NT)* and the *Australian Charities and Not for Profits Commission Act 2012*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', and AASB 1054 'Australian Additional Disclosures'.

Basis of preparation
The financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Association takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Taxation
The Association is exempted from income tax under section 50-10 of the *Income Tax Assessment Act 1997*.

3. Significant accounting policies (cont'd)

(b) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

(i) Grants
Grants revenue is recognised in the statement of profit or loss and other comprehensive income when the Association obtains control of the grant and it is probable that the economic benefits gained from the grant with flow to the Association and the amount of the grant can be measured reliably.

(ii) Rent Received
Rental income is recognised in the statement of profit and loss and other comprehensive income on a straight-line basis over the term of the lease.

(iii) Interest Income
Interest income is recognised when accrued and is included in the "Other Income" item in the statement of profit and loss and other comprehensive income.

(iv) Other Income
In addition to interest income at (iii) other income comprises items that are secondary compared to the organisation's principal activities and includes participant contributions and profit from the disposal of assets. Other income, which is recognised when it is received, is recognised in the statement of profit and loss and other comprehensive income.

(c) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

<u>Association as lessor</u>
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

<u>Association as lessee</u>
Assets held under finance leases are initially recognised as assets of the Association at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Association's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
(ii) for receivables and payables which are recognised inclusive of GST.

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

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

3. Significant accounting policies (cont'd)

(e) Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Loans and receivables</u>

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

<u>Financial liabilities</u>

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

<u>Other financial liabilities</u>

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3. Significant accounting policies (cont'd)

(f) Employee benefits

Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Association in respect of services provided by employees up to reporting date.

Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions

(g) Property, plant and equipment

Land and buildings held for use in the supply of services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Freehold land is not depreciated.

Plant and equipment is stated at cost less accumulated depreciation and impairment.

New property, plant and equipment acquired during the year with a value of less than $5,000 are expensed in the profit and loss. They are maintained in a low value asset register.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Class of fixed assets	Depreciation rates
Plant and equipment	13.00% - 33.33%
Motor vehicles	20.00% - 33.33%
Buildings	2.50%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Significant accounting policies (cont'd)

(h) Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(i) Impairment of tangible and intangible assets other than goodwill

At each reporting date, the Association reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. All impairment losses are recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

(k) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Association's accounting policies, which are described in Note 3, the Board of Management of the Association are required to make judgments, estimates and assumptions about carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

4. Surplus for the year

Surplus for the year has been arrived at after crediting / (charging):

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
4.1 Revenue		
Grants		
Northern Territory Department of Health grants	2,472,141	2,401,466
Commonwealth grants	4,448,168	4,169,072
Net grant revenue carried forward	(234,359)	216,745
Total grants	**6,685,950**	**6,787,283**
Other		
Rent	322,055	324,112
Sales – HCP charges	59,732	28,698
Total revenue	**7,067,737**	**7,140,093**
4.2 Other Income		
Bank interest income	122,381	121,716
Other income	11,362	14,074
Profit on disposal of assets	24,091	3,636
Total other income	**157,834**	**139,426**
4.3 Employee benefits expense		
Post-employment Benefits		
Defined contribution plans (Superannuation)	(337,080)	(308,382)
Other employee benefits	(4,143,962)	(3,801,242)
Total employee benefits expense	**(4,481,042)**	**(4,109,624)**

4.4 Assets purchased on behalf of government programs

Assets were purchased during the prior year on behalf of the Family And Youth Services Gunbalanya and Maningrida Personal Helpers And Mentors programs. The funding agreements for these programs were due to expire on 30 June 2016, later extended to 30 September 2016. The costs were expensed through the statement of profit or loss and other comprehensive income in the prior year.

5. Other assets

	2017 $	2016 $
Prepaid expenses	150,346	84,614
Goods and services tax receivable	22,218	-
Other	8,802	21,744
Total other assets	**181,366**	**106,358**

6. Property, plant and equipment

	2017					
	Prescribed Land at fair value	Prescribed Buildings at fair value	Leasehold Improvements at cost	Plant and Equipment at cost	Motor Vehicles at cost	Total
	$	$	$	$	$	$
Cost/Valuation						
Balance at beginning of year	2,011,957	1,463,043	29,242	280,751	1,174,889	4,959,882
Additions	-	-	-	18,921	196,816	215,737
Disposals	-	-	-	(33,669)	(73,709)	(107,378)
Revaluations	(240,277)	(174,723)	-	-	-	(415,000)
Balance at end of year	**1,771,680**	**1,288,320**	**29,242**	**266,003**	**1,297,996**	**4,653,241**
Less: Accumulated depreciation						
Balance at beginning of year	-	34,625	9,503	222,571	897,512	1,164,211
Depreciation	-	34,625	19,739	33,724	233,354	321,442
Disposals	-	-		(33,669)	(73,709)	(107,378)
Revaluations	-	(69,250)	-	-	-	(69,250)
Balance at end of year	-	-	**29,242**	**222,626**	**1,057,157**	**1,309,025**
Net book value	**1,771,680**	**1,288,320**	-	**43,377**	**240,839**	**3,344,216**

	2016					
	Prescribed Land at fair value	Prescribed Buildings at fair value	Leasehold Improvements at cost	Plant and Equipment at cost	Motor Vehicles at cost	Total
	$	$	$	$	$	$
Cost/Valuation						
Balance at beginning of year	2,011,957	1,463,043	29,242	333,831	1,112,812	4,950,885
Additions	-	-	-	-	81,487	81,487
Disposals	-	-	-	(53,080)	(19,410)	(72,490)
Revaluations	-	-	-	-	-	-
Balance at end of year	**2,011,957**	**1,463,043**	**29,242**	**280,751**	**1,174,889**	**4,959,882**
Less: Accumulated depreciation						
Balance at beginning of year	-	-	8,772	240,858	625,683	875,313
Depreciation	-	34,625	731	34,793	291,239	361,388
Disposals	-	-	-	(53,080)	(19,410)	(72,490)
Revaluations	-	-	-	-	-	-
Balance at end of year	-	**34,625**	**9,503**	**222,571**	**897,512**	**1,164,211**
Net book value	**2,011,957**	**1,428,418**	**19,739**	**58,180**	**277,377**	**3,795,671**

Encumbrances

Grant funding used for the purchase of Land and Buildings (prescribed) was given to the Association on the condition that the Association shall not sell, encumber or otherwise deal with the Properties in any manner without the written consent of the of the Northern Territory Government Chief Executive Officer (Housing and Health).

Fair value measurement of the Association's prescribed land and buildings

The three properties that comprise prescribed land and buildings were valued in May 2015 by an external valuer, McGees Property and updated in July 2017. The methodology used was the capitalisation approach for one property and the direct comparison approach for the other two properties. The loss arising on revaluation has been taken directly to reserves.

7. Trade and other payables

	2017	2016
	$	$
Trade payables	117,999	293,418
Other creditors and accruals	387,206	367,898
Good and services tax payable	-	32,888
PAYG tax payable	46,126	46,320
	551,331	**740,524**

8. Borrowings

	2017 $	2016 $
Secured – at amortised cost		
Finance lease liabilities	138,501	187,342
	138,501	**187,342**
Current	53,230	152,938
Non-Current	85,271	34,404
	138,501	**187,342**

9. Provisions

	2017 $	2016 $
Current		
Provision for annual leave	214,662	185,825
Provision for long service leave	57,175	-
	271,837	**185,825**
Non-Current		
Provision for long service leave	77,471	114,544
	349,308	**300,369**

10. Deferred revenue

	2017 $	2016 $
Grant funding carried forward		
Northern Territory Health Service grants	94,146	83,443
Commonwealth grants	1,209,784	986,128
	1,303,930	**1,069,571**

11. Reserves

	2017 $	2016 $
Properties revaluation reserve		
Balance at beginning of year	1,989,186	1,989,186
Impairment arising on revaluation of properties	(345,750)	-
Balance at end of year	**1,643,436**	**1,989,186**

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the properties revaluation reserve will not be reclassified subsequently to profit or loss.

12. Accumulated funds

	2017 $	2016 $
Accumulated funds	**4,610,725**	**4,368,480**
Balance at beginning of year	**4,368,480**	4,061,040
Surplus for the year	242,245	307,440
Balance at end of year	**4,610,725**	**4,368,480**

13. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items at the general ledger level as follows:

	2017 $	2016 $
Cash on hand	815,819	3,900
Cash at bank	23,529	133,884
Investment accounts	4,163,544	4,558,473
Total Cash and cash equivalents	**5,002,892**	**4,696,257**

(b) Reconciliation of surplus for the year to net cash flows from operating activities

	2017 $	2016 $
Net surplus for the year	**242,245**	**307,440**
Gain on sale of property, plant and equipment	(24,091)	(3,636)
Depreciation expense	321,442	361,388
Amortisation expense	2,145	2,145
(Increase)/decrease in assets:		
Trade and other receivables	(13,716)	29,187
Other assets	(75,008)	95,869
(Decrease)/ increase in liabilities:		
Trade and other payables	(189,193)	217,414
Provisions	48,939	63,803
Deferred revenue	234,359	(216,744)
Net cash provided by operating activities	**547,122**	**856,866**

14. Remuneration of auditors

	2017 $	2016 $
Audit of the financial statements	21,650	25,248
	21,650	**25,248**

The auditor of the Top End Association for Mental Health Incorporated is Deloitte Touche Tohmatsu.

15. Events after the reporting date

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