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**WELLWAYS AUSTRALIA LIMITED**

# Financial Statements and Reports For year ended 30 June 2016

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**wellways**

mental health | disability | rehabilitation

**WELLWAYS AUSTRALIA LIMITED  
(FORMERLY MENTAL ILLNESS FELLOWSHIP VICTORIA)  
(A Company Limited by Guarantee)**

**FINANCIAL STATEMENTS AND REPORTS**

**FOR THE YEAR ENDED  
30 JUNE 2016**

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**DIRECTORS' REPORT**  
**30 JUNE 2016**

The Directors of Wellways Australia Limited (“MI Fellowship”, “the Company”) have pleasure in submitting their report for the year ended 30 June 2016 made in accordance with a resolution of the Directors.

**Directors**

The names and details of the Directors in office at any stage during the year and to the date of signing this report are:

Mr Paul Montgomery	Ms Jennifer King
Mr Kevin Abrahamson	Mr Theophanis Krambias
Dr Neil Cowen	Mr Darrel Drieberg
Dr Julian Freidin	Mr Robert Hughes

No Director has an interest in any contract or proposed contract with the Company declared since the last Directors' Report.

**Directors' Meetings**

During the financial year ended 30 June 2016, 11 meetings of the Company's Directors were held in respect of which, each Director of the Company attended the following number:

Name of Director	Date Appointed	Board of Director Meetings	Board Committee Meetings			
			Appointments & Governance	Finance, Audit, Risk & Resource Management	Clinical Governance	Carer & Consumer
Paul Montgomery (President)	25/09/2006	10 of 11	6 of 6			1 of 1
Kevin Abrahamson (Vice President)	5/07/2010	9 of 11	6 of 6			1 of 1
Neil Cowen	27/08/2012	9 of 11	6 of 6			
Darrel Drieberg	17/12/2007	10 of 11		6 of 6		
Julian Freidin	22/06/2009	10 of 11			4 of 4	
Robert Hughes	27/06/2011	6 of 11			3 of 4	
Jennifer King	21/10/2005	9 of 11		5 of 6		
Theophanis Krambias	10/10/2008	8 of 11		5 of 6		

**Operating Result**

The net deficit of the Company for the year after capital items was \$171,123 (2015: net surplus \$1,884,417). The deficit from ordinary activities before capital items was \$27,340 (2015: \$2,070,338 surplus).

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**DIRECTORS' REPORT**  
**30 JUNE 2016**

**Review of Operations**

The Company's deficit for the year is the result of investment in systems, infrastructure and program development to further support diversification and growth of the Company's service offering. Contributing to the Company's operations this year were bequests from the John McDonnell, Mary Miller, Terrence Heyward and David Fotheringham estates. The Company has been successful in securing additional revenues through tenders for residential rehabilitation and non-rehabilitation services in New South Wales.

Other than the matters described above, it is the opinion of the Directors that the results of the Company's operations during the year were not substantially affected by any other item, transaction or event of a material and unusual nature.

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**State of Affairs**

Other than the matters described above in Review of Operations, there have been no other significant changes in the state of affairs of the Company during the financial year.

**Likely Developments**

At a time of significant ongoing reform for the mental health sector, the Company is continuing to grow its services organically, increasing services in existing states, territories and new states. The Company has further grown its service offering through a successful acquisition of HealthCall taking effect in the 2016-2017 financial year. The Company continues to actively review opportunities for business acquisitions and amalgamations.

Other than the matters described above, the likely future developments in the operations of the Company are the continuation of the principal activities set out in this report.

**Events Subsequent To Balance Date**

On the 1st of July 2016, MI Fellowship completed their acquisition of HealthCall. HealthCall provides disability support services in New South Wales, Australian Capital Territory and Queensland. MI Fellowship and HealthCall have been working together to make this acquisition happen without any interruption to participant services. The fair value of net assets, totaling \$714,075, were transferred to MI Fellowship on the 1st of July 2016 through the transfer of 100% of the entity's units. Refer to Note 20 of the financial statements for further details.

Other than the above, no other matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years, not otherwise disclosed in this report.

**Directors' Benefits**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit.

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**DIRECTORS' REPORT**  
**30 JUNE 2016**

**Directors' & Auditors' Indemnification**

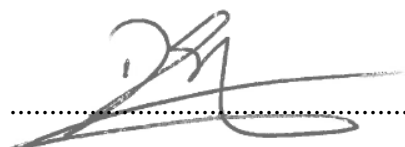
The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

All Directors of the Company are covered by a Directors' and Officers' liability insurance policy covering third party claims in respect of actual or alleged breach of duty, breach of trust, neglect, error, misstatement, misleading statement, omission, breach or warranty or authority, or other act wrongfully committed. The premium for this policy was paid for by the Department of Human Services.

**Auditor's Declaration**

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012* is set out on the following page.

On behalf of the Board

A handwritten signature in dark ink, appearing to be 'D. Driberg', written over a horizontal dotted line.

DARREL DRIEBERG - DIRECTOR

A handwritten signature in dark ink, appearing to be 'J. King', written over a horizontal dotted line.

JENNIFER KING - DIRECTOR

Signed at Fairfield on the 26<sup>th</sup> day of September 2016

## AUDITOR'S INDEPENDENCE DECLARATION

To Wellways Australia Limited,

In accordance with the requirements of section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012*, as lead auditor for the audit of Wellways Australia Limited for the year ended 30 June 2016, we declare that, to the best of our knowledge and belief, there have been:

- i) No contraventions of the independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit, and;
- ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Dated at Frankston on the 26<sup>th</sup> of September 2016



SHEPARD WEBSTER & O'NEILL AUDIT PTY LTD

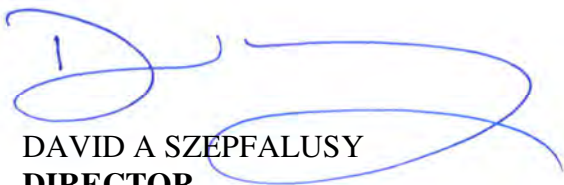
Certified Practising Accountant

Authorised Audit Company No 415478

434 Nepean Highway Frankston 3199, PO Box 309 Frankston Victoria 3199

Telephone (03) 9781 2633 – Fax (03) 9781 3073

Email – [szepfalusy@shepard.com.au](mailto:szepfalusy@shepard.com.au)



DAVID A SZEPEFALUSY  
DIRECTOR

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>NET SURPLUS / (DEFICIT) FROM CONTINUING OPERATIONS</b>		<u>(171,123)</u>	<u>1,884,417</u>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified subsequently to the Statement of Profit or Loss:</b>		-	-
<b>Items that may be reclassified subsequently to the Statement of Profit or Loss:</b>			
- Net Revaluations on Available For Sale Investments		36,091	95,537
- Gains on Revaluation of Land & Buildings Classified as Held-for-Sale		-	(1,084,734)
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>(135,032)</u>	<u>895,220</u>

**The accompanying notes form an integral part of these financial statements**

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>INCOME FROM CONTINUING OPERATIONS</b>			
Contract Services Income	2	33,495,928	28,049,591
Fundraising	2	988,691	1,949,916
Other Income	2	1,520,290	3,076,372
<b>TOTAL REVENUE</b>		<u>36,004,909</u>	<u>33,075,879</u>
<b>EXPENSES</b>			
Salaries & Related Costs	4	27,348,355	22,915,515
Consultancies		1,077,180	671,929
Audit Fees	3	46,100	44,200
Bad Debts		-	600
Bank Fees		8,755	26,308
Depreciation & Amortisation			
- Depreciation of Fixed Assets		926,298	804,327
- Amortisation of Intangible Assets		78,902	78,527
IT Network Costs		451,009	363,122
Occupancy Costs		833,584	717,958
Office Costs		1,123,931	894,883
Participant Support		1,642,734	1,109,332
Program Setup Costs		67,996	89,119
Light & Power		206,146	197,533
Motor Vehicle Expenses		607,084	576,690
Property and Equipment Maintenance		744,160	1,064,749
Fundraising Expenses		565,917	776,010
Volunteer Costs		18,392	17,384
Other Expenses		117,536	202,118
Deficit on the Sale of Fixed Assets		23,220	351,470
Deficit on the Sale of Investments		144,950	103,767
<b>TOTAL EXPENSES</b>		<u>36,032,249</u>	<u>31,005,541</u>
<b>SURPLUS / (DEFICIT) BEFORE CAPITAL ITEMS</b>		<u>(27,340)</u>	<u>2,070,338</u>
Building Depreciation		(143,783)	(185,921)
<b>NET SURPLUS / (DEFICIT) FROM CONTINUING OPERATIONS</b>		<u>(171,123)</u>	<u>1,884,417</u>

**The accompanying notes form an integral part of these financial statements**



**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash at Bank, Deposit and On Hand	13(a)	6,131,241	4,223,276
Receivables	5	1,832,913	731,510
Investments - Available for Sale Financial Assets	6	5,354,907	9,782,957
Assets Classified as Held for Sale	16	1,424,500	470,333
Prepayments		326,616	243,083
<b>TOTAL CURRENT ASSETS</b>		<u>15,070,177</u>	<u>15,451,159</u>
<b>NON CURRENT ASSETS</b>			
Fixed Assets	7	6,135,854	6,889,095
Intangible Assets	8	158,979	237,882
<b>TOTAL NON CURRENT ASSETS</b>		<u>6,294,833</u>	<u>7,126,977</u>
<b>TOTAL ASSETS</b>		<u>21,365,010</u>	<u>22,578,136</u>
<b>CURRENT LIABILITIES</b>			
Creditors & Accruals	9	1,125,408	2,012,021
Provisions	10	2,043,136	1,838,539
Grants & Funding in Advance	11	1,489,308	1,897,836
<b>TOTAL CURRENT LIABILITIES</b>		<u>4,657,852</u>	<u>5,748,396</u>
<b>NON CURRENT LIABILITIES</b>			
Provisions	10	241,636	229,186
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>241,636</u>	<u>229,186</u>
<b>TOTAL LIABILITIES</b>		<u>4,899,488</u>	<u>5,977,582</u>
<b>NET ASSETS</b>		<u>16,465,522</u>	<u>16,600,554</u>
<b>EQUITY</b>			
Reserves	12	676,122	640,031
Accumulated Surplus		15,789,400	15,960,523
<b>TOTAL EQUITY</b>		<u>16,465,522</u>	<u>16,600,554</u>

The accompanying notes form an integral part of these financial statements

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

	<b>Accumulated Surplus</b>	<b>Reserves</b>		<b>Total</b>
		<b>Available for Sale Investment Revaluation Reserve</b>	<b>Held for Sale Land &amp; Buildings Revaluation Reserve</b>	
	<b>\$</b>	<b>\$</b>		<b>\$</b>
<b>Balance at 1 July 2014</b>	14,076,106	544,494	1,084,734	<b>15,705,334</b>
Surplus attributable to the entity	1,884,417	-	-	<b>1,884,417</b>
Total other comprehensive Income - Note 12	-	95,537	(1,084,734)	<b>(989,197)</b>
<b>Balance at 30 June 2015</b>	<b>15,960,523</b>	<b>640,031</b>	<b>-</b>	<b>16,600,554</b>
Deficit attributable to the entity	(171,123)	-	-	<b>(171,123)</b>
Total other comprehensive Income - Note 12	-	36,091	-	<b>36,091</b>
<b>Balance at 30 June 2016</b>	<b>15,789,400</b>	<b>676,122</b>	<b>-</b>	<b>16,465,522</b>

The accompanying notes form an integral part of these financial statements

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED 30 JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>Cash Flows from Operating Activities</b>			
Receipts - from Donors and Funding Agencies		37,651,388	34,056,839
Payments to Suppliers and Employees		(39,565,709)	(32,710,482)
Interest & Distributions Received		512,752	569,129
<b>Net Cash (Used in) / Generated by Operating Activities</b>	13(b)	<b>(1,401,569)</b>	<b>1,915,486</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from Sale of Property, Plant & Equipment		476,127	1,606,456
Proceeds from Sale of Assets Held for Sale		-	3,095,527
Payment for Property, Plant & Equipment		(1,630,734)	(1,452,654)
Payment for Software		-	(2,500)
Payments for Assets Held for Sale		-	(656,146)
Proceeds from / (Payments for) Available for Sale Investments		4,464,141	(3,293,826)
<b>Net Cash Generated by / (Used in) Investing Activities</b>		<b>3,309,534</b>	<b>(703,143)</b>
<b>Net Increase in Cash Held</b>		<b>1,907,965</b>	<b>1,212,343</b>
<b>Cash at Beginning of Year</b>		<b>4,223,276</b>	<b>3,010,933</b>
<b>Cash at End of Year</b>	13(a)	<b>6,131,241</b>	<b>4,223,276</b>

**The accompanying notes form an integral part of these financial statements**

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**NOTE 1: Summary of Significant Accounting Policies & Basis of Preparation**

**Basis of Preparation**

MI Fellowship 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 Requirements*.

The financial statements are general purpose financial statements that have been prepared in accordance with the *Australian Charities and Not for Profits Commission Act 2012*, Australian Accounting Standards Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. A Statement of Compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') cannot be made due to the Company applying not-for-profit specific requirements contained in the Australian Accounting Standards.

The Company is a not-for-profit, Public Company limited by guarantee, incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Fairfield Place, 276 Heidelberg Road Fairfield Vic 3078.

The financial statements were authorised for issue on the 26<sup>th</sup> of September 2016 by the Directors of the Company.

**Summary of Accounting Policies**

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. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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 amounts presented in the financial statements have been rounded to the nearest dollar.

**a) Revenue**

Non-reciprocal grant revenue is recognised in the Statement of Profit or Loss when the Company obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Company and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**NOTE 1: Summary of Significant Accounting Policies & Basis of Preparation**

**a) Revenue (Continued)**

When grant revenue is received whereby the Company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Where the Company receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value, these assets are recognised at fair value on the date of acquisition in the Statement of Financial Position, with a corresponding amount of income recognised in the Statement of Profit or Loss.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

**b) Property, Plant and Equipment**

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

**Freehold property**

Freehold land and buildings that are classified as fixed assets are shown at their cost less subsequent depreciation for buildings. Where a fixed asset's carrying amount will be recovered principally through a sale transaction rather than through continuing use, the asset will be re-classified as Held-for-Sale.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in the Statement of Profit or Loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**NOTE 1: Summary of Significant Accounting Policies & Basis of Preparation**

**b) Property Plant and Equipment (continued)**

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

**Plant and Equipment**

Plant and equipment are measured on a cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in the Statement of Profit or Loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of the recoverable amount is made when impairment indicators are present (refer to Note 1(k) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

**Properties Held for Sale**

Held for Sale properties are those where the value of the property will be principally recovered through the sale transaction rather than through continued use. These assets are segregated in the Statement of Financial Position and separately disclosed and tested for impairment. See Note 1(c) for the accounting policy regarding Held for Sale Assets.

**Depreciation**

The depreciable amount of all fixed assets, 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 Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<b>Class of Asset</b>	<b>Depreciation Rate</b>	<b>Method</b>
Buildings	2.5%	Straight Line
Computers	20%	Straight Line
Furniture & Fittings	20%	Straight Line
Motor Vehicles	20%	Straight Line
Office Furniture & Equipment	20%	Straight Line

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**NOTE 1: Summary of Significant Accounting Policies & Basis of Preparation**

**b) Property Plant and Equipment (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the Statement of Profit or Loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Computers with an original cost of \$5,000 or greater are capitalized in the Statement of Financial Position. Computers with an original cost of less than \$5,000 are expensed in the Statement of Profit or Loss.

**c) Assets Classified as "Held for Sale"**

Non-current assets are re-classified as "held for sale" when they meet the conditions under AASB 5 Non-Current Assets Held for Sale and Discontinued Operations. The Company re-classifies assets as "held for sale" on the basis that the carrying amount would be recovered principally through a sale transaction rather than through continuing use. The Company measures non-current assets classified as held for sale as the lesser of the carrying amount and the fair value less cost to sell. When the expected date of sale is within 12 months of the year end, the held for sale asset will be classified as current in the Statement of Financial Position.

**d) Intangibles**

**Software Development**

Software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and five years. It is assessed annually for impairment.

**e) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**NOTE 1: Summary of Significant Accounting Policies & Basis of Preparation**

**f) Cash**

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

**g) Employee Benefits**

***Short-term employee benefits***

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

***Other long-term employee benefits***

The Company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities

**h) Provisions**

Provisions are recognised when the entity 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.

**i) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.



**WELLWAYS AUSTRALIA LIMITED**  
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**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**NOTE 1: Summary of Significant Accounting Policies & Basis of Preparation**

**j) Financial Instruments**

***Initial Recognition and Measurement***

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified “at fair value through profit or loss” in which case transaction costs are recognised immediately as expenses in the Statement of Profit or Loss.

***Classification and subsequent measurement***

Financial instruments are subsequently measured at fair value (refer to Note 1(m)), amortised cost using the effective interest method, or cost.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

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 amount with a consequential recognition of an income or expense item in profit or loss.

***i) Financial assets at fair value through profit and loss***

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in the Statement of Profit or Loss.

***ii) Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in the Statement of Profit or Loss through the amortisation process and when the financial asset is derecognised.

***iii) Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in the Statement of Profit or Loss through the amortisation process and when the financial asset is derecognised.

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**NOTE 1: Summary of Significant Accounting Policies & Basis of Preparation**

**j) Financial Instruments (continued)**

*iv) Available-for-sale financial assets*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into the Statement of Profit or Loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

*v) Financial Liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in the Statement of Profit or Loss through the amortisation process and when the financial liability is derecognised.

**Impairment**

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in the Statement of Profit or Loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to the Statement of Profit or Loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**NOTE 1: Summary of Significant Accounting Policies & Basis of Preparation**

**j) Financial Instruments (continued)**

**Impairment (Continued)**

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

***Derecognition***

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

**k) Impairment of Assets**

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in the Statement of Profit or Loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

**l) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (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.

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**NOTE 1: Summary of Significant Accounting Policies & Basis of Preparation**

**m) 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 Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. 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 the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the Company 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 Company's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, 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.

**n) Taxation**

Wellways Australia Limited is classified as a Public Benevolent Institution for tax purposes and as such is exempt from Income Tax, Fringe Benefits Tax, and Payroll Tax. Consequently, no provision is made in the financial statements for these taxes under Div 50 of the Income Tax Assessment Act 1997.

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**NOTE 1: Summary of Significant Accounting Policies & Basis of Preparation**

**o) New and Amended Accounting Standards Adopted**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future and current reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The adoption of any current mandated Accounting Standards has been concluded to have no effect on the financial statements on their initial application, such that no disclosures under AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or other transitional disclosures have been triggered.

**p) Comparative Figures**

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

**q) Key Estimates – Impairment**

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of this financial year.

**r) Critical Accounting Estimates and Judgements**

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally.

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 2: REVENUE</b>		
<i><b>Contract Services Income</b></i>		
Government Grants	21,174,437	19,494,511
Funding & Grants received in previous periods recognised in the current period / (carry forward to future periods)	336,378	58,409
Fees from other Agencies	11,766,249	8,282,868
Client Fees	218,864	213,803
Total Contract Services Income	<u>33,495,928</u>	<u>28,049,591</u>
<i><b>Fundraising</b></i>		
Charitable Contributions	340,556	309,988
Other Fundraising	648,135	1,639,928
Total Fundraising	<u>988,691</u>	<u>1,949,916</u>
<i><b>Other Income</b></i>		
Income From Investments	413,614	481,943
Surplus on the Sale of Assets	139,619	1,734,660
Surplus on the Sale of Investments	170,074	43,595
Interest Income	137,930	147,353
Membership Income	4,484	6,835
Other Revenue & Recoveries	654,569	661,986
Total Other Income	<u>1,520,290</u>	<u>3,076,372</u>
<b>Total Revenue</b>	<u><u>36,004,909</u></u>	<u><u>33,075,879</u></u>

**NOTE 3: EXPENSES**

**Included in expenses are the following expense items:**

Audit Fees:		
Audit or review of the financial statements	27,500	24,000
Acquittals	18,100	13,700
Other Services	500	6,500
	<u>46,100</u>	<u>44,200</u>

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 4: SALARIES AND RELATED COSTS</b>		
Increase in Salaries & Related Costs is attributed to the increase in the provision of program services. The increase was due to new funding and programs introduced in the current year. The number of Equivalent Full Time (EFT) staff are as follows:		

Number of Staff 30th June (EFT)	369	292
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**NOTE 5: RECEIVABLES - CURRENT**

Trade Receivables	1,101,852	683,052
Deposits and Bonds Issued	499,100	34,279
WorkCover Premium Adjustment Refundable	106,831	-
Accrued Income	125,130	14,179
	<u>1,832,913</u>	<u>731,510</u>

**NOTE 6: INVESTMENTS - AVAILABLE FOR SALE FINANCIAL ASSETS**

Investments in Managed Funds:

Balance at the beginning of the year	9,782,957	6,393,594
Net Purchases / (Disposals)	(4,464,141)	3,293,826
Fair value re-measurement gains	36,091	95,537
Balance at the end of the year	<u>5,354,907</u>	<u>9,782,957</u>

Available-for-sale financial assets are investments in managed funds, with the majority of the portfolio comprising of investments in the equities of various entities. The use of available-for-sale financial assets is for trading purposes to generate income through the receipt of dividends and capital gains.

Refer to Note 15 for disclosures regarding Fair Value measurement of available for sale assets.

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 7: FIXED ASSETS</b>		
Buildings and Land - at cost	4,778,279	5,703,529
Less Accumulated Depreciation	<u>(1,682,723)</u>	<u>(1,584,774)</u>
	<u>3,095,556</u>	<u>4,118,755</u>
Motor Vehicles - at cost	3,236,129	2,830,653
Less Accumulated Depreciation	<u>(998,779)</u>	<u>(917,324)</u>
	<u>2,237,350</u>	<u>1,913,329</u>
Office Furniture and Equipment - at cost	1,508,763	1,479,016
Less Accumulated Depreciation	<u>(1,388,988)</u>	<u>(1,348,167)</u>
	<u>119,775</u>	<u>130,849</u>
Computers - at cost	1,190,706	1,091,662
Less Accumulated Depreciation	<u>(751,931)</u>	<u>(603,239)</u>
	<u>438,775</u>	<u>488,423</u>
Rental Property Furniture and Fittings - at cost	483,160	400,480
Less Accumulated Depreciation	<u>(238,762)</u>	<u>(162,741)</u>
	<u>244,398</u>	<u>237,739</u>
<b>Total Written Down Value</b>	<u><b>6,135,854</b></u>	<u><b>6,889,095</b></u>

See the following page for a reconciliation of the movement in the carrying amount of Fixed Assets.



**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**NOTE 7: FIXED ASSETS (CONTINUED)**

**Movement in the carrying amount of fixed assets:**

	<b>Land &amp; Buildings</b>	<b>Motor Vehicles</b>	<b>Office Furniture &amp; Equipment</b>	<b>Rental Properties Furniture &amp; Fittings</b>	<b>Computers</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2014</b>	<b>6,202,730</b>	<b>1,749,881</b>	<b>163,909</b>	<b>157,958</b>	<b>350,285</b>	<b>8,624,763</b>
Additions at cost	-	983,861	46,098	135,107	287,588	<b>1,452,654</b>
Disposals (net)	( 1,427,721 )	( 283,926 )	( 16,094 )	-	-	<b>( 1,727,741 )</b>
Reclass of Assets Held for Sale **	( 470,333 )	-	-	-	-	<b>( 470,333 )</b>
Depreciation expense	( 185,921 )	( 536,487 )	( 63,064 )	( 55,326 )	( 149,450 )	<b>( 990,248 )</b>
<b>Carrying amount at 30 June 2015</b>	<b>4,118,755</b>	<b>1,913,329</b>	<b>130,849</b>	<b>237,739</b>	<b>488,423</b>	<b>6,889,095</b>
Additions at cost	74,750	1,321,065	41,587	94,288	99,044	<b>1,630,734</b>
Disposals (net)	-	( 347,287 )	( 5,282 )	( 7,159 )	-	<b>( 359,728 )</b>
Reclass of Assets Held for Sale **	( 954,166 )	-	-	-	-	<b>( 954,166 )</b>
Depreciation expense	( 143,783 )	( 649,757 )	( 47,379 )	( 80,470 )	( 148,692 )	<b>( 1,070,081 )</b>
<b>Carrying amount at 30 June 2016</b>	<b>3,095,556</b>	<b>2,237,350</b>	<b>119,775</b>	<b>244,398</b>	<b>438,775</b>	<b>6,135,854</b>

Note: In the Statement of Profit or Loss, the Depreciation & Amortisation line item (2016: \$926,298 and 2015: \$804,327) excludes depreciation for the category Land & Buildings (2016: \$143,783 and 2015: \$185,921). Land & Buildings depreciation is disclosed separately in the Statement of Profit or Loss.

\*\* Amounts relate to the reclassification of the carrying value of properties from Fixed Assets to being classified as Held for Sale, as follows: Current year relates to 505 Raglan Parade Warrnambool (\$954,166) and the prior year relates to 19 Bromham Place (\$470,333).

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 8: INTANGIBLE ASSETS</b>		
Software Development	394,512	394,512
Amortisation of Software Development	(235,533)	(156,630)
	<u>158,979</u>	<u>237,882</u>

MI Fellowship has developed *Carelink+* enterprise software. *Carelink+* is a powerful client management system used widely in community care. It provides efficient and extensive data capture, tracking and reporting on all aspects of service delivery including financial management, clinical and statutory needs. In the 2012/13 year, the software became a core part of MI Fellowship and has streamlined the database from physical to electronic.

A total of 70 licenses were purchased, implemented and customised upon finalisation of the software development. Costs capitalised in the development years include staff, contractor and supplier expenses directly relating to developing or testing the software in the development phase. Amortisation costs commenced being charged from June 2013 which was when the software went live.

**NOTE 9: CREDITORS & ACCRUALS**

Trade Creditors	291,717	865,825
GST Payable	357,374	18,306
Accruals	417,552	1,083,318
Accrual for Audit Fees	58,360	43,956
Other Payables	405	616
	<u>1,125,408</u>	<u>2,012,021</u>

**NOTE 10: PROVISIONS**

**Current Liabilities**

Provision for Annual Leave	1,417,558	1,315,531
Provision for Long Service Leave	625,578	523,008
	<u>2,043,136</u>	<u>1,838,539</u>

**Non-Current Liability**

Provision for Long Service Leave	<u>241,636</u>	<u>229,186</u>
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**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

<b>NOTE 11: GRANTS &amp; FUNDING IN ADVANCE</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Expected to be utilised within 12 months	1,489,308	1,897,836
<b>Total Grants &amp; Funding in Advance</b>	<b>1,489,308</b>	<b>1,897,836</b>

MI Fellowship receives funding from various agencies to run its programs. Where grants are required to be spent on specific programs in order to meet agreed outcomes as contracted with the funding agency, the Company initially records the monies received as a liability. This is due to a present obligation existing at that time to spend the monies in accordance with the funding agreement. Income is subsequently recognised in the periods that the funds are actually spent. If the contract has been completed and unexpended funds are present, the remaining funds will be recognised through income when MI Fellowship is satisfied that the funds will not be required to be repaid. As disclosed in the Statement of Financial Position, unspent funds totalling \$1,489,308 are showing as a liability at 30 June 2016 (\$1,897,836 at 30 June 2015). All other donations and unused grants are recorded as income when monies are received.

**NOTE 12: RESERVES**

Available for Sale Investment Revaluation Reserve	12(a)	676,122	640,031
Gains on Revaluation of Land & Buildings	12(b)	-	-
		<b>676,122</b>	<b>640,031</b>

In 2014, the Directors assessed that certain reserves no longer served a particular purpose, and accordingly, the respective balances were transferred back to retained earnings.

***(a) Available for Sale Investment Revaluation Reserve***

Opening Balance	640,031	544,494
Increase/(Decrease) in Fair Value of Investments	36,091	95,537
Transfer to income statement on sale of financial assets	-	-
Closing Balance	<b>676,122</b>	<b>640,031</b>

***(b) Gains on Revaluation of Land & Buildings***

Opening Balance	-	1,084,734
Increase/(Decrease) in Fair Value of Land & Buildings	-	( 1,084,734 )
Transfer to income statement	-	-
Closing Balance	<b>-</b>	<b>-</b>

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

	NOTE	2016 \$	2015 \$
<b>NOTE 13: CASH FLOW INFORMATION</b>			
<b>(a) Reconciliation of Cash</b>			
Cash at Bank, on Deposit and on Hand		6,131,241	4,223,276
<b>(b) Reconciliation of Cash Flow from Operations with Operating Surplus / (Deficit)</b>			
Operating (Deficit) / Surplus after income tax		(171,123)	1,884,417
<i>Adjustments for Non-cash Items &amp; Items of Income or Expenses Associated with Investing or Financing Cash Flows:</i>			
Depreciation & Amortisation		1,148,983	1,068,775
(Surplus) / Deficit on Sale of Property, Plant & Equipment (Net)		(116,399)	121,285
(Surplus) on Sale of Assets Held for Sale		-	(1,504,475)
Bad Debts Written Off		-	600
<i>Changes in assets and liabilities:</i>			
(Increase)/Decrease in Receivables		(1,101,403)	60,462
(Increase)/Decrease in Prepayments and Other Assets		(83,533)	(36,511)
Increase/(Decrease) in Creditors & Accruals		(886,613)	(81,660)
Increase/(Decrease) in Provisions		217,047	522,319
Increase/(Decrease) in Funds for Future Use		(408,528)	(119,726)
Cash flows from Operating Activities		(1,401,569)	1,915,486

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**2016**  
\$

**2015**  
\$

**NOTE 14: FINANCIAL INSTRUMENTS**

**FINANCIAL RISK MANAGEMENT**

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable, accounts payable and leases. The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

**Financial assets**

Cash and cash equivalents	13(a)	6,131,241	4,223,276
Receivables	5	1,832,913	731,510
Available for sale financial assets	6	5,354,907	9,782,957
<b>Total financial assets</b>		<b>13,319,061</b>	<b>14,737,743</b>

**Financial liabilities**

Trade and other payables	9	1,125,408	2,012,021
Grants & Funding in Advance	11	1,489,308	1,897,836
<b>Total financial liabilities</b>		<b>2,614,716</b>	<b>3,909,857</b>

Refer to Note 15 for detailed disclosures regarding the fair value measurement of the Company's financial assets and financial liabilities.

**NOTE 15: FAIR VALUE MEASUREMENT**

The Company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

**Recurring fair value measurements**

*Financial assets*

Available-for-sale financial assets:

- Investments in managed funds	6	5,354,907	9,782,957
		<u>5,354,907</u>	<u>9,782,957</u>

For investments in managed funds, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

<b>NOTE 16: ASSETS CLASSIFIED AS HELD FOR SALE</b>		<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
Held for Sale - 19 Bromham Place Richmond	(i)	470,333	470,333
Held for Sale - 505 Raglan Parade Warrnambool	(ii)	954,167	-
		<u>1,424,500</u>	<u>470,333</u>

The carrying value of the above noted non-current asset were re-classified as "held for sale" under AASB 5. MI Fellowship re-classified these assets as "held for sale" on the basis that the carrying amount would be recovered principally through a sale transaction rather than through continuing use.

*(i) 19 Bromham Place Richmond*

This property was re-classified as "held for sale" in the prior year. Up to the point of re-classifying this asset in the prior year, the premises had been used as part of MI Fellowship's operations. Funding of the programs operated through this site ceased during the year, at which point the asset was reclassified.

At 30 June 2015, an external party had put forward their proposal to purchase MI Fellowship's interest in the property. At that time, it was anticipated that a sale date could be within 12 months of 30 June 2015 year end, and on that basis, the asset "held for sale" was classified as *current*. However, circumstances outside of the control of MI Fellowship precluded the sale to be completed within 12 months of 30 June 2015. Nevertheless, MI Fellowship remained committed to selling the property after this time, with an official contract of sale being drawn up between MI Fellowship and the purchaser. Furthermore, the settlement is dependent on the execution of a Tripartite Agreement, which involves MI Fellowship, the purchaser, and the Director of Housing. The Director of Housing holds equity interest in the property, which stemmed from the provision of funding by the Director of Housing to assist with the construction of the property. The details of the Tripartite Agreement have all been agreed and MI Fellowship are waiting on the Director of Housing to provide this document to enable settlement to proceed. After reducing the sale proceeds by the equity interest entitlement due to the Director of Housing, MI Fellowship expect profit from the sale to exceed \$400,000.

It is anticipated that the sale will occur within 12 months of 30 June 2016, and on this basis, the asset continues to be classified as current.

*ii) 505 Raglan Parade Warrnambool*

This property was re-classified as "held for sale" in the current year. At the point of re-classifying this asset the premises continued to be used as part of MI Fellowship's operations.

In May 2016, a contract of sale was entered into between MI Fellowship and an external purchaser, to sell the premises for \$1,025,000. Settlement occurred subsequent to year end, on 15 July 2016. Under the conditions in the contract of sale, commencing from the settlement date, MI Fellowship are to lease the premises for the continued operations of the programs.

On the basis that the sale was made within 12 months after year end, the asset has been classified as current.

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 17: CAPITAL AND LEASING COMMITMENTS</b>		
<b>a. Finance Lease Commitments</b>	Nil	Nil
<b>b. Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Not longer than 1 year	451,183	378,560
Longer than 1 year and not longer than 5 years	344,045	266,373
Longer than 5 years	36,767	-

**c. Capital & Other Commitments**

As at 30 June 2016, no material capital and other commitments were existing, nor were there any that existed for the comparative year, unless otherwise disclosed elsewhere in the financial statements.

**NOTE 18: RELATED PARTY RELATIONSHIPS**

There were no material related party relationships or transactions for this year, nor the comparative previous year not otherwise disclosed elsewhere in the financial statements.

**NOTE 19: KEY MANAGEMENT PERSONNEL**

The key management personnel compensation included in the salaries and related costs expenses is as follows:

Short Term Benefits	1,019,556	957,837
Post Employment Benefits	124,133	108,922
Total	<u>1,143,689</u>	<u>1,066,759</u>
Number of Key Personnel (EFT)	6	6

**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**NOTES TO AND FORMING PART OF THE  
FINANCIAL STATEMENTS**

**NOTE 20: EVENTS AFTER BALANCE DATE**

On the 1st of July 2016, MI Fellowship completed their acquisition of HealthCall. HealthCall provides disability support services in New South Wales, Australian Capital Territory and Queensland. MI Fellowship and HealthCall have been working together to ensure the acquisition transpired without any interruption to participant services. The fair value of net assets, totalling \$714,075, were transferred to MI Fellowship on the 1st of July 2016 through the transfer of 100% of HealthCall's units, that were held under a Unit Trust. The total contract price for the acquisition was \$4,400,000, with a deposit of \$440,000 being paid during the 2015/16 year. Subsequent to year end, in July 2016, a further \$3,520,000 was paid under the contract, with a retention of \$440,000 to be paid 12 months post acquisition date. At the date of this report, MI Fellowship are in the process of revising forecast information for HealthCall. Nevertheless, it is anticipated revenue and net revenue could be as much as \$16 million and \$1 million respectively.

Aside from the above, there have been no other significant events occurring after balance date that may affect the operations of MI Fellowship, not otherwise disclosed in this report.



**WELLWAYS AUSTRALIA LIMITED**  
**ACN 093 357 165**

**DIRECTORS' DECLARATION**

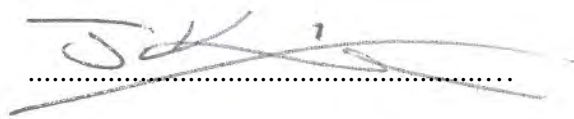
In the opinion of the Directors of the Company:

- a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not for Profits Commission Act 2012*, including:
  - i. Giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
  - ii. Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Not for Profits Commission Regulation 2013*; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



DARREL DRIEBERG - DIRECTOR



JENNIFER KING - DIRECTOR

Signed at Fairfield on the 26<sup>th</sup> day of September 2016

**WELLWAYS AUSTRALIA LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**  
**ACN 093 357 165**

**Report on the Financial Report**

We have audited the accompanying financial report of Wellways Australia Limited ("the Company"), which comprises the Statement of Financial Position as at 30 June 2016 and the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

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

The Directors of the Company 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* (ACNC Act) and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

***Independence***

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the Directors of Wellways Australia Limited on the 26<sup>th</sup> of September 2016, would be in the same terms if given to the Directors as at the time of this auditor's report.

**WELLWAYS AUSTRALIA LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**  
**ACN 093 357 165**

***Auditor's Opinion***

In our opinion, the financial report of Wellways Australia Limited is in accordance with the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance and cash flows for the year ended on that date; and
- b. complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Dated at Frankston on the 26<sup>th</sup> day of September 2016



**SHEPARD WEBSTER & O'NEILL AUDIT PTY LTD**

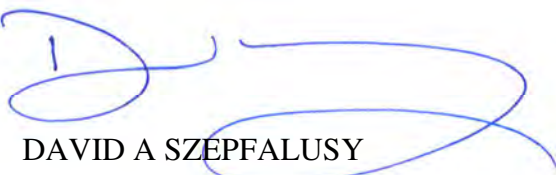
Certified Practising Accountant

Authorised Audit Company No 415478

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**DAVID A SZEPEFALUSY**  
**DIRECTOR**

Wellways Australia Limited  
Incorporating Australian HealthCall Group  
QLD | ACT | NSW | VIC | TAS

[wellways.org](http://wellways.org) | general information 1300 111 400