

OLD COLONISTS' ASSOCIATION OF VICTORIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015
A.B.N. 15 660 751 609

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 30 June 2015

| | NOTE | 2015 \$ | 2014 \$ |
|--|------|--------------------|--------------------|
| Income | | | |
| Government Subsidies | | 3,280,069 | 3,316,511 |
| Residential Care Fees & Charges | | 1,548,559 | 1,516,745 |
| Independent Living Fees & Charges | | 1,876,743 | 1,789,376 |
| Assisted Living Fees & Charges | | 541,303 | 488,430 |
| Ingoing Donations | 2(l) | 600,000 | 2,516,450 |
| Donations & Bequests | | 364,407 | 145,339 |
| Interest & Investment Income | | 746,480 | 715,767 |
| Realised Gains from Sale of Investments | | 39,142 | - |
| Profit from Sale/Disposal of Property, Plant & Equipment | 3(b) | 1,400 | 9,918 |
| Accommodation Bond Retention | | 33,030 | 34,415 |
| Miscellaneous Income | | 135,970 | 152,861 |
| Total Income | | <u>9,167,103</u> | <u>10,685,812</u> |
| Expenses | | | |
| Employee Expenses | | (6,288,951) | (5,942,178) |
| Depreciation & Impairment Losses | 3(a) | (1,376,001) | (1,364,457) |
| Food Expenses | | (338,712) | (307,504) |
| Repairs & Maintenance Expenses | | (289,352) | (233,918) |
| Rates & Services | | (244,267) | (242,863) |
| Services & Contracts | | (227,800) | (139,438) |
| Utilities Expenses | | (199,311) | (156,823) |
| Legal & Consultancy Costs | | (84,251) | (60,174) |
| Cleaning & Laundry Expenses | | (56,269) | (46,501) |
| Insurance Expenses | | (78,335) | (72,627) |
| Printing, Stationery & Postage Expenses | | (49,782) | (53,125) |
| Audit & Other Services | | (48,436) | (49,058) |
| Medical Costs | | (42,199) | (62,932) |
| Finance Costs | | (7,527) | (7,368) |
| Other Expenses | | (272,105) | (240,905) |
| Total Expenses | | <u>(9,603,298)</u> | <u>(8,979,871)</u> |
| Surplus/(Deficit) before Tax | | (436,195) | 1,705,941 |
| Income Tax Expense | 2(k) | - | - |
| Surplus/(Deficit) for the year | | <u>(436,195)</u> | <u>1,705,941</u> |
| Other Comprehensive Income | | | |
| Items that may be reclassified to profit or loss: | | | |
| Changes to fair value of Available for Sale Assets | | 162,099 | 82,850 |
| Total Other Comprehensive Income | | <u>162,099</u> | <u>82,850</u> |
| Total Comprehensive Income | | <u>(274,096)</u> | <u>1,788,791</u> |

Statement of Financial Position

as at 30 June 2015

| | NOTE | 2015 \$ | 2014 \$ |
|--------------------------------------|------|-------------------|-------------------|
| Assets | | | |
| Current | | | |
| Cash & Cash Equivalents | 4 | 2,661,820 | 3,403,106 |
| Trade & Other Receivables | 5 | 265,259 | 680,793 |
| Inventories | | 21,930 | 23,360 |
| Financial Assets | 6 | 7,527,585 | 14,294,411 |
| Other Current Assets | 7 | 62,898 | 43,427 |
| Total Current Assets | | <u>10,539,492</u> | <u>18,445,097</u> |
| Non-Current | | | |
| Financial Assets | 6 | 10,556,322 | 1,132,750 |
| Property, Plant & Equipment | 8 | 31,145,693 | 31,138,754 |
| Total Non-Current Assets | | <u>41,702,015</u> | <u>32,271,504</u> |
| Total Assets | | <u>52,241,507</u> | <u>50,716,601</u> |
| Liabilities | | | |
| Current | | | |
| Trade & Other Payables | 9 | 4,303,303 | 2,502,627 |
| Employee Provisions | 10 | 1,360,195 | 1,384,374 |
| Total Current Liabilities | | <u>5,663,498</u> | <u>3,887,001</u> |
| Non-Current | | | |
| Employee Provisions | 10 | 164,431 | 141,926 |
| Total Non-Current Liabilities | | <u>164,431</u> | <u>141,926</u> |
| Total Liabilities | | <u>5,827,929</u> | <u>4,028,927</u> |
| Net Assets | | <u>46,413,578</u> | <u>46,687,674</u> |
| Equity | | | |
| Accumulation Account | | 46,001,371 | 46,437,566 |
| Fair Value Reserve | 11 | 265,849 | 103,750 |
| Permanent Fund | 11 | 146,358 | 146,358 |
| Total Equity | | <u>46,413,578</u> | <u>46,687,674</u> |

Statement of Cash Flows

for the Year Ended 30 June 2015

| | NOTE | 2015 \$ | 2014 \$ |
|---|------|-------------------------|-------------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from Residential Care, Assisted Living & Independent Living services | | 4,168,961 | 4,117,695 |
| Receipts from Government Subsidies | | 3,280,069 | 3,316,844 |
| Proceeds from Donations & Bequests | | 364,407 | 145,339 |
| Payments to Suppliers & Employees | | (8,059,207) | (7,666,586) |
| Interest & Investment Income received | | 746,480 | 715,767 |
| Interest paid | | (7,527) | (7,368) |
| Net Cash generated by Operating Activities | | <u>493,183</u> | <u>621,691</u> |
| Cash Flows from Investing Activities | | | |
| Proceeds from Sale of Plant & Equipment | | 43,398 | 54,000 |
| Payments for Property, Plant & Equipment | | (1,424,938) | (2,033,684) |
| Payment for Investments | | (2,455,505) | (120,785) |
| Net Cash used in Investing Activities | | <u>(3,837,045)</u> | <u>(2,100,469)</u> |
| Cash Flows from Financing Activities | | | |
| Ingoing Donations received | | 600,000 | 2,516,450 |
| Accommodation Bonds & Refundable Accommodation Deposits received | | 2,663,849 | 517,309 |
| Refund of Accommodation Bonds & Refundable Accommodation Deposits paid | | (661,273) | (360,485) |
| Net Cash provided by Financing Activities | | <u>2,602,576</u> | <u>2,673,274</u> |
| Net increase/(decrease) in Cash held | | (741,286) | 1,194,496 |
| Cash and Cash Equivalents at beginning of year | | <u>3,403,106</u> | <u>2,208,610</u> |
| Cash and Cash Equivalents at end of year | 4 | <u><u>2,661,820</u></u> | <u><u>3,403,106</u></u> |

Statement of Changes in Equity

for the Year Ended 30 June 2015

| NOTE | Accumulation Account | Fair Value Reserve | Permanent Fund | Total |
|--|-------------------------|-----------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 30 June 2013 | 44,731,625 | 20,900 | 146,358 | 44,898,883 |
| Net value gain on available-for-sale financial assets | - | 82,850 | - | 82,850 |
| Surplus for the year | 1,705,941 | - | - | 1,705,941 |
| Total comprehensive Income for the year | <u>1,705,941</u> | <u>82,850</u> | <u>-</u> | <u>1,788,791</u> |
| Balance at 30 June 2014 | 46,437,566 | 103,750 | 146,358 | 46,687,674 |
| Net value gain on available-for-sale financial assets | - | 162,099 | - | 162,099 |
| Surplus/(deficit) for the year | (436,195) | - | - | (436,195) |
| Total comprehensive Income for the year | <u>(436,195)</u> | <u>162,099</u> | <u>-</u> | <u>(274,096)</u> |
| Balance at 30 June 2015 | <u>46,001,371</u> | <u>265,849</u> | <u>146,358</u> | <u>46,413,578</u> |

1. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

1.1 Standards and Interpretations affecting amounts reported in the prior year (and/or prior years)

The following new and revised Standards and Interpretations have been adopted in the prior year and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

AASB 119 'Employee Benefits'

2. SIGNIFICANT ACCOUNTING POLICIES

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Association's accounting policies, the Councillors are required to make judgements, estimates and assumptions about carrying values 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 estimates are revised if the revision affects only that period, or in the period of the revision and the future periods if the revision affects both current and future periods. Estimates are relevant when estimating the useful life of depreciable assets and when calculating certain employee provisions.

Adoption of New and Revised Accounting Standards

In the prior year, Old Colonists' Association of Victoria 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. There were no material impacts from the adoption of these new and revised Standards and Interpretations on the financial statements.

Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Old Colonists' Association Act 1955 (as amended), Australian Accounting Standards-Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Australian Charities and Not-for-Profits Commissions Act 2012 in order to satisfy the entity's financial reporting requirements. The financial statements cover Old Colonists' Association of Victoria as an individual entity.

The financial statements were authorised for issue by the Council on 28th September 2015.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

**Old Colonists' Association of Victoria
Notes to Financial Statements**

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(a) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by the Association to ensure it is not in excess of the recoverable amount from these assets.

Work in progress includes redevelopments and refurbishments of cottages in progress. Work in progress is carried at cost and is transferred to Cottages & Buildings and Furniture & Plant once it is ready for use.

(b) Depreciation

The depreciable amount of all fixed assets, excluding land, is depreciated on a straight line basis over the useful lives of the assets to the Association commencing from the time the asset is held ready for use.

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

| Class of Fixed Asset | Depreciation Rate |
|--------------------------------|-------------------|
| Cottages & Buildings | 2.00% |
| Furniture & Plant | 7.50% - 25.00% |
| Motor Vehicles & Tractor Mower | 20.00% |

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of Profit or Loss and Other Comprehensive Income.

(c) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These include Annual leave and Long Service leave. Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(d) Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'available-for-sale', 'held-to-maturity' 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.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial Assets (Continued)

(i) Loans & receivables

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 impairment. Interest income is recognised by applying the effective interest rate.

(ii) Held-to-maturity investments

Term Deposits and Mortgages where the Association has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. Investments in term deposits are measured on the cost basis.

(iii) Available-for-sale financial assets

Certain shares, redeemable notes and managed investment funds held by the Association are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the fair value reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investment's revaluation reserve is included in profit or loss for the period. Dividends on available-for-sale equity instruments are recognised in profit and loss when the Association's right to receive the dividend is established.

(iv) Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(v) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investments have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Impairment of financial assets (Continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

(e) Financial Liabilities issued by the Association

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, 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.

(f) Cash & cash equivalents

Cash comprises of cash on hand and direct deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less as at the date of acquisition. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Impairment of Assets

At each reporting date, the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

(h) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the costs of acquisition of the assets or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Old Colonists' Association of Victoria
Notes to Financial Statements

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Revenue

Government Subsidy revenue is recognised when the Association gains control of the funds.

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

Interest & Investment Income is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

Donations & Bequest income is recognised when the Association gains control of the funds.

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

Retentions are derived from residents through drawdowns from accommodation bonds at a pre-determined rate upon entering the facility. Retentions are not drawn on Refundable Accommodation Deposits received from 1 July 2014. Daily Accommodation Payments/Contributions

(j) Refundable Accommodation Deposits & Accommodation Bonds

The liability for Accommodation Bonds and Refundable Accommodation Deposits are carried at the amount that would be payable on exit of the resident. This is the amount received on entry of the resident less deductions for fees/retentions pursuant to the Aged Care Act 1997. These liabilities are considered to be current as the Association does not have unconditional right to defer settlement of the liability for at least 12 months after reporting date. The obligation to settle could occur anytime. Post 1 July 2014, new deposits are known as Refundable Accommodation Deposits for residents entering the aged care system. Accommodation Bonds are held for residents who entered aged care pre 1 July 2014 and have elected to maintain existing arrangements.

(k) Income Tax Expense

The Association is exempt from income tax under section 50-5 of the Income Tax Assessment Act (1997).

(l) Ingoing Donations

Ingoing Donations are contributions to fund future capital works of the wider organisation to meet their objective of providing affordable facilities for dignified independent living for the aged and needy in Victoria. These are not in substance rent or other charges relating to the ongoing provision of accommodation services. Maintenance fees are charged to all residents to fund the upkeep and maintenance of the properties.

3. SURPLUS/(DEFICIT) FOR THE YEAR

2015

2014

\$

\$

- Surplus/(deficit) for the year has been arrived at after charging the following

(a) Expenses

Depreciation of Non-Current Assets

- Cottages & Buildings

628,298

689,326

- Motor Vehicles & Tractor Mower

45,071

47,019

- Furniture & Plant

702,632

628,112

1,376,001

1,364,457

Old Colonists' Association of Victoria
Notes to Financial Statements

| 3. SURPLUS/(DEFICIT) FOR THE YEAR (CONTINUED) | 2015 | 2014 |
|--|--------------------|--------------------|
| | \$ | \$ |
| (b) Profit from sale/disposal of Property, Plant & Equipment | <u>1,400</u> | <u>9,918</u> |
| 4. CASH & CASH EQUIVALENTS | | |
| - Cash on Hand | 2,400 | 2,900 |
| - Cash at Bank | <u>2,659,420</u> | <u>3,400,206</u> |
| | <u>2,661,820</u> | <u>3,403,106</u> |
| 5. TRADE & OTHER RECEIVABLES | | |
| - Current | | |
| Accommodation Bonds Receivable | - | 382,177 |
| Other Debtors | <u>265,259</u> | <u>298,616</u> |
| | <u>265,259</u> | <u>680,793</u> |
| 6. FINANCIAL ASSETS | | |
| - Current | | |
| Held to Maturity | | |
| Mortgages | - | 47,000 |
| Term Deposits | <u>7,527,585</u> | <u>14,247,411</u> |
| | <u>7,527,585</u> | <u>14,294,411</u> |
| - Non-Current | | |
| Available for Sale | | |
| Shares in listed investments, at fair value | - | 1,017,750 |
| Managed Investments held in funds, at fair value | <u>10,441,322</u> | - |
| Held to Maturity | | |
| Mortgages | <u>115,000</u> | <u>115,000</u> |
| | <u>10,556,322</u> | <u>1,132,750</u> |
| TOTAL FINANCIAL ASSETS | <u>18,083,907</u> | <u>15,427,161</u> |
| 7. OTHER ASSETS | | |
| - Current | | |
| Prepayments | <u>62,898</u> | <u>43,427</u> |
| 8. PROPERTY, PLANT & EQUIPMENT | | |
| Land- at cost | | |
| - Braeside Park | 509,247 | 509,247 |
| - Currie Park | 58,774 | 58,774 |
| - Leith Park | 34,725 | 34,725 |
| Total | <u>602,746</u> | <u>602,746</u> |
| Cottages & Buildings- at cost | | |
| - Braeside Park | | |
| Cottages & Buildings | 3,145,221 | 3,133,440 |
| Provision for Depreciation | <u>(1,444,204)</u> | <u>(1,385,654)</u> |
| Written Down Value | <u>1,701,017</u> | <u>1,747,786</u> |

Old Colonists' Association of Victoria
Notes to Financial Statements

8. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

| | | |
|---|-------------------|-------------------|
| - Currie Park | | |
| Cottages & Buildings | 1,454,649 | 1,454,649 |
| Provision for Depreciation | (795,743) | (770,582) |
| Written Down Value | <u>658,906</u> | <u>684,067</u> |
| | | |
| - Leith Park | | |
| Cottages & Buildings | 19,214,052 | 19,213,202 |
| Provision for Depreciation | (5,491,561) | (5,113,779) |
| Written Down Value | <u>13,722,491</u> | <u>14,099,423</u> |
| | | |
| -Rushall Park | | |
| Cottages & Buildings | 9,274,730 | 8,759,644 |
| Provision for Depreciation | (1,566,896) | (1,400,090) |
| Written Down Value | <u>7,707,834</u> | <u>7,359,554</u> |
| | | |
| Total Cottages & Buildings | <u>23,790,248</u> | <u>23,890,830</u> |
| | | |
| Furniture & Plant- at cost | 10,020,912 | 9,419,147 |
| Provision for Depreciation | (4,099,641) | (3,396,795) |
| Written Down Value | <u>5,921,271</u> | <u>6,022,352</u> |
| | | |
| Motor Vehicles & Tractor Mower- at cost | 235,584 | 288,967 |
| Provision for Depreciation | (123,270) | (114,323) |
| Written Down Value | <u>112,314</u> | <u>174,644</u> |
| | | |
| Works In Progress- at cost | <u>719,114</u> | <u>448,182</u> |
| | | |
| TOTAL PROPERTY, PLANT & EQUIPMENT | <u>31,145,693</u> | <u>31,138,754</u> |

(a) Movements in carrying amounts

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

| | Land | Cottages & Buildings | Furniture & Plant | Motor Vehicle & Tractor Mower | Work in Progress | Total |
|---|----------------|----------------------|-------------------|-------------------------------|------------------|-------------------|
| | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at the beginning of the year | 602,746 | 23,890,830 | 6,022,352 | 174,644 | 448,182 | 31,138,754 |
| Additions | - | 12,630 | 248,657 | 24,522 | 1,139,129 | 1,424,938 |
| Disposals | - | - | (217) | (41,781) | - | (41,998) |
| Transfers | - | 515,086 | 353,111 | - | (868,197) | - |
| Depreciation Expense | - | (628,298) | (702,632) | (45,071) | - | (1,376,001) |
| Carrying Amount at the end of the year | 602,746 | 23,790,248 | 5,921,271 | 112,314 | 719,114 | 31,145,693 |

Old Colonists' Association of Victoria
Notes to Financial Statements

9. TRADE & OTHER PAYABLES

| | 2015 | 2014 |
|--|------------------|------------------|
| | \$ | \$ |
| - Current | | |
| Sundry Creditors | 696,202 | 499,703 |
| Residents' Deposits | 182,949 | 199,171 |
| Accommodation Bonds & Refundable Accommodation Deposits | 3,424,152 | 1,803,753 |
| | <u>4,303,303</u> | <u>2,502,627</u> |

The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 days. Specific suppliers may choose to charge interest after the period. The continuous monitoring of cash flows ensures that all payables are paid within the credit timeframe.

From 1 July 2007, pursuant to the Aged Care Act 1997, interest is paid on Refundable Accommodation Deposits ("RAD") and Accommodation Bonds following departure (or death) of a resident. Interest is required to be paid at two different rates:

- at the base interest rate for the period between the date of the refunding event and the earlier of the date the balance is refunded and the date the legislated timeframe for the refund of the balance expires; and
- at the maximum permissible interest rate for the period after the end of the legislated time frame (or the time set out in the Formal Agreement) until the balance is refunded.

10. EMPLOYEE PROVISIONS

| | 2015 | 2014 |
|----------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| - Current | | |
| Annual Leave | 507,265 | 466,309 |
| Other Staff Provisions | 12,887 | 89,300 |
| Long Service Leave | 840,043 | 828,765 |
| | <u>1,360,195</u> | <u>1,384,374</u> |
| - Non-Current | | |
| Long Service Leave | 164,431 | 141,926 |
| | <u>164,431</u> | <u>141,926</u> |
| TOTAL EMPLOYEE PROVISIONS | <u>1,524,626</u> | <u>1,526,300</u> |

11. RESERVES

The Fair Value Reserve records movements in the fair value of available for sale investments. The Permanent Fund records monies that have specifically been allocated from retained earnings for defined purposes.

| | Fair Value Reserve | Permanent |
|--|-----------------------|-----------------------|
| Balance at 30 June 2013 | 20,900 | 146,358 |
| Changes in fair value of available for sale investments | 82,850 | - |
| Balance at 30 June 2014 | <u>103,750</u> | <u>146,358</u> |
| Changes in fair value of available for sale investments | 248,349 | - |
| Transfer to Statement of Profit & Loss and other Comprehensive Income | (86,250) | - |
| Balance at 30 June 2015 | <u>265,849</u> | <u>146,358</u> |

**Old Colonists' Association of Victoria
Notes to Financial Statements**

12. RELATED PARTY DISCLOSURE

Councillors

The names of the Councillors who held office during the financial year are:

Kevin Neville
Professor Robert Helme
Raymond Harvey
Jennifer Roche (resigned December 2014)
Leslie Wood
Carl Wood
Judy Sharp
Carl Maissan (appointed December 2014)
Martine Bede (appointed March 2015)
Nicole Pelchen (appointed March 2015)

No Councillor received any remuneration during the year ended 30 June 2015.

There were no related party transactions.

Other Key Management Personnel

Any persons having authority and responsibility for planning, directing and controlling the activities of the Association, directly or indirectly are considered key management personnel.

| Other Key Management Remuneration | 2015 | 2014 |
|--|----------------|----------------|
| | \$ | \$ |
| Total Remuneration | <u>742,186</u> | <u>774,066</u> |
| Number of Other Key Management Personnel | 7 | 7 |

13. EVENTS AFTER THE REPORTING DATE

Available for Sale investments are carried at fair value which are influenced by local and international equity markets. The Association acknowledges that as at 31st August 2015 the fluctuations in the equity environment that occurred after the reporting date have materially declined the value of Available for Sale investments by \$170,252. As these events occurred after the reporting date, the value of these financial assets has been assessed as representative of the fair value at the reporting date. The Association also acknowledges that there are no intentions to call on these equity funds in the current period.

14. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

| FINANCIAL ASSETS | 2015 | 2014 |
|-------------------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| Cash & cash equivalents | 2,661,820 | 3,403,106 |
| Held-to-maturity investments | 7,642,585 | 14,409,411 |
| Receivables | 265,259 | 680,793 |
| Available for sale financial assets | 10,441,322 | 1,017,750 |
| TOTAL FINANCIAL ASSETS | <u>21,010,986</u> | <u>19,511,060</u> |

**Old Colonists' Association of Victoria
Notes to Financial Statements**

| | | |
|---------------------------------------|------------------|------------------|
| 14. FINANCIAL INSTRUMENTS (CONTINUED) | 2015 | 2014 |
| | \$ | \$ |
| FINANCIAL LIABILITIES | | |
| Trade & other Payables | <u>4,303,303</u> | <u>2,502,627</u> |

15. CONTINGENT LIABILITIES

There were no known contingent liabilities at 30 June 2015.

16. SEGMENT REPORTING

The Association operates in the aged care industry providing aged care to residents within Victoria. The following Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position contain additional reporting information to meet the requirements of The Department of Social Services.

**Residential Care Service Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 30 June 2015**

| | 2015 | 2014 |
|--|-------------------------|------------------------|
| | \$ | \$ |
| Income | | |
| Government Subsidies | 3,280,069 | 3,316,511 |
| Residential Care Fees & Charges | 1,548,559 | 1,516,745 |
| Interest & Investment Income | 94,000 | 64,387 |
| Accommodation Bond Retentions | 33,030 | 34,415 |
| Miscellaneous Income | 37,448 | 58,641 |
| Total Income | <u>4,993,106</u> | <u>4,990,699</u> |
| Expenses | | |
| Employee Expenses | (4,350,943) | (4,057,182) |
| Depreciation & Impairment Losses | (340,641) | (343,100) |
| Food Expenses | (229,501) | (208,914) |
| Utilities Expenses | (120,205) | (80,180) |
| Medical Costs | (71,378) | (62,038) |
| Services & Contracts | (63,241) | (46,113) |
| Repairs & Maintenance Expenses | (49,933) | (35,362) |
| Cleaning & Laundry Expenses | (47,807) | (42,169) |
| Rates & Services | (35,719) | (29,211) |
| Insurance Expenses | (16,085) | (10,392) |
| Legal & Consultancy Costs | (16,060) | (777) |
| Finance Costs | (4,959) | - |
| Printing, Stationery & Postage Expenses | (4,027) | (18,089) |
| Other Expenses | (80,463) | (71,280) |
| Total Expenses | <u>(5,430,962)</u> | <u>(5,004,807)</u> |
| Surplus/(Deficit) Before Tax | <u>(437,857)</u> | <u>(14,108)</u> |
| Total Comprehensive Income for the Period | <u>(437,857)</u> | <u>(14,108)</u> |

*Old Colonists' Association of Victoria
Notes to Financial Statements*

16. SEGMENT REPORTING (CONTINUED)

Residential Care Service Statement of Financial Position

As at 30 June 2015

| | 2015 | 2014 |
|--|------------|------------|
| | \$ | \$ |
| Assets | | |
| Current | | |
| Cash & Cash Equivalents | 2,546,659 | 576,558 |
| Trade & Other Receivables | 55,599 | 383,501 |
| Inventories | 6,244 | 8,709 |
| Financial Assets | 1,245,436 | 1,189,633 |
| Other Current Assets | 35,526 | 42,879 |
| Total Current Assets | 3,889,464 | 2,201,280 |
| Non-Current | | |
| Property, Plant & Equipment | 11,128,263 | 11,411,442 |
| Total Non-Current Assets | 11,128,263 | 11,411,442 |
| Total Assets | 15,017,727 | 13,612,722 |
| Liabilities | | |
| Current | | |
| Trade & Other Payables | 468,504 | 265,699 |
| Accommodation Bonds & Refundable Accommodation Deposits | 3,366,012 | 1,745,613 |
| Employee Provisions | 779,512 | 705,013 |
| Total Current Liabilities | 4,614,028 | 2,716,325 |
| Non-Current | | |
| Employee Provisions | 87,085 | 141,926 |
| Total Non-Current Liabilities | 87,085 | 141,926 |
| Total Liabilities | 4,701,113 | 2,858,251 |
| Net Assets | 10,316,614 | 10,754,471 |

*Old Colonists' Association of Victoria
Notes to Financial Statements*

Councillors' declaration:

In the opinion of the Councillors' of the Old Colonists' Association of Victoria:

- (a) The financial statements and notes of the Old Colonists' Association of Victoria 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 2015 and of its performance for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Australian Charities and Not-for-Profits Commission Regulation 2013, and
- (b) There are reasonable grounds to believe that Old Colonists' Association of Victoria will be able to pay its debts as and when they become due and payable.

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



K.W. Neville
President



C. Maissan
Treasurer

28th September 2015



Grant Thornton

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Independent Auditor's Report To the Members of Old Colonists' Association of Victoria

We have audited the accompanying financial report of Old Colonists' Association of Victoria (the "Association"), which comprises the statement of financial position as at 30 June 2015, and the statement of profit or loss and other 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 to the financial report and the statement by the Council.

Responsibility of the Council for the financial report

The Council of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 and the Old Colonists' Association Act 1947. This responsibility includes such internal controls as the Council determines are necessary to enable the preparation of the financial report to be 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 which require us to 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial report 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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, 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 applicable independence requirements of the Accounting Professional and Ethical Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

Auditor's Opinion

In our opinion, the financial report of Old Colonists' Association of Victoria:

- i presents fairly, in all material respects, the Association's financial position as at 30 June 2015 and of its performance and cash flows for the year then ended; and
- ii complies with Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Regulation 2013 and the Old Colonists' Association Act 1947.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Sandra Lawson
Partner - Audit & Assurance

Melbourne, 28 September 2015