

**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**

**ABN 81 567 107 023**

**FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2017**

**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
**ABN 81 567 107 023**

**STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Revenue from Ordinary Activities</b>			
Residential Aged Care & Home Care Packages			
- Operating Income	2	13,561,173	12,715,891
- Capital purpose income	2	492,611	371,341
Other income	2	1,032,580	636,635
<b>Total Revenue</b>		<b><u>15,086,364</u></b>	<b><u>13,723,867</u></b>
<b>Expenses from Ordinary Activities</b>			
Employee benefits expenses		9,368,970	8,568,368
Medical Requisites		327,219	250,581
Food Services		534,492	463,147
Environmental & Maintenance		436,250	412,466
Fuel, Light, Power and Water		262,380	262,149
Administration expenses		1,061,853	673,189
Financial expenses		98,327	92,938
Depreciation		919,484	844,133
Client Services and Program Charges		1,181,558	581,244
<b>Total Expenses</b>		<b><u>14,190,533</u></b>	<b><u>12,148,215</u></b>
Surplus from ordinary activities		895,831	1,575,652
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for year</b>		<b><u>895,831</u></b>	<b><u>1,575,652</u></b>

**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
**ABN 81 567 107 023**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	Note	2017	2016
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	4	5,477,665	3,077,660
Trade & Other Receivables	5	805,954	658,259
<b>TOTAL CURRENT ASSETS</b>		<u>6,283,619</u>	<u>3,735,919</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	6	25,881,725	24,770,972
<b>TOTAL NON-CURRENT ASSETS</b>		<u>25,881,725</u>	<u>24,770,972</u>
<b>TOTAL ASSETS</b>		<u><b>32,165,344</b></u>	<u><b>28,506,891</b></u>
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	7	1,477,738	532,297
Short Term Provisions	8	1,463,380	1,334,043
Other Financial Liabilities	9	13,366,874	11,424,228
Short Term Borrowings	10	243,450	245,400
<b>TOTAL CURRENT LIABILITIES</b>		<u>16,551,442</u>	<u>13,535,968</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Provisions	8	357,345	366,747
Long Term Borrowings	10	3,895,200	4,138,650
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>4,252,545</u>	<u>4,505,397</u>
<b>TOTAL LIABILITIES</b>		<u><b>20,803,987</b></u>	<u><b>18,041,365</b></u>
<b>NET ASSETS</b>		<u><b>11,361,357</b></u>	<u><b>10,465,526</b></u>
<b>EQUITY</b>			
Retained Earnings	11	11,361,357	10,465,526
<b>TOTAL EQUITY</b>		<u><b>11,361,357</b></u>	<u><b>10,465,526</b></u>

The accompanying notes form part of these accounts.

**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
**ABN 81 567 107 023**  
**STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2017**

	Note	Retained Earnings \$	Total \$
<b>Balance at 01.07.2015</b>		8,889,874	8,889,874
<b>Comprehensive income</b>			
Profit/(loss) for the year		1,575,652	1,575,652
Other comprehensive income for the year		-	-
<b>Total comprehensive income attributable to members of the entity</b>		1,575,652	1,575,652
<b>Balance at 30.06.2016</b>	11	10,465,526	10,465,526
<b>Balance at 01.07.2016</b>		10,465,526	10,465,526
<b>Comprehensive income</b>			
Profit/(loss) for the year		895,831	895,831
Other comprehensive income for the year		-	-
<b>Total comprehensive income attributable to members of the entity</b>		895,831	895,831
<b>Balance at 30.06.2017</b>	11	11,361,357	11,361,357

**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
**ABN 81 567 107 023**

**CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
<b>Receipts</b>			
Government subsidies		8,927,703	8,387,290
Fees for Accommodation & Services		4,395,076	4,205,757
Interest Received		116,654	94,820
Donations and capital grants		675,997	648,999
Other Operating Income		753,534	211,563
<b>Payments</b>			
Payments to Employees		(9,249,035)	(8,448,737)
Interest Paid		(101,961)	(96,572)
Payments to Suppliers		(2,799,694)	(2,678,590)
<b>Net cash provided by Operating Activities</b>	13	<b>2,718,274</b>	<b>2,324,530</b>
<b>Cash Flow From Investing Activities:</b>			
Payments for Purchase of Property, Plant & Equipment		(2,039,126)	(3,164,118)
Proceeds from Sale of Property, Plant & Equipment	2 (a)	1,500	9,182
(Redemption)/ Receipt of Accommodation Bonds and RADS		1,964,757	2,040,559
<b>Net cash (used in)/ provided by investing activities</b>		<b>(72,869)</b>	<b>( 1,114,377)</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from/ (repayment of) Borrowings		(245,400)	( 267,829)
<b>Net cash (used in)/ provided by financing activities</b>		<b>(245,400)</b>	<b>( 267,829)</b>
Net increase/ (decrease) in cash held		2,400,005	942,324
Cash at the beginning of the year		3,077,660	2,135,336
<b>Cash at end of the year</b>	4	<b>5,477,665</b>	<b>3,077,660</b>

The accompanying notes form part of these accounts.

MULTICULTURAL AGED CARE SERVICES GEELONG INC.  
ABN 81 567 107 023

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR YEAR ENDED 30 JUNE 2017

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**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
**ABN 81 567 107 023**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR YEAR ENDED 30 JUNE 2017**

**NOTE 1: STATEMENT OF ACCOUNTING POLICIES**

The financial statements cover Multicultural Aged Care Services Geelong Inc. as an individual entity which is an incorporated association domiciled in Australia.

The financial statements were authorised for issue on 26 September 2017 by the members of the committee.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Associations Incorporation Reform Act 2012.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the association in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Rounding**

All amounts shown in the Financial Statements are expressed to the nearest dollar.

**(b) Receivables**

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis. The directors believe that the full amount of debt is recoverable, and no doubtful debt provision has been made at 30 June 2017.

**(c) Inventories**

The value of supplies held at balance date is not considered to be material. The cost of supplies is charged to operating expenses when incurred.

**(d) Property, Plant and Equipment**

Property, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets, including building and capitalised lease assets, but excluding freehold land, is depreciated over their useful lives commencing from the time the asset is held ready for use. A summary of the depreciation method and depreciation rates for each class of attached is as follows:

<b>Class of Asset</b>	<b>Depreciation Rate</b>	<b>Method</b>
Property	2%	Prime Cost
Furniture & Fittings	10%-20%	Prime Cost
Plant & Equipment	5%-40%	Prime Cost
Motor Vehicles	20%	Prime Cost

**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR YEAR ENDED 30 JUNE 2017**

**Note 1 Statement of Accounting Policies (cont)**

**(e) Intangible Asset**

Multicultural Aged Care Services Geelong Inc. currently holds 100 residential bed licences and 60 supported residential bed licences. The value of these licences have not been brought to account in the financial statements as Multicultural Aged Care Services believes there is not an active market for these licences.

**(f) Financial Instruments**

***Recognition***

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below:

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

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

***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 stated at amortised cost using the effective interest rate method.

***Held-to-maturity investments***

These investments have fixed maturities, and it is the association's intention to hold these investments to maturity. Any held-to-maturity investments held by the association are stated at amortised cost using the effective interest rate method.

***Available-for-sale financial assets***

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

***Financial liabilities***

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

***Fair value***

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

***Impairment***

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



NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR YEAR ENDED 30 JUNE 2017

**Note 1 Statement of Accounting Policies (cont)**

**(g) Impairment of Assets**

Intangible assets with indefinite useful lives are tested annually as to whether their carrying value exceeds their recoverable amount. All other assets are assessed annually for indications of impairment, except for:

- financial instrument assets;
- investment property that is measured at fair value; and
- non-current assets held for sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced, unless a specific decision to the contrary has been made.

**(h) Payables**

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The normal credit terms are Nett 30 days.

**(i) Goods and Services Tax**

Revenues, expenses and assets are recognised net of GST except for receivables and payables which are stated with the amount of GST included and except where the amount of GST incurred is not recoverable, in which case GST is recognised as part of the cost of acquisition of an asset or part of an item of expense or revenue. GST receivable from and payable to the Australian Taxation Office (ATO) is included in the statement of financial position. The GST component of a receipt or payment is recognised on a gross basis in the statement of cash flows.

**(j) Cash & Cash Equivalents**

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and investments in money market instruments with less than 120 days to maturity.

**(k) Finance Costs**

Finance costs are recognised as expenses in the period in which they are incurred, except where they are included in the cost of qualifying assets. Finance costs include:

- Interest on bank overdrafts, short and long term borrowings
- Amortization of discounts or premiums relating to borrowings
- Amortization of ancillary costs incurred in connection with the arrangement of borrowings
- Finance charges in respect of finance leases recognised in accordance with Australian Accounting Standards AASB 117 Leases

**(l) Leases**

Leases of property, plant and equipment, 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. Lease payments are allocated between the reduction of the lease liability and the interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR YEAR ENDED 30 JUNE 2017

**Note 1 Statement of Accounting Policies (cont)**

**(m) Employee Benefits**

***Short-term employee benefits***

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

The association's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

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

Provision is made for employees' annual leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits 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 end-of-reporting-period market yields on government bonds that have maturity dates approximating the terms of the obligations. Any adjustments of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in

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

**(n) Revenue recognition**

Revenue is recognised in accordance with AASB 118. Income is recognised as revenue to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

***Grants***

Grants are recognised as revenue when the company gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

***Resident Fees***

Resident fees are recognised as revenue at the time invoices are raised.

***Donations and Bequests***

Donations for capital purposes are recorded as revenue in the period in which the donation is received. □

***Ingoings***

An ingoing is a negotiated fee required to be paid as a condition for being a permanent resident in the supported residential facility. It is recognised in the accounts on a prorata basis until the first 12 months of residency is achieved. After that time no further ingoing is required, nor is the amount paid refundable.

**(o) Comparative Information**

Where necessary, the previous year's figures have been reclassified to facilitate comparisons.

**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR YEAR ENDED 30 JUNE 2017**

**Note 1 Statement of Accounting Policies (cont)**

**(p) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgments 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 within the association.

*Key Estimates — Impairment*

The association assesses impairment at each reporting date by evaluating conditions specific to the association 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.

**(q) New Accounting Standards for Application in Future Periods**

An assessment of Accounting Standards issued by the AASB that are not yet mandatorily applicable and their potential impact on the association when adopted in future periods is discussed below:

<b>Standard</b>	<b>Statement</b>	<b>Applicability</b>	<b>Impact on entity</b>
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact.

**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR YEAR ENDED 30 JUNE 2017**

**Note 1 Statement of Accounting Policies (cont)**

<b>Standard</b>	<b>Statement</b>	<b>Applicability</b>	<b>Impact on entity</b>
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1-Jan-19	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact.
AASB 1058 Income of Not-for-Profit Entities	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1-Jan-19	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

**(r) Segment Reporting**

A business segment is a distinguishable component of the entity that is engaged in providing service or group of related services that are subject to risks and returns that are different to those of other business segments. Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables and property, plant and equipment, net of accumulated depreciation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, employee benefits, accrued expenses, other financial liabilities and borrowings.

**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 2. REVENUE</b>		
<b>Revenue from Operating Activities</b>		
- Residential Aged Care Income	7,786,234	6,810,035
- Accommodation Payments & Charges	490,618	457,547
- Ingoings	910,107	974,455
- Home Care Package Income	3,083,399	3,268,253
- Rental Income	1,159,238	1,106,851
- Interest	131,577	98,750
<b>Sub-total from Operating Activities</b>	<b><u>13,561,173</u></b>	<b><u>12,715,891</u></b>
<b>Revenue from Non-Operating Activities</b>		
<b>Capital Income</b>		
- Capital Grant	500,000	370,688
- Net Gain/(Loss) on Disposal of Non-Current Asset	(Note 2a) <u>(7,389)</u>	<u>653</u>
	<b>492,611</b>	<b>371,341</b>
<b>Other Income</b>		
- Kiosk Sales	11,288	-
- Donations/ Fundraising	175,997	278,311
- Resident Reimbursements	5,869	5,022
- Job Skills Grant	-	1,500
- Meals	8,038	8,908
- Brokered Staff	535,665	293,784
- Miscellaneous	295,723	49,110
<b>Total Other Income</b>	<b><u>1,032,580</u></b>	<b><u>636,635</u></b>
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>	<b><u><u>15,086,364</u></u></b>	<b><u><u>13,723,867</u></u></b>
 <b>Note 2a:</b>		
<b>Proceeds from Disposals of Assets</b>		
Plant & Equipment	1,500	91
Motor Vehicles	-	9,091
<b>Total Proceeds from Disposals of Assets</b>	<u>1,500</u>	<u>9,182</u>
<b>Less: Written-Down Value of Assets Sold</b>		
Plant & Equipment	(8,889)	-
Motor Vehicles	-	(8,529)
<b>Total Written Down Value of Assets Sold</b>	<u>(8,889)</u>	<u>(8,529)</u>
<b>Net gain/ (loss) on disposal of non-current assets</b>	<b><u><u>( 7,389)</u></u></b>	<b><u><u>653</u></u></b>
 <b>NOTE 3. AUDITOR'S REMUNERATION</b>		
- Auditing of Accounts	9,000	8,500
- Other Services	2,250	1,750
	<b><u>11,250</u></b>	<b><u>10,250</u></b>

**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR YEAR ENDED 30 JUNE 2017**

**NOTE 4: CASH & CASH EQUIVALENTS**

For the purpose of the Cash Flow Statement, cash includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to insignificant risk of change in value, net of outstanding overdrafts.

	2017	2016
	\$	\$
- Cash at Bank	5,476,565	3,076,760
- Cash on Hand	1,100	900
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>5,477,665</b>	<b>3,077,660</b>

**NOTE 5: TRADE & OTHER RECEIVABLES**

Current		
- Commonwealth Subsidies	119,615	26,514
- Resident Fees	25,161	33,556
- Accrued Income	18,853	3,930
- Prepaid expenses	138,281	193,263
- Sundry Debtors	504,044	400,996
<b>TOTAL TRADE &amp; OTHER RECEIVABLES</b>	<b>805,954</b>	<b>658,259</b>

**NOTE 6: PROPERTY, PLANT & EQUIPMENT**

Land at Cost	250,000	250,000
Building at Cost	29,059,028	27,295,773
Less accumulated depreciation	(4,295,904)	(3,814,048)
	24,763,124	23,481,725
Furniture and Equipment at Cost	1,520,508	3,211,234
Less accumulated depreciation	(729,943)	(2,221,637)
	790,565	989,597
Motor Vehicles at Cost	122,032	211,338
Less accumulated depreciation	(43,996)	(161,688)
Motor Vehicles at written down value	78,036	49,650
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>25,881,725</b>	<b>24,770,972</b>

(a) The opening and closing carrying values of property, plant & equipment are reconciled as follows:

	Land	Buildings	Furniture & Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2015</b>	250,000	21,138,627	1,018,409	52,480	22,459,516
Additions	-	2,835,914	295,687	32,519	3,164,120
Disposals	-	-	-	(8,529)	(8,529)
Depreciation	-	(492,816)	(324,499)	(26,820)	(844,135)
<b>Balance as at 30 June 2016</b>	250,000	23,481,725	989,597	49,650	24,770,972
Plus Additions	-	1,847,193	143,712	48,221	2,039,126
Less Disposals	-	-	(8,889)	-	(8,889)
Less Depreciation expense	-	(565,794)	(333,855)	(19,835)	(919,484)
<b>Balance as at 30 June 2017</b>	250,000	24,763,124	790,565	78,036	25,881,725

**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
**ABN 81 567 107 023**

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 7: TRADE &amp; OTHER PAYABLES</b>		
<b>CURRENT</b>		
- Creditors	434,788	372,253
- Prepaid Income (a)	882,145	57,176
- Accrued expenses	188,361	152,665
- Net GST payable/ (receivable)	(27,556)	(49,797)
<b>TOTAL TRADE &amp; OTHER PAYABLES</b>	<b><u>1,477,738</u></b>	<b><u>532,297</u></b>

(a) Changes were made during the year to the treatment of Home Care Consumer Funds as a result of the *Aged Care Legislation Amendment (Increasing Consumer Choice) Principles 2016*. These changes enable portability of funds not yet expended and require transfer of funds to the client or to the government on the occurrence of certain events. This legislation has retrospective effect to 1 July 2015.

The impact of the change in legislation has been to increase liabilities and to reduce income by \$708,970. It is estimated that approximately \$228,000 of the impact on income related to the previous financial year.

**NOTE 8: PROVISIONS**

CURRENT (refer Note 1 (m))		
Long Service Leave	732,644	664,814
Accrued Wages and Salaries	141,559	103,681
Annual Leave		
- Expected to be settled after 12 months	-	-
- Expected to be settled within one year	589,177	565,548
<b>TOTAL</b>	<b><u>1,463,380</u></b>	<b><u>1,334,043</u></b>
NON-CURRENT (refer Note 1 (m))		
Long Service Leave	<u>357,345</u>	<u>366,747</u>
<b>TOTAL PROVISIONS</b>	<b><u>357,345</u></b>	<b><u>366,747</u></b>

**NOTE 9: OTHER FINANCIAL LIABILITIES**

CURRENT		
Refundable Accommodation Deposits/ Accommodation Bonds	<b><u>13,366,874</u></b>	<b><u>11,424,228</u></b>

*Refundable Accommodation Deposits or Accommodation Bonds received from residents are refundable in accordance with individual occupancy agreements.*

*Accommodation Bond retentions are required to be expended in meeting capital works costs, retiring of debt or in improving the quality and range of aged care services.*

**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
**ABN 81 567 107 023**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<b>NOTE 10: BORROWINGS</b>		
<b>CURRENT</b>		
Secured		
- Finance Lease (refer note 14a)	-	1,950
- Zero Real Interest Loan	243,450	243,450
<b>Sub-total</b>	243,450	245,400
<b>NON-CURRENT</b>		
Secured		
- Finance Lease (refer note 14a)	-	-
- Zero Real Interest Loan	3,895,200	4,138,650
<b>Sub-total</b>	3,895,200	4,138,650
<b>TOTAL BORROWINGS</b>	<b>4,138,650</b>	<b>4,384,050</b>

**NOTE 11: EQUITY**

**(a) Retained Earnings**

Opening retained earnings carried forward	10,465,526	8,889,874
Net profit from operating activities	895,831	1,575,652
<b>Retained Earnings as at reporting date</b>	<b>11,361,357</b>	<b>10,465,526</b>

**NOTE 12: RESPONSIBLE PERSON-RELATED DISCLOSURES**

**a) Responsible Persons**

The names of Board members who have held office during the financial year are:

T Aberline  
G Costa  
G De Stefano  
S Fatouros  
R Holzer  
J Macarol (resigned 13 December 2016)  
J Mavros OAM (resigned 25 October 2016)  
Z McCubbery  
G Perry  
G Kovacs (appointed 1 November 2016)

**Accountable Officer**

J Leggo

	2017	2016
	\$	\$
<b>b) Key Management Personnel</b>		
Salary and Wages	203,452	199,052
Superannuation	19,328	18,910
	<b>222,780</b>	<b>217,962</b>

c) The Board members are not remunerated for their services to Multicultural Aged Care Services Geelong Inc.



**MULTICULTURAL AGED CARE SERVICES GEELONG INC.**  
**ABN 81 567 107 023**

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR YEAR ENDED 30 JUNE 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 13: RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO OPERATING RESULT</b>		
Operating result	895,831	1,575,652
<b>Non Cash Movements</b>		
Net Gain from sale of Plant & Equipment	7,389	(653)
Depreciation	919,484	844,133
Bond Retention Charge	(22,111)	(32,906)
<b>Movements in Assets &amp; Liabilities</b>		
(Increase)/ decrease in receivables	(202,677)	(141,878)
(Increase)/ decrease in prepaid expenses	54,982	(77,971)
Increase/ (decrease) in provisions	119,935	119,631
Increase/ (decrease) in payables	945,441	38,522
	<u><b>2,718,274</b></u>	<u><b>2,324,530</b></u>

**NOTE 14: CAPITAL & LEASING COMMITMENTS**

**a) Finance Lease Commitments**

Finance Lease capitalised in the accounts in accordance with the accounting policy defined in Note 1 (l)

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Payable - minimum lease payments		
Not later than 12 months	-	2,253
Between 1 and 5 years	-	-
Minimum lease payments	<u>-</u>	<u>2,253</u>
Less future finance charges	-	(303)
<b>TOTAL LEASE LIABILITY</b>	<u><b>-</b></u>	<u><b>1,950</b></u>

**b) Operating Lease**

Payable - minimum lease payments

Not later than one year	18,732	18,732
Between 1 and 5 years	37,464	56,196
<b>TOTAL LEASE LIABILITY</b>	<u><b>56,196</b></u>	<u><b>74,928</b></u>

**c) Capital Commitments**

Not later than one year	789,932	2,792,852
Between 1 and 5 years	-	-
	<u><b>789,932</b></u>	<u><b>2,792,852</b></u>

**NOTES TO AND FORMING PART OF THE ACCOUNTS**  
**FOR YEAR ENDED 30 JUNE 2017**

**NOTE 15: SEGMENT REPORTING**

As a not-for-profit entity the Service is not required to comply with the requirements of accounting standard AASB 8 Segment Reporting. However a condition of the Commonwealth Conditional Adjustment Payment (CAP) requires the entity to provide information by treating residential aged care as a reportable segment.

	<b>Residential Aged Care Services</b>		<b>Other</b>		<b>Total Consolidated</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>						
Government Subsidies	6,062,487	5,271,669	2,958,317	3,122,851	9,020,804	8,394,520
Resident Charges	2,153,902	1,934,413	2,185,054	2,271,358	4,338,956	4,205,771
Capital Grants	500,000	340,000	-	30,688	500,000	370,688
Bond retentions	22,111	32,906	-	-	22,111	32,906
Interest Income	131,512	98,646	65	104	131,577	98,750
Donations	90,528	240,463	85,469	37,848	175,997	278,311
Other	283,805	41,970	613,114	300,951	896,919	342,921
<b>Total Revenue</b>	<b>9,244,345</b>	<b>7,960,067</b>	<b>5,842,019</b>	<b>5,763,800</b>	<b>15,086,364</b>	<b>13,723,867</b>
<b>Expenditure</b>						
Employee Costs	6,603,834	5,612,407	2,765,136	2,955,961	9,368,970	8,568,368
Medical Requisites	291,172	229,473	36,047	21,108	327,219	250,581
Food Service	333,163	284,145	201,329	179,002	534,492	463,147
Environmental & Maint	291,197	288,387	145,053	124,079	436,250	412,466
Utilities	176,539	171,048	85,841	91,101	262,380	262,149
Administration	358,128	168,538	703,725	504,651	1,061,853	673,189
Finance Expense	87,202	87,246	11,125	5,692	98,327	92,938
Depreciation	612,921	504,019	306,563	340,114	919,484	844,133
Client Services & Programs	110,575	59,366	1,070,983	521,878	1,181,558	581,244
<b>Total Expense</b>	<b>8,864,731</b>	<b>7,404,629</b>	<b>5,325,802</b>	<b>4,743,586</b>	<b>14,190,533</b>	<b>12,148,215</b>
<b>Net Result for the Year</b>	<b>379,614</b>	<b>555,438</b>	<b>516,217</b>	<b>1,020,214</b>	<b>895,831</b>	<b>1,575,652</b>
<b>Segment Assets</b>						
Current Assets	4,554,129	3,385,501	1,729,490	350,418	6,283,619	3,735,919
Non Current Assets	18,065,198	16,943,437	7,816,527	7,827,535	25,881,725	24,770,972
<b>Total Assets</b>	<b>22,619,327</b>	<b>20,328,938</b>	<b>9,546,017</b>	<b>8,177,953</b>	<b>32,165,344</b>	<b>28,506,891</b>
<b>Segment Liabilities</b>						
Current Liabilities	14,873,330	12,753,406	1,678,112	782,562	16,551,442	13,535,968
Non Current Liabilities	4,145,341	4,354,490	107,204	150,907	4,252,545	4,505,397
<b>Total Liabilities</b>	<b>19,018,671</b>	<b>17,107,896</b>	<b>1,785,316</b>	<b>933,469</b>	<b>20,803,987</b>	<b>18,041,365</b>
<b>Segment Net Assets</b>	<b>3,600,656</b>	<b>3,221,042</b>	<b>7,760,701</b>	<b>7,244,484</b>	<b>11,361,357</b>	<b>10,465,526</b>
<b>Total assets includes:</b>						
Acquisition of non-current assets	1,965,615	3,124,442	73,511	39,678	2,039,126	3,164,120

The major products/ services from which the above segments derive revenue are:

<b>Business Segments</b>	<b>Services</b>
Residential Aged Care Services	Permanent Residential Care - RACS ID 3171
Other	Home Care Packages Consumer Directed Care and Brokered Services, Independent Living Units rental, and Supported Residential Aged Care Services

**Geographical Segment**

Multicultural Aged Care Services Geelong Inc. operates predominately in one geographical segment, Victoria, Australia. More than 90% of revenue net surplus from ordinary activities and segment assets relate to operations in Victoria.

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR YEAR ENDED 30 JUNE 2017

**NOTE 16: FINANCIAL INSTRUMENTS**

**a) Financial Risk Management Policies**

The Association's financial instruments consist primarily of cash at bank, money market instruments, accommodation bonds/refundable accommodation deposits and a Zero Real Interest Loan provided by the Commonwealth Government. The main purpose of these non-derivative financial instruments is to raise and hold finance to support the Association's operations and capital expenditure plans. The Association does not have any derivative financial instruments. The Association's Board meets regularly to review financial performance and risk exposures in the context of economic conditions and the Association's objectives. The Board's overall risk management strategy seeks to ensure the Association meets its financial and operating targets, while minimising potential adverse effects on financial performance. The key financial risk exposures are interest rate risk, credit risk and liquidity risk.

**b) Interest Rate Exposure**

The Association's exposure to interest rate risk and effective weighted average rate by maturity periods is set out in the following timetable. For interest rates applicable to each class of liability refer to the individual notes in the financial statements. Exposure arises predominately from assets and liabilities bearing variable interest rates.

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		More than 5 years							
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017 %	2016 %
<b>(i) Financial assets</b>														
Cash Assets	5,476,565	3,076,760	-	-	-	-	-	-	1,100	900	5,477,665	3,077,660	2.30	2.65
Receivables	-	-	-	-	-	-	-	-	805,954	658,259	805,954	658,259	N/A	N/A
<b>Total financial assets</b>	<b>5,476,565</b>	<b>3,076,760</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>807,054</b>	<b>659,159</b>	<b>6,283,619</b>	<b>3,735,919</b>		
<b>(ii) Financial liabilities</b>														
Cash Liabilities	-	-	243,450	245,400	3,895,200	4,138,650	-	-	-	-	4,138,650	4,384,050	2.10	1.30
Monies Held in Trust	-	-	622,270	1,189,127	-	-	-	-	12,744,604	10,235,101	13,366,874	11,424,228	3.75	3.75
Payables	-	-	-	-	-	-	-	-	1,477,738	899,044	1,477,738	899,044	N/A	N/A
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>865,720</b>	<b>1,434,527</b>	<b>3,895,200</b>	<b>4,138,650</b>	<b>-</b>	<b>-</b>	<b>14,222,342</b>	<b>11,134,145</b>	<b>18,983,262</b>	<b>16,707,322</b>		

N/A – not applicable for non-interest bearing financial instruments.

**c) Credit Risk Exposures**

Credit risk represents the loss that would be recognised if counterparties failed to meet their obligations under the respective contracts at maturity. The credit risk on financial assets of the Association which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts. The Association is not materially exposed to any individual debtor.

**d) Liquidity Risk Exposures**

The Association manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The key liquidity risk arises from entry contributions/ accommodation bonds which can become payable on short notice. In accordance with prudential obligations imposed by the Australian Government Department of Health, the Association has developed a liquidity policy to support its ability to meet obligations as they arise. In addition, as accommodation bonds/refundable accommodation deposits are repaid, the Association has the ability to admit a new resident who is required to make a refundable accommodation deposit.

**e) Sensitivity analysis**

The Association has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

At 30 June 2017, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2017	2016
	\$	\$
Change in profit		
- Increase in interest rate by 1%	7,156	(24,964)
- Decrease in interest rate by 1 %	(7,156)	24,964
Change in equity		
- Increase in interest rate by 1%	7,156	(24,964)
- Decrease in interest rate by 1%	(7,156)	24,964

**f) Net Fair Values of Financial Assets and Liabilities**

The net fair value of on-balance sheet financial assets and liabilities are not materially different to carrying value of the financial assets and liabilities.

## STATEMENT BY MEMBERS OF THE BOARD

The Board has determined that this financial report is prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations).

In the opinion of the Board the financial report as set out on pages 1 to 18:

- 1 Presents a true and fair view of the financial position of Multicultural Aged Care Services Geelong Inc. as at 30 June 2017 and its performance for the year ended on that date.
- 2 At the date of this statement, there are reasonable grounds to believe that Multicultural Aged Care Services Geelong Inc. will be able to pay its debts as and when they fall due.

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

Treasurer

S Li



Dated this

26<sup>th</sup> day of

September

2017

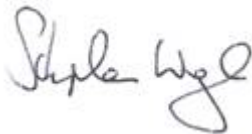
**AUDITORS' INDEPENDENCE DECLARATION**

**TO THE MEMBERS OF MULTICULTURAL AGED CARE SERVICES GEELONG INC**

As auditor Multicultural Aged Care Services Geelong Inc for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of any applicable code of professional conduct in relation to the audit.

Dated this 17<sup>th</sup> day of October 2017



Stephen Wight  
**Director**

Davidsons Assurance Services Pty Ltd  
Certified Practising Accountants  
101 West Fyans Street Geelong Vic 3220

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULTICULTURAL AGED CARE SERVICES GEELONG INC

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Multicultural Aged Care Services Geelong Inc (the association), which comprises the assets and liabilities statement as at 30 June 2017, the income and expenditure statement for the year then ended, the statement of cashflows, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies, and the certification by members of the committee on the annual statements giving a true and fair view of the financial position and performance of the association.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the association as at 30 June 2017 and its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements and the requirements of the *Associations Incorporations Reform Act 2012*.

### Basis for Opinion

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

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

### Responsibilities of the Committee for the Financial Report

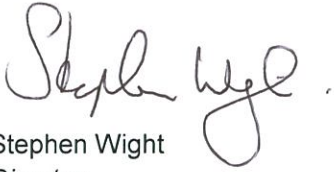
The committee is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *Associations Incorporations Reform Act 2012*) and for such internal control as the committee determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.



Stephen Wight

Director

Dated this 26<sup>th</sup> day of September, 2017

Davidsons Assurance Services Pty Ltd  
101 West Fyans Street  
Geelong, Victoria 3220