

MULTICULTURAL AGED CARE SERVICES GEELONG INC.

ABN 81 567 107 023

**FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2020**

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

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2020

| | Note | 2020 | 2019 |
|--|------|-------------------|-------------------|
| | | \$ | \$ |
| Revenue from Ordinary Activities | | | |
| Residential Aged Care & Home Care Packages | | | |
| - Operating Income | 2 | 18,064,343 | 16,587,378 |
| - Capital purpose income | 2 | 15,000 | (15,942) |
| Income from investments | 2 | (86,127) | 331,947 |
| Other income | 2 | 512,416 | 558,396 |
| Total Revenue | | 18,505,632 | 17,461,779 |
| Expenses from Ordinary Activities | | | |
| Employee benefits expenses | | 10,775,892 | 10,364,341 |
| Brokered Services and Programs | 1(p) | 2,249,797 | 1,619,831 |
| Medical Requisites | | 997,460 | 802,223 |
| Food Services | | 629,083 | 579,140 |
| Environmental & Maintenance | | 543,920 | 526,938 |
| Fuel, Light, Power and Water | | 326,740 | 313,537 |
| Administration expenses | | 1,201,223 | 1,338,479 |
| Financial expenses | | 112,954 | 129,176 |
| Depreciation | | 1,008,958 | 979,779 |
| Total Expenses | | 17,846,027 | 16,653,444 |
| Surplus from ordinary activities | | 659,605 | 808,335 |
| Other comprehensive income | | - | - |
| Total comprehensive income for year | | 659,605 | 808,335 |

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|--------------------------------------|------|--------------------------|--------------------------|
| CURRENT ASSETS | | | |
| Cash & Cash Equivalents | 4 | 6,418,589 | 4,836,080 |
| Trade & Other Receivables | 5 | 268,530 | 222,047 |
| Financial Assets | 6 | 7,382,402 | 7,178,735 |
| TOTAL CURRENT ASSETS | | <u>14,069,521</u> | <u>12,236,862</u> |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 7 | 29,699,366 | 26,127,919 |
| Right of Use Assets | 8 | 76,062 | - |
| TOTAL NON-CURRENT ASSETS | | <u>29,775,428</u> | <u>26,127,919</u> |
| TOTAL ASSETS | | <u>43,844,949</u> | <u>38,364,781</u> |
| CURRENT LIABILITIES | | | |
| Trade & Other Payables | 9 | 1,940,424 | 1,479,825 |
| Short Term Provisions | 10 | 1,805,289 | 1,572,593 |
| Lease Liabilities | 11 | 27,062 | - |
| Other Financial Liabilities | 12 | 22,339,021 | 18,002,935 |
| Short Term Borrowings | 13 | 243,450 | 243,450 |
| TOTAL CURRENT LIABILITIES | | <u>26,355,246</u> | <u>21,298,803</u> |
| NON-CURRENT LIABILITIES | | | |
| Long Term Provisions | 10 | 431,356 | 470,560 |
| Long Term Lease Liabilities | 11 | 48,233 | - |
| Long Term Borrowings | 13 | 3,164,850 | 3,408,300 |
| TOTAL NON-CURRENT LIABILITIES | | <u>3,644,439</u> | <u>3,878,860</u> |
| TOTAL LIABILITIES | | <u>29,999,685</u> | <u>25,177,663</u> |
| NET ASSETS | | <u>13,845,264</u> | <u>13,187,118</u> |
| EQUITY | | | |
| Retained Earnings | 14 | 13,845,264 | 13,187,118 |
| TOTAL EQUITY | | <u>13,845,264</u> | <u>13,187,118</u> |

The accompanying notes form part of these accounts.

MULTICULTURAL AGED CARE SERVICES GEELONG INC.
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 2020

| | Note | Retained Earnings \$ | Total \$ |
|---|------|----------------------------|-------------------|
| Balance at 01.07.2018 | | 12,378,783 | 12,378,783 |
| Comprehensive income | | | |
| Profit/(loss) for the year | | 808,335 | 808,335 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income attributable to members of the entity | | 808,335 | 808,335 |
| Balance at 30.06.2019 | 14 | 13,187,118 | 13,187,118 |
| Cumulative adjustment on adoption of new accounting standard - AASB 16 | | (1,459) | (1,459) |
| Revised balance at 30.06.2019 | | 13,185,659 | 13,185,659 |
| Comprehensive income | | | |
| Profit/(loss) for the year | | 659,605 | 659,605 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income attributable to members of the entity | | 659,605 | 659,605 |
| Balance at 30.06.2020 | 14 | 13,845,264 | 13,845,264 |

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 | 2019 |
|---|-------|--------------------|---------------------|
| | | \$ | \$ |
| CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| Receipts | | | |
| Government subsidies | | 12,323,226 | 11,722,077 |
| Fees for Accommodation & Services | | 6,066,176 | 4,678,149 |
| Interest Received | | 115,639 | 136,287 |
| Donations and capital grants | | 57,424 | 62,141 |
| Other Operating Income | | 737,806 | 634,217 |
| Payments | | | |
| Payments to Employees | | (10,586,762) | (10,246,385) |
| Interest Paid | | (108,462) | (129,176) |
| Payments to Suppliers | | (5,998,203) | (4,992,089) |
| Net cash provided by Operating Activities | 16 | 2,606,844 | 1,865,221 |
| Cash Flow From Investing Activities: | | | |
| Payments for Purchase of Property, Plant & Equipment | | (4,552,746) | (342,086) |
| Proceeds from Sale of Property, Plant & Equipment | 2 (a) | 15,000 | 4,000 |
| Net (Payments for)/Proceeds from Financial Assets | | (549,210) | (6,993,474) |
| Net cash (used in)/ provided by investing activities | | (5,086,956) | (7,331,560) |
| Cash Flows from Financing Activities: | | | |
| (Redemption)/ Receipt of Accommodation Bonds and RADS | | 4,336,086 | 2,842,588 |
| Repayment of Lease Liability | | (30,015) | - |
| Proceeds from/ (repayment of) Borrowings | | (243,450) | (243,450) |
| Net cash (used in)/ provided by financing activities | | 4,062,621 | 2,599,138 |
| Net increase/ (decrease) in cash held | | 1,582,509 | (2,867,201) |
| Cash at the beginning of the year | | 4,836,080 | 7,703,281 |
| Cash at end of the year | 4 | 6,418,589 | 4,836,080 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020**

Contents

| Note | | Page |
|-------------|--|-------------|
| 1 | Statement of Accounting Policies | 6 |
| 2 | Revenue | 13 |
| 3 | Auditors remuneration | 13 |
| 4 | Cash & Cash Equivalents | 14 |
| 5 | Trade & other receivables | 14 |
| 6 | Other Financial Assets | 14 |
| 7 | Property, Plant & Equipment | 14 |
| 8 | Right of Use Assets | 15 |
| 9 | Trade & other payables | 15 |
| 10 | Provisions | 16 |
| 11 | Lease Liabilities | 16 |
| 12 | Other Financial Liabilities | 16 |
| 13 | Borrowings | 17 |
| 14 | Equity | 17 |
| 15 | Responsible Person-Related Disclosures | 17 |
| 16 | Reconciliation of Net Cash Used in Operating Activities to Operating Result | 18 |
| 17 | Capital and Leasing Commitments | 18 |
| 18 | Financial Risk Management | 19 |
| 19 | COVID-19 | 20 |
| | Statement by Members of Board | 21 |
| | Auditor's Independence Declaration | 22 |
| | Independent Audit Report | 23 |

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

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020

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 1 September 2020 by the board.

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 requirements of section 60.40 of the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC Regulation).

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 2020.

(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, amortisation and impairment losses. 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:

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

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT)

(e) Intangible Asset

Multicultural Aged Care Services Geelong Inc. currently holds 103 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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when Multicultural Aged Care Services Geelong Inc. becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of 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 expensed to profit or loss immediately.

Classification and subsequent measurement

Financial assets and liabilities at amortised cost

Financial assets and liabilities are measured at amortised cost if both of the following criteria are met:

- the assets are held to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Financial assets at fair value through other comprehensive income

Debt investments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Equity investments will be measured at fair value through other comprehensive income if Multicultural Aged Care Services Geelong Inc. makes an irrevocable election at initial recognition to recognise in this category. This election has not been made.

Financial assets at fair value through profit or loss

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

(g) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT)

(h) Derecognition and Impairment

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Recognition of expected credit losses in financial statements

At each reporting date, the movement in the loss allowance of financial assets is recognised as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(i) 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.

(j) 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.

(k) 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.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT)

(l) 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
- Amortisation of discounts or premiums relating to borrowings
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings
- Finance charges in respect of leases recognised in accordance with Australian Accounting Standards AASB 16 Leases

(m) Leases

At inception of a contract, the Association assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and corresponding lease liability is recognised by the Association where the Association is the lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company has used the 10 year government bond rate plus a 2% margin.

Lease payments included in the measure of the lease liability are as follows:

- Fixed lease payments less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Lease payments under extension options if it is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminated the lease

The right-of-use asset comprises the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial indirect costs. The subsequent measurement of the right-of-use asset is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

The Association has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT)

(n) **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 periods in which the changes occur.

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.

(o) **Revenue recognition**

The Association has applied AASB 15 : Revenue from Contracts with Customers (AASB 15) and AASB 1058 : Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118 : Revenue and AASB 1004 : Contributions. The details of accounting policies under AASB 118 and AASB 1004 have been disclosed separately as noted below. There was no significant impact as a result of the change in accounting policy.

Grants, Donations or Bequests

When the Association receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Association:

- identifies each performance obligation relating to the contract;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Association:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Association recognises income in profit or loss when or as it satisfies its obligations under the contract.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT)

(o) Revenue recognition (Cont.)

Capital Grants are recognised as income in profit or loss when or as the Association satisfies its obligations under terms of the grant.

Services to Residents and Clients

Resident fees are recognised as revenue over time as accommodation is provided. This is calculated on a daily basis and invoiced monthly.

The performance obligation to clients is met as the service is provided and revenue is recognised upon delivery of the service.

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when the right to receive a dividend has been established.

For the Comparative Period

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.

(p) Brokered Services and Programs

Brokered services include Brokered personal care, Nursing care, Gardening and Maintenance. Program costs relate to lifestyle activities and events for our residents and home care consumers.

(q) Comparative Information

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

(r) 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.

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

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONT)

(s) 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:

| Standard | Statement | Applicability | Impact on entity |
|--|---|---|---|
| AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material | This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material. | 1 Jan 2021 | The standard is not expected to have a significant impact on the association. |
| AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current | This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified. | 1 Jan 2022 However, ED 301 has been issued with the intention to defer application to 1 January 2023. | The standard is not expected to have a significant impact on the association. |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020**

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | \$ | \$ |
| NOTE 2. REVENUE | | |
| Revenue from Operating Activities | | |
| - Residential Aged Care Income | 9,313,184 | 8,808,684 |
| - Accommodation Payments & Charges | 546,730 | 594,863 |
| - Ingoings | 752,231 | 881,921 |
| - Home Care Package Income | 6,139,754 | 5,010,460 |
| - Rental Income | 1,195,180 | 1,162,419 |
| - Interest | 117,264 | 129,031 |
| Sub-total from Operating Activities | 18,064,343 | 16,587,378 |
| Revenue from Non-Operating Activities | | |
| Capital Income | | |
| - Net Gain/(Loss) on Disposal of Non-Current Asset | (Note 2a) 15,000 | (15,942) |
| | 15,000 | (15,942) |
| Income from Investments | | |
| - Change in fair value of financial assets | (351,127) | 147,159 |
| - Dividends | 205,837 | 131,881 |
| - Franking credits | 59,163 | 52,907 |
| Total Income from Investments | (86,127) | 331,947 |
| Other Income | | |
| - Cafe Sales | 37,890 | 56,622 |
| - Donations/ Fundraising | 57,424 | 62,141 |
| - Resident Reimbursements | 11,952 | 9,789 |
| - Meals | 2,459 | 2,273 |
| - Miscellaneous | 402,691 | 427,571 |
| Total Other Income | 512,416 | 558,396 |
| TOTAL REVENUE FROM ORDINARY ACTIVITIES | 18,505,632 | 17,461,779 |
| Note 2a: | | |
| Proceeds from Disposals of Assets | | |
| Plant & Equipment | 15,000 | 4,000 |
| Total Proceeds from Disposals of Assets | 15,000 | 4,000 |
| Less: Written-Down Value of Assets Sold | | |
| Plant & Equipment | - | (19,942) |
| Total Written Down Value of Assets Sold | - | (19,942) |
| Net gain/ (loss) on disposal of non-current assets | 15,000 | (15,942) |
| NOTE 3. AUDITOR'S REMUNERATION | | |
| - Auditing of Accounts | 10,800 | 10,200 |
| - Other Services | 17,750 | 1,750 |
| | 28,550 | 11,950 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020**

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.

| | 2020 \$ | 2019 \$ |
|---|-------------------------|-------------------------|
| - Cash at Bank | 1,909,094 | 393,766 |
| - Term Deposits and Cash held within Managed Investment Portfolio | 4,508,095 | 4,441,214 |
| - Cash on Hand | 1,400 | 1,100 |
| TOTAL CASH & CASH EQUIVALENTS | <u>6,418,589</u> | <u>4,836,080</u> |

NOTE 5: TRADE & OTHER RECEIVABLES

| | | |
|--|-----------------------|-----------------------|
| Current | | |
| - Resident Fees | 45,968 | (5,996) |
| - Accrued Income | 25,659 | 24,034 |
| - Prepaid Expenses | 174,067 | 157,775 |
| - Sundry Debtors | 22,836 | 46,234 |
| TOTAL TRADE & OTHER RECEIVABLES | <u>268,530</u> | <u>222,047</u> |

NOTE 6: FINANCIAL ASSETS

| | | |
|--|-------------------------|-------------------------|
| Current | | |
| - Financial Assets at amortised cost | 1,500,000 | 2,100,000 |
| - Investments designated at fair value through profit and loss | 5,882,402 | 5,078,735 |
| TOTAL FINANCIAL ASSETS | <u>7,382,402</u> | <u>7,178,735</u> |

NOTE 7: PROPERTY, PLANT & EQUIPMENT

| | | |
|--|--------------------------|--------------------------|
| Land at Cost | <u>3,944,646</u> | <u>250,000</u> |
| Building at Cost | 31,357,154 | 30,787,440 |
| Less accumulated depreciation | <u>(6,171,114)</u> | <u>(5,525,310)</u> |
| | 25,186,040 | 25,262,130 |
| Furniture and Equipment at Cost | 2,189,900 | 1,974,312 |
| Less accumulated depreciation | <u>(1,733,509)</u> | <u>(1,427,109)</u> |
| | 456,391 | 547,203 |
| Motor Vehicles at Cost | 190,984 | 159,479 |
| Less accumulated depreciation | <u>(78,695)</u> | <u>(90,893)</u> |
| | 112,289 | 68,586 |
| TOTAL PROPERTY, PLANT & EQUIPMENT | <u>29,699,366</u> | <u>26,127,919</u> |

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

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020

NOTE 7: PROPERTY, PLANT & EQUIPMENT (CONT)

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

| | Land \$ | Buildings \$ | Furniture & Equipment \$ | Motor Vehicles \$ | Total \$ |
|-----------------------------------|------------|-----------------|--------------------------------|-------------------------|-------------|
| Balance at 1 July 2018 | 250,000 | 25,719,943 | 761,629 | 53,982 | 26,785,554 |
| Additions | - | 161,601 | 143,038 | 37,447 | 342,086 |
| Disposals | - | - | (19,942) | - | (19,942) |
| Depreciation | - | (619,414) | (337,522) | (22,843) | (979,779) |
| Balance as at 30 June 2019 | 250,000 | 25,262,130 | 547,203 | 68,586 | 26,127,919 |
| Plus Additions | 3,694,646 | 569,714 | 215,588 | 72,798 | 4,552,746 |
| Less Disposals | - | - | - | - | - |
| Less Depreciation expense | - | (645,804) | (306,400) | (29,095) | (981,299) |
| Balance as at 30 June 2020 | 3,944,646 | 25,186,040 | 456,391 | 112,289 | 29,699,366 |

2020
\$

2019
\$

NOTE 8: RIGHT OF USE ASSETS

| | | |
|-------------------------------|----------------------|-----------------|
| Leased Building | 103,721 | - |
| Less accumulated depreciation | (27,659) | - |
| | <u>76,062</u> | <u>-</u> |

The building is leased over a three year term. Options to extend or terminate are contained within the property leases. The extension or termination options which were probable to be exercised have been included in the calculation of the Right of Use Asset.

AASB 16 related amounts recognised in the Consolidated Statement of Comprehensive Income

| | | |
|---|--------|---|
| Depreciation charge related to right of use asset | 27,659 | - |
| Interest expense on lease liabilities | 4,492 | - |
| Low value asset lease expense | 18,732 | - |

NOTE 9: TRADE & OTHER PAYABLES

| | | |
|---|-------------------------|-------------------------|
| CURRENT | | |
| - Creditors | 504,552 | 542,963 |
| - Prepaid Income | 1,292,152 | 797,865 |
| - Accrued expenses | 177,850 | 181,079 |
| - Net GST payable/ (receivable) | (34,130) | (42,082) |
| TOTAL TRADE & OTHER PAYABLES | <u>1,940,424</u> | <u>1,479,825</u> |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020**

| | 2020 | 2019 |
|--|--------------------------------|--------------------------------|
| | \$ | \$ |
| NOTE 10: PROVISIONS | | |
| CURRENT | | |
| Long Service Leave | 904,430 | 814,887 |
| Accrued Wages and Salaries | 251,732 | 189,160 |
| Annual Leave | | |
| -Expected to be settled after 12 months | - | - |
| -Expected to be settled within one year | 649,127 | 568,546 |
| TOTAL | <u>1,805,289</u> | <u>1,572,593</u> |
| NON-CURRENT | | |
| Make Good | 4,362 | - |
| Long Service Leave | 426,994 | 470,560 |
| TOTAL | <u>431,356</u> | <u>470,560</u> |
| TOTAL PROVISIONS | <u><u>2,236,645</u></u> | <u><u>2,043,153</u></u> |
| | | |
| NOTE 11: LEASE LIABILITIES | | |
| CURRENT | | |
| Lease liabilities | <u>27,062</u> | <u>-</u> |
| NON-CURRENT | | |
| Lease Liabilities | <u>48,233</u> | <u>-</u> |
| | | |
| NOTE 12: OTHER FINANCIAL LIABILITIES | | |
| CURRENT | | |
| Refundable Accommodation Deposits/ Accommodation Bonds | <u><u>22,339,021</u></u> | <u><u>18,002,935</u></u> |

Refundable Accommodation Deposits or Accommodation Bonds received from residents are refundable in accordance with The Aged Care Act 1997.

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

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|-------------------------------|-----------|-----------|
| | \$ | \$ |
| NOTE 13: BORROWINGS | | |
| CURRENT | | |
| Secured | | |
| - Zero Real Interest Loan (a) | 243,450 | 243,450 |
| Sub-total | 243,450 | 243,450 |
| NON-CURRENT | | |
| Secured | | |
| - Zero Real Interest Loan (a) | 3,164,850 | 3,408,300 |
| Sub-total | 3,164,850 | 3,408,300 |
| TOTAL BORROWINGS | 3,408,300 | 3,651,750 |

(a) A Zero Real Interest Loan (ZRIL) agreement was entered into with the Commonwealth in 2012 to assist with the construction of 30 Residential Aged Care beds. The facility has a term of 22 years which will expire in 2034. The facility incurs an interest rate based upon the Consumer Price Index and is revised on a quarterly basis.

NOTE 14: EQUITY

(a) Retained Earnings

| | | |
|--|-------------------|-------------------|
| Opening retained earnings carried forward | 13,187,118 | 12,378,783 |
| Adjustment for application of AASB 16 for the first time | (1,459) | - |
| Net profit from operating activities | 659,605 | 808,335 |
| Retained Earnings as at reporting date | 13,845,264 | 13,187,118 |

NOTE 15: 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 (Resigned 29 October 2019)
Z McCubbery
G Perry
G Kovacs
D Firth (Appointed 24 September 2019)

Accountable Officer

J Leggo

| | 2020 | 2019 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| b) Key Management Personnel | | |
| Short-term benefits | 215,467 | 215,706 |
| Post-employment benefits | 22,101 | 20,492 |
| | 237,568 | 236,198 |

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 2020

| | 2020 | 2019 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| NOTE 16: RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO OPERATING RESULT | | |
| Operating result | 659,605 | 808,335 |
| Non Cash Movements | | |
| Net Loss/(Gain) from sale of Plant & Equipment | (15,000) | 15,942 |
| Depreciation | 1,008,958 | 979,779 |
| Net Unrealised Loss/(Gain) on Financial Assets | 345,543 | (185,261) |
| Movements in Assets & Liabilities | | |
| (Increase)/ decrease in receivables | (30,191) | 53,400 |
| (Increase)/ decrease in prepaid expenses | (16,292) | 42,212 |
| Increase/ (decrease) in provisions | 193,492 | 117,956 |
| Increase/ (decrease) in payables | 460,729 | 32,858 |
| Net Cash Provided by Operating Activities | <u>2,606,844</u> | <u>1,865,221</u> |

NOTE 17: CAPITAL & LEASING COMMITMENTS

a) Operating Lease

Payable - minimum lease payments

Not later than one year

Between 1 and 5 years

TOTAL LEASE LIABILITY

| | | |
|--|---------------------|----------------------|
| | 7,805 | 18,732 |
| | - | 7,805 |
| | <u>7,805</u> | <u>26,537</u> |

b) Capital Commitments

Not later than one year

| | | |
|--|-----------------------|-----------------------|
| | 355,730 | 380,000 |
| | <u>355,730</u> | <u>380,000</u> |

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

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020

NOTE 18: FINANCIAL RISK MANAGEMENT

Multicultural Aged Care Services Geelong Inc.'s financial instruments consist primarily of cash at bank, money market instruments, managed investment portfolio, accounts receivable and payable, resident accommodation deposits and a Zero Real Interest Loan provided by the Commonwealth Government.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 : Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

| | Note | 2020 \$ | 2019 \$ |
|--|-------------|-------------------|-------------------|
| Financial Assets | | | |
| Financial assets at fair value through profit or loss: | | | |
| Investments in Equity Instruments | 6 | 5,882,402 | 5,078,735 |
| Financial assets at amortised cost: | | | |
| Cash and cash equivalents | 4 | 6,418,589 | 4,836,080 |
| Trade and other receivables | 5 | 268,530 | 222,047 |
| Fixed interest securities | 6 | 1,500,000 | 2,100,000 |
| | | 8,187,119 | 7,158,127 |
| Total Financial Assets | | 14,069,521 | 12,236,862 |
| Financial Liabilities | | | |
| Financial liabilities at amortised cost: | | | |
| Trade and other payables (excl GST) | 9 | 1,974,554 | 1,521,907 |
| Lease Liabilities | 11 | 75,295 | - |
| Other financial liabilities | 12 | 22,339,021 | 18,002,935 |
| Borrowings | 13 | 3,408,300 | 3,651,750 |
| Total Financial Liabilities | | 27,797,170 | 23,176,592 |

Fair Value Measurements

Multicultural Aged Care Services Geelong Inc. measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

| | | | |
|---|--|-----------|-----------|
| - Financial assets at fair value through profit or loss | | | |
| Investments in Equity Instruments | | 5,882,402 | 5,078,735 |

A valuation technique is selected that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured.

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

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR YEAR ENDED 30 JUNE 2020

NOTE 19: COVID-19

The COVID-19 pandemic has developed rapidly in 2020 and measures taken by various governments and agencies to contain the virus have affected economic activity.

Even though this organisation has had no reported cases, COVID-19 has had a financial impact on this organisation by challenging our income earning capacity and increasing our operating expenses. The duration of such financial impact is unknown at this stage however it is considered that our income earning capacity will be restored in time.

To mitigate and monitor the effects of COVID-19, we will continue to be proactive. Our operating costs have increased because we have implemented initiatives such as ensuring supply of PPE, establishing additional infection control measures, staff training, cohorting, building new visitor pods, screening and security monitoring as well as enabling staff to work from home wherever possible.

This organisation will meet its current capital commitments and other strategic initiatives will continue to be explored should they prove to enhance our service offering. This organisation will receive additional government funding should we have a positive COVID-19 case. Our liquidity and investment portfolio will continue to be managed conservatively.

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 20:

- 1 Presents a true and fair view of the financial position of Multicultural Aged Care Services Geelong Inc. as at 30 June 2020 and its performance for the year ended on that date.
- 2 The financial statements and notes comply with the requirements of the Australian Charities and Not-for profits Act 2012
- 3 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 made pursuant with subsection 60.15 (2) of the Australian Charities and Not-for-profits Commission Regulations 2013 and is signed for and on behalf of the Board by:



Treasurer

D. Firth

Dated this 1st day of September, 2020

MULTICULTURAL AGED CARE SERVICES GEELONG INC.**A.B.N. 81 567 107 023****AUDITORS INDEPENDENCE DECLARATION UNDER 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE MANAGEMENT COMMITTEE OF MULTICULTURAL AGED CARE SERVICES GEELONG INC.**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been:

- I. No contraventions of the auditor 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.

**Stephen Kirtley**

Director

Dated this 4th day of September, 2020

Davidsons Assurance Services Pty Ltd
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Newtown, Geelong, 3220

/ GEELONG

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/ DIRECTORS

Stephen Wight CA
Stephen Kirtley CA

Davidsons Assurance Services Pty Ltd
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MULTICULTURAL AGED CARE SERVICES GEELONG INC**

Opinion

We have audited the financial report of Multicultural Aged Care Services Geelong Inc (the association), which comprises the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the association as at 30 June 2020 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 *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)*.

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.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the association's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

/ GEELONG

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Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report in accordance with the ACNC Act 2012, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

Dated this 4th day of September, 2020

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